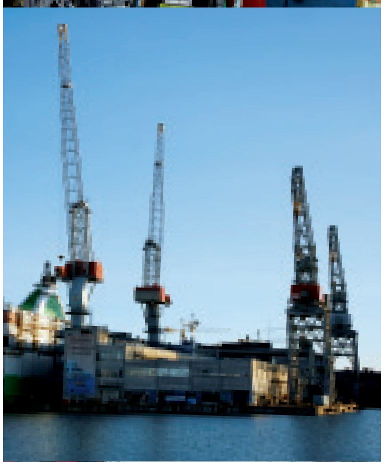
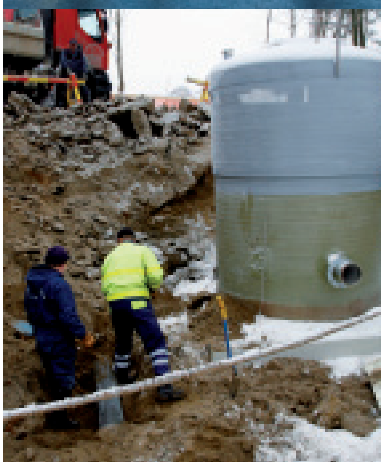





onninen

Annual Report 2006

Bente Synnøve Aarvold in Gjelleråsen distribution center.

CONTENTS

ONNINEN IN BRIEF

Onninen offers comprehensive materials service in our eight operation countries for contractors, industry, public organizations and technical retailers. In 2006 our turnover was EUR 1.4 billion. At year-end we had a total of 2984 employees in Finland, Sweden, Norway, Poland, Russia and Baltic countries.

KEY FIGURES

		2006	change %	2005
Turnover	milj. e	1 444.8	14.8	1 258.6
Operating profit	milj. e	40.0	36.1	29.4
Return on Investments	%	16.1		12.8
Equity Ratio	%	32.6		32.0
Personnel at year end		2 984		2 750

The fifth Express outlet in Estonia was opened in Pärnu in November 2006.

Øvre Årdal Express outlet was opened in Norway in February 2006.

Onninen's aim is to increase the number of its infrastructure customers in 2007 as well. The picture features a fan which allows optical fibre installation in a casting pipe after the pipe has already been laid in the ground.

A value mug is given to every employee in 2007.

GROUP EVENTS 2006

- All operational areas showed a positive net profit. The improved profitability was also evident in the more efficient balance sheet structure and through a particularly strong cash flow. Net profit improved due to organic development.

- We strengthened our market position in our focus areas.

- The stabilization of our OnWay enterprise resource planning (ERP) was continued in Norway. A decision on the progress of the Group's (ERP) system will be made in early 2007.

- 25 new or modernized premises in total were taken into use out of which 13 were Express shops.

- We invested in distribution centres particularly in Russia, Estonia and Sweden.

- In December Onninen Oy and Teletekno Oy's shareholders agreed on purchasing of the company's entire share capital. The deal was completed in January 2007, when the competition authorities had approved the transaction. The company's turnover amounts to EUR 26 million, and it employs 120 people. In addition to its operations in Finland, Teletekno has subsidiaries in Estonia, Latvia, Lithuania and Norway and a representative office in Russia. In Estonia, the company also maintains a production facility, in addition to its customer service.

GROUP'S PROSPECTS FOR 2007

- The Group's turnover is forecast to grow by at least 10 per cent. The Group's net profit is expected to improve on its 2006 level.
- Providing services for industrial and infrastructure customers in the entire Group and new customer groups particularly in Scandinavia will bring interesting challenges for our organization.
- We expect the market to increase further, particularly in Poland, Russia and the Baltic countries.
- In order to standardize Group's operational systems, an operations manual has been drafted for the entire group, complete with recommendations for processes and operations. A quality management system based on the ISO 9001 standard has been implemented in the Baltic countries and Russia. The entire Group will be included in the certification by March-April 2007.
- In Finland and Sweden an ISO 14001 environmental management system has also been integrated in the system. We will continue to extend the environmental management system in all our operations.
- Our emphasis in HR development is on leadership development, competence management and taking strategy into practice.

Values

- Working together
- Respecting people
- Better than before

Mission

- Our mission is to provide technical goods and services in order to improve our customers' business. Our suppliers should also be considered as our customers.

Strategy

- Unify, improve, differentiate, renew and boost

Goals

- Our goals are also expressed as our Key Financial Targets

Vision

- We want to be the First Choice in materials services for our selected customers and suppliers

PURPOSEFUL STEPS TOWARDS THE FUTURE

The global economy affects Onninen's market ever more strongly and rapidly. The world economy continued its strong growth in 2006 and should reach a growth rate of approximately 4 per cent. The economic growth prospects are also favorable for 2007 and 2008. However, a slowdown of growth can be seen.

Onninen's market underwent strong development in all countries where operations are maintained, as well as in all customer and product groups. This was evident in a strong turnover growth of 14.8 percent for Onninen. The growth was strongest in the Wholesale International division, where turnover grew by 38.6 percent.

The improved efficiency in operations and higher quality level could also be seen in a significant improvement of profitability. The operating profit before amotization of goodwill (EBITA) amounted EUR 44.2 million and grew by 30 percent. All operational areas showed a positive net profit. The improved profitability was also evident in the more efficient balance sheet structure and particularly as a strong cash flow. The net profit improved due to organic development. The Teletekno Oy acquisition, which was closed at the end of 2006, will have a positive impact on profitability in 2007.

During the financial year we have confirmed the future challenges facing Onninen's management and human resources. The company's strategic process and strategy have been updated and, based on these updates, we will strive for success on the future technical wholesale and service market. Our vision is FIRST CHOICE, which means that we strive to be a trusted, respected and long-term partner to selected customers and suppliers. According to our values, we believe in long-term, open and continuous improvement. Our mission statement includes our intention to supply products and services in order to develop our customers' business operations.

Within Onninen we strive to build a competent and continuously renewable, more harmonized operating approach and corporate culture for Onninen. The richness in our operations lies in our local operations and our international, multicultural work environment, especially in the interaction between people.

In value chain of our industry nobody can make it on their own and handle everything by themselves. We believe in the joint expertise and wisdom that partnerships bring to the table. Our oldest customer relationships have been fruitful for all parties for several decades. The value of cooperation remains even when the ways of operating change.

Strategy, standardized operating approaches, operating plans and budgets create a business operation framework for our staff. However, within this framework we encourage our staff to adopt an enterprising spirit in all actions with our customers and other partners.

The family business values are evident in our philosophy in all management, which is characterized by long-term thinking, partnership and productivity.

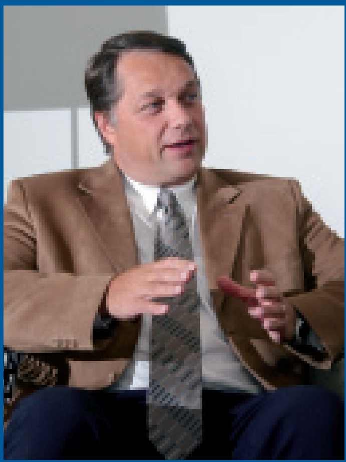
2006 was a time of new development and, at the same time, we reached our economic goals. We wish to extend a heartfelt thank you to our customers for their confidence in us, to our staff for a job well done and to our partners for their excellent cooperation.

Let us together continue with our success in 2007.

At Onninen, 16 February 2007

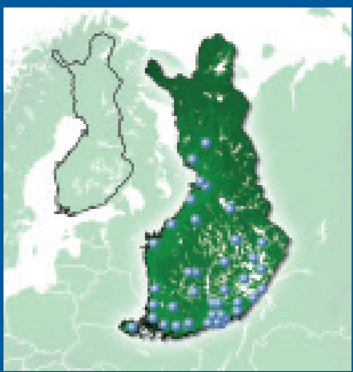
MAARIT TOIVANEN-KOIVISTO
Chairman of the Board
Onninen Oy

HARRI SIVULA
President and CEO
Onninen Oy



TUOMO VÄÄNÄNEN

At the end of 2006 Onninen had 41 outlets in Finland and the division employed a total of 986 people (976 at the end 2005).
Tuomo Väänänen is President of the Onninen Finland division.



OUTLETS IN FINLAND IN JANUARY 2007

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.**

ONNINEN FINLAND

Developing our partner's business operations will be a crucial factor in competition. Products only are not enough. Year 2006 strengthened our belief for being on the right track.

– Tuomo Väänänen

Onninen Finland's turnover grew by 13.5 percent to EUR 705.8 million (EUR 621.8 million in 2005). The division's operating profit was EUR 39.6 million (EUR 26.9 million).

At the end of 2006 Onninen had 41 outlets in Finland, and the Onninen Finland division employed a total of 986 people (976 at year-end 2005). Onninen Finland is divided into three sales units with profit responsibility. Each of these is responsible for its own customer segments. The Contractors unit is responsible for construction contractors, Industry&Infra for industrial customers and customers related to infrastructure construction, and Retailers for customers focusing on retail sales of technical products. Sourcing is organized in two groups, the first of which handles products in connection with building construction, and the other products in connection with infrastructure construction and raw materials, investment and consumables requirements in industry. Logistics provides logistics services for the entire country, mainly from the distribution centre in Hyvinkää. Support functions include controller operations, HR administration, marketing, quality and finance.

Improved profitability

The market remained favorable in Finland throughout the year. Both building and infrastructure construction were lively. The importance of renovation increased further. The industry capacity utilization rate was high, which was due to, for example, the improved economic situation in the main export markets. Product prices increased mainly due to the price rise in various raw materials. The retail market also grew and the situation was favorable during the whole year.

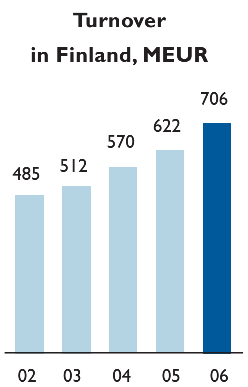
Tampere's Mega Express outlet was completed at the turn of 2005 and 2006.

Our operating costs did not increase at the same rate as sales, and profitability improved on the previous year.

Yet again, sharp fluctuations in raw material prices characterized the year and caused disruptions in the market. The price of copper, plastic and steel had considerable impact.

Market position in Finland

Our market position in the sales of electrical goods improved further. Among our contractor customers in general there was no significant change in our market position. We are market leaders among HEPAC and refrigeration companies. Among our industrial customers sales to the OEM sector developed favorably and growth was considerable particularly among electrical grid customers. We are still market leaders among our retailer customers and we consolidated our position further.



Mega Express shops and Onninen Gallery gain popularity

Our customers have discovered the Mega Express shops in Helsinki, Oulu and Tampere, as well as the Onninen Gallery in Hermanni in Helsinki. The Tampere Mega Express was particularly successful and became Onninen Finland's largest cash-and-carry outlet based on sales volume. Several customer events were organized in the Mega Express shops, and they served as regional 'spearheads' with regard to both product marketing and training.

Other Express outlets also saw changes throughout the year. The Express outlet in Vaasa moved to new premises at the end of the year. Considerable investments were allocated to the modernization of the premises in Tikkurila, Raisio and Tornio. The premises were extended both inside and out, and customer services were enhanced.

Onninen Gallery completed its first full year of operation and the Gallery has proven to be a concept that serves our contractor customers well in the capital city region. Throughout the year many customer groups, architects and housing cooperative representatives have visited the Onninen Gallery showroom to select bathroom, sauna and electrical goods.

Onninen Hyvinkää steel warehouse comissioning steel bars centering, facing and end working machine line, where robot loads the machine and unloads the finished pieces. Machine operations include steel bars centering, facing, drilling and tapping.

Onninen delivers significant numbers of water, sewer and cable protection pipes to Vuosaari harbour construction site.

Onninen also has a service warehouse in the construction site for Finland's new nuclear power station.

Teletekno as part of Onninen

In December 2006 Onninen Oy and Teletekno Oy's shareholders agreed on a deal, by which Onninen will acquire the entire stock in Teletekno at the beginning of 2007. Teletekno is a Finnish importer and wholesaler of telecommunications and network products. The acquisition complements Onninen's materials services selection and expertise. Owing to Teletekno's technology expertise and product selection we can now offer our telecommunications network, industrial and contractor customers in particular more comprehensive service and product packages.

Development of logistics continues

The logistics problems that became evident in 2005 were solved in 2006. However, we will continue to develop quality in the coming year. One example of the continuous development of logistics is that we initiated preparations for a voice-activated collection system. The aim of the system is to minimize collection problems and improve efficiency. The system will be taken into use in January 2007.

Contractors

The unit's turnover grew by 11.5 percent to EUR 385.6 million (EUR 345.9 million in 2005). The unit had an excellent year due to the growth in turnover and its first-rate cost efficiency. We provide services for heating and plumbing, air conditioning, electrical and refrigeration contractors, from small businesses to large construction companies. Our market position in 2006 was favorable in all customer groups.

Throughout the year we paid special attention to the operating concepts used by sales in various customer groups, and focused our services with regard to both product selection and services. The service level in the Express outlets, which provide services for contractor customers, was improved through modernization of the premises and management of the product selection.


Established in 2005, the operations of the Elfin chain, which focuses on electrical contracting and supplies sales, were developed in 2006. Elfin is a nationwide chain of independent electrical installation companies, which provide consumers with high-quality products, services and solutions.

The Hanakat chain, which specializes in HEPAC contracting and supplies sales, continued to consolidate its position and is still actively marketing its professional service solutions in the consumer market. The chain expanded and was standardized. This trend is expected to continue in 2007.

Industry&Infra

The unit's turnover grew by 15.7 percent to EUR 287.7 million (EUR 248.6 million in 2005). Part of the growth was due to price increases, but growth of volume was still an important contributor to the excellent net profit. The sales of steel and electrical goods in particular grew during the year.

At the end of the year we invested in the prefabrication of steel and especially its automation. In this way we can serve our customers more flexibly and quicker than before. The acquisition of Teletekno in December gave the unit's telecommunications and data customers something to look forward to in the coming year, in the form of additional services and expertise.

The market in our customer segments remains divided and competition is tough. We consolidated our position throughout the year, especially among electrical grid contractors and OEM customers.

In the spring we opened a service warehouse on the Olkiluoto nuclear power plant construction site. The warehouse has proven to be useful, despite the delay in the construction timetable for the power plant.

Retailers

The unit's turnover grew by 19.0 percent to EUR 32.5 million (EUR 27.3 million in 2005). The growth in turnover was the greatest of all Onninen Finland's units, calculated as a percentage. The market developed favorably.

We consolidated our position and our cooperation with customers and suppliers, and we also developed our operating concepts. With the new concepts we were able to create added value for our customers and success in their operations. We are market leaders in electrical, HEPAC and refrigeration products deliveries to retailer customers in Finland. Our customer base includes all major retail chains and technical product retailers.

In 2006, we integrated the Sähkötalo Harju brand with our OPAL brand, which is Onninen's private label for retailer segment.

Prospects for 2007

The excellent demand is expected to continue, but at a slower growth rate than in 2006.

The contractor market growth is expected to be a modest few percent.

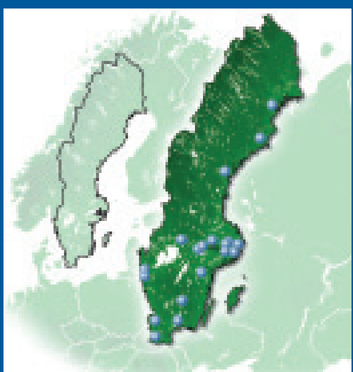
With regard to industry, 2007 is looking excellent, as the order book for the machine construction industry have been filling up rapidly.

The work situation among infrastructure customers is also promising due to several municipal construction projects.

The retailer market is expected to grow at the same rate as in 2006. We continue to develop our cooperation with customers and suppliers.

HELGE SÆTHERSHAGEN

Onninen Scandinavia's turnover grew by 8.5 per cent to EUR 516.4 million (EUR 476.1 million in 2005). The subsidiary's operating profit was EUR 8.6 million (11.4). There was a total of 49 Onninen outlets in Norway and Sweden, and Onninen Scandinavia as a whole employed 848 people (772 year-end 2005). Helge Sæthershagen is President of the Onninen Scandinavia division.



OUTLETS IN SWEDEN IN JANUARY 2007

Onninen has a total of 19 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.**
- **The administrative center is in Örebro and the business administration center in Solna.**

ONNINEN SCANDINAVIA

Onninen Scandinavia's mission is to help its customers so that they can focus more on their core operations. We want to be better and quicker than our competitors at understanding our customers' businesses. We want to listen and learn, and develop services, concepts and products that will let our customers increase their competitiveness.

– Helge Sæthershagen

New corporate ERP system in everyday use

The Group's new enterprise resource planning system was first taken into use in Norway in 2005. During 2006, the system's use was normalized and most of the faults identified in the first year were fixed. Certain problems arose in the system in the late fall, but most of these were solved by the end of the year.

An increase in cable sales volumes made it challenging for all companies in the sector to meet customers' needs. There were also intermitted issues with transportation costs and capacities in Sweden and Norway. With increases in raw material costs further affecting the predictability of sales and purchasing prices, 2006 was a very challenging year indeed.

Gudrun fuelled cable sales

The rapid growth of the cable market was due to political decisions made after the storm "Gudrun", which hit in 2005 with devastating effects. Many areas decided to replace overhead lines with cables. The market for HVAC products was also good. Construction volumes were high, although somewhat short of predicted levels.

Competition continued to be very tough in wholesaling, characterized by increasingly aggressive actions from the largest players.

Onninen logistics services deliver hundreds of thousands of new electricity meters to households in Stockholm, Malmö and Gothenburg whilst taking the old ones with them.

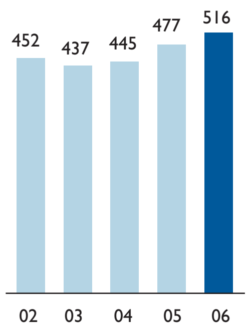
SWEDEN

Turnover in Sweden grew by 12.2 per cent to EUR 249.7 million (EUR 222.6 million in 2005). Measured in SEK, the growth in turnover was 11.8 per cent. The operating profit was EUR 2.0 million (4.4). At the end of 2006, Onninen had 19 outlets and employed a total of 447 people (412 at year-end 2005) in Sweden.

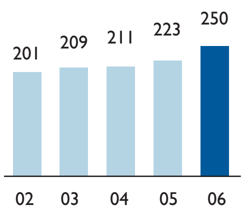
Market position in Sweden

Onninen strengthened its position as the market leader in materials services for power companies. It was also the third-largest operator in HVAC wholesale and the fourth-largest in refrigeration wholesale in Sweden. A deal struck with Vattenfall towards the end of the year demonstrated the power utility sector's confidence in Onninen.

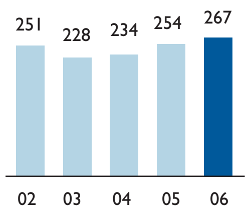
Turnover in Scandinavia, MEUR

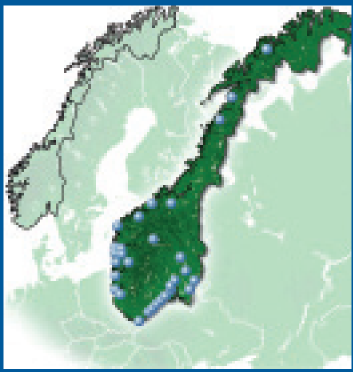


Turnover in Sweden, MEUR



Turnover in Norway, MEUR





OUTLETS IN NORWAY IN JANUARY 2007

Onninen has a total of 30 outlets in Norway.

- **There are 27 Express shops, located in Arendal, Baerum, Bergen (4), Bodö, Bryne, Drammen, Florö, Fredrikstad, Godvik, Hamar, Haugesund, Kjeller, Kristiansand, Kristiansund, Larvik, Odda, Övre Årdal, Oslo (2), Skien, Stavanger, Stord, Tromssa, Trondheim, Tönsberg and Ålesund.**
- **The distribution center and headquarters are located in Gjelleråsen.**

Investments into logistics and competence

Large investments were made in 2006 into both Swedish distribution centers, Karlskoga and Pilängen. We also established a Center of Excellence for Scandinavian Utility Activities at the Karlskoga distribution center, with the aim of generating and maintaining know-how in utility construction to safeguard Onninen's position as one of the most competent operators in the sector.

Important recruitment measures were taken in sales and logistics. A new key account system provided organizational support for key account management. The Onninen 1-2-3 customer loyalty system, previously in use in Norway, was adopted to produce added value for our most active customers. Our Express outlet in Malmö moved to new premises in May. Onninen divested itself of a unit in Mjölby focused on prefabrication by selling it to its active management.

Outlook for 2007

The outlook for 2007 is good in every customer segment. In addition to strengthening our market-leading position in materials services for power companies, we expect to increase our market share in all other customer segments in coming years. Our investments into logistics are expected to start producing results in 2007.

NORWAY

Turnover in Norway grew by 5.2 per cent to EUR 266.6 million (EUR 253.5 million in 2005). Measured in NOK, the growth in turnover was 5.2 per cent. The operating profit was EUR 6.6 million (7.0). The ERP system was stabilized, although it was still not completely faultless, causing problems particularly at the end of the year.

At the end of 2006 Onninen had 30 outlets in Norway and employed a total of 401 people (360 at year-end 2005).

Market position in Norway

Problems with the ERP system caused us to lose some of our market share in Norway, but we maintained our position as leaders of the contractor segment. We are second in sales to power companies and expect to see a good increase in that segment. During the year we managed to regain our customers' confidence, achieving increased sales in line with the growth of the market. Some faults continued to appear in the ERP system, however, causing a slight dip in sales in the late fall.

Continued market growth

The market grew well and industrial indicators were positive throughout the year. Competition continued to be very tough in wholesaling. The proportion of e-commerce conducted in Norway rose nearly to the levels that preceded our problems with the ERP system.

All of our customer segments, particularly electrical installation companies, enjoyed an excellent work situation. In fact, many companies are suffering from a shortage of qualified workers.

We modernized existing Express outlets and opened three new ones in Övre Årdal, Mysen and Oslo. At the same time, the outlet in Porsgrunn was closed down as the

Onninen delivers materials to SPA and Golf hotel construction site in Kragerø, Norway.

new stores covered demand for that area. We continued our efforts to improve logistics and delivery performance.

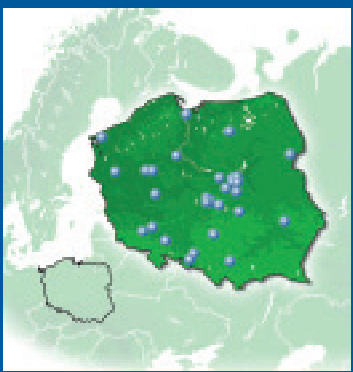
Our efforts to focus on core businesses led to the sale of our subsidiary Sörmaskin in spring 2006.

Outlook for 2007

The market is expected to continue growing steadily. We aim to maintain our market share and remain the market leaders. Providing services for new customer groups will be a challenge for the whole organization. We will improve our delivery performance and finish stabilizing the ERP system. We also aim to become market leaders in Norwegian e-commerce.

JACEK RATAJCZAK

Onninen Wholesale International´s turnover grew by 38.6 per cent to EUR 222.6 million (EUR 160.7 million in 2005) The subsidiary´s operating profit was EUR 2.1 million (-2,3). There was a total of 59 outlets in Poland, Russia and Baltic countries and Onninen Wholesale International employed a total of 1100 people (946 at the end 2005). Jacek Ratajczak is President of the Onninen Wholesale International division.



OUTLETS IN POLAND IN JANUARY 2007

Onninen has a total of 27 outlets in Poland.

- **There are 18 Express stores, 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, Gliwice, Katowice, Krakow, Lublin, Szczecin, Warsaw and Wroclaw.**
- **A retailer service center is located in Ozarów Mazowieck.**
- **The Polish distribution center is in Teolin/Lodz.**
- **The company is headquartered in Warsaw.**

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

POLAND

Turnover in Poland increased by 31.1 per cent to EUR 112.2 million (EUR 85.4 million in 2005). In Polish currency the growth was 27.0 per cent. The operating profit amounted to EUR 0.6 million (-2.6). At the end 2006, Onninen had 27 outlets in Poland, and the company employed in total 555 people (525 at the end of 2005). Onninen Poland's Managing Director is Tomasz Boruc.

Market underwent strong development

The market underwent strong development and among HVAC and electrical products the growth amounted to over 10 per cent. Expenses increased as well, and, for example, raw materials, salaries, fuel and transport costs increase significantly in 2006.

Industry investments went through a significant increase and the economic growth was strong overall. The effects of exchange rates became more balanced as the Polish currency strengthened. The increase in EU funding during the year also had an effect on economic strengthening.

Onninen's Polish subsidiary showed a positive financial year after a long negative period by improving its performance in many operational areas. More attention was given to sales training and development, logistics were intensified and the cooperation in sourcing was improved. Onninen strengthened its market position, making its position third in HVAC trade and fourth in electrical products.

The Polish distribution centre in Teolin is busy in serving the customers.

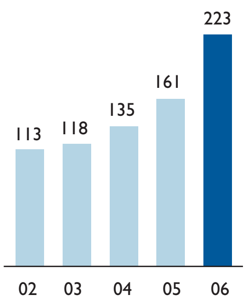
Two market trends rose above others in Poland in 2006: centralization and formation of purchasing associations. All operators invested heavily on growth. Onninen's extensive shop network was increasingly efficient in providing a service to installation companies and contractors. Services aimed at industrial and infrastructure customers were developed, and the first contracts within the energy business were signed.

Prospects for 2007

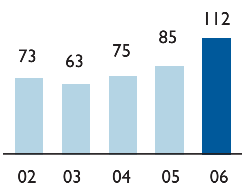
We expect the activity brought by industry, trade and EU funding to further promote economic growth in Poland in 2007. We also forecast that the HVAC and electrical market will continue its growth. We also predict that the centralization of operations will continue further.

The expansion of the distribution centre in Teolin will be completed in 2007. We will develop our distribution

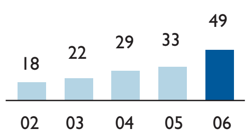
Turnover in Wholesale International, MEUR



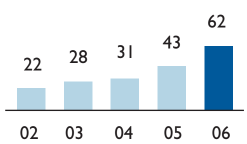
Turnover in Poland, MEUR

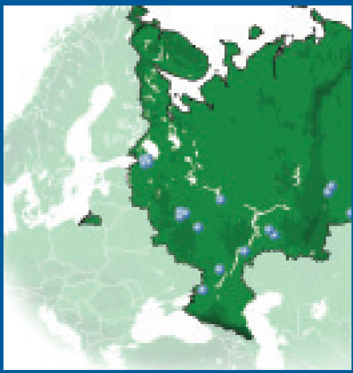


Turnover in Russia, MEUR



Turnover in the Baltic countries, MEUR

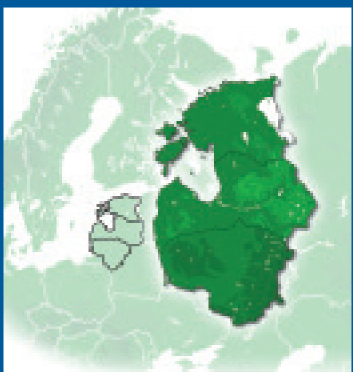




OUTLETS IN RUSSIA IN JANUARY 2007

Onninen has a total of 13 outlets in Russia.

- **Our regional distribution centers and sales offices are located in Chelyabinsk, Ekaterinburg, Krasnodar, Moscow, Nichny Novgorod, St. Petersburg, Rjasan, Rostov, Samara, Saratov and Tjumen.**
- **A national distribution center to serve Russian imports, the St. Petersburg regional distribution center and Onninen Russia's headquarters are located in St. Petersburg.**



OUTLETS IN THE BALTIC COUNTRIES IN JANUARY 2007

Onninen has a total of 13 outlets in the Baltic countries, six in Estonia, four in Latvia and three in Lithuania.

- **We have Express shops in Johvi, Tallinn and Tarto, Estonia; Riga (2), Latvia, Liepaja and Klapeida, Lithuania. There are also sales offices in Vilnius.**
- **There are distribution centers in Tallinn, Estonia; Riga, Latvia; and Kaunas, Lithuania.**
- **The Baltic headquarter is located in Tallinn.**

centre's services further and strengthen our technical skills and competence. The focal point of the new services will be in the solutions aimed at industrial and infrastructure customers.

RUSSIA

Turnover in Russia increased by 49.5 per cent to EUR 48.9 million (EUR 32.7 million in 2005). The operating profit amounted to EUR 0.2 million (0.9). Project sales' share of the turnover in Russia was EUR 5.9 million (EUR 3.4 million).

At the end of 2006, Onninen had 13 outlets in Russia, and the company employed in total 310 people (221 at the end of 2005). Onninen Russia's Managing Director is Sergey Grigoriev.

Centralization still a future prospect

Russian market is still highly fractured. Corporate acquisitions and mergers have not taken place despite interest shown by international companies. Company owners do not need to sell, market growth rate is high and the financial and administrative systems are insufficient.

International operators opened several local shops and expanded their operations that way. Retail trade is also going through a strong development phase in which domestic and foreign operators are competing fiercely.

In Russia we provided services to HVAC and electrical contractors, installation companies, the industry and retailers. We opened five new shops and built a new distribution centre and headquarters for Russian operations in St. Petersburg.

We developed our product selection management and employed a significant number of new employees. We reorganized our sourcing process and developed our sales process.

The decrease in profitability during the first semester was caused by the increase in raw-material prices, and that reflected in the profitability of the whole of year.

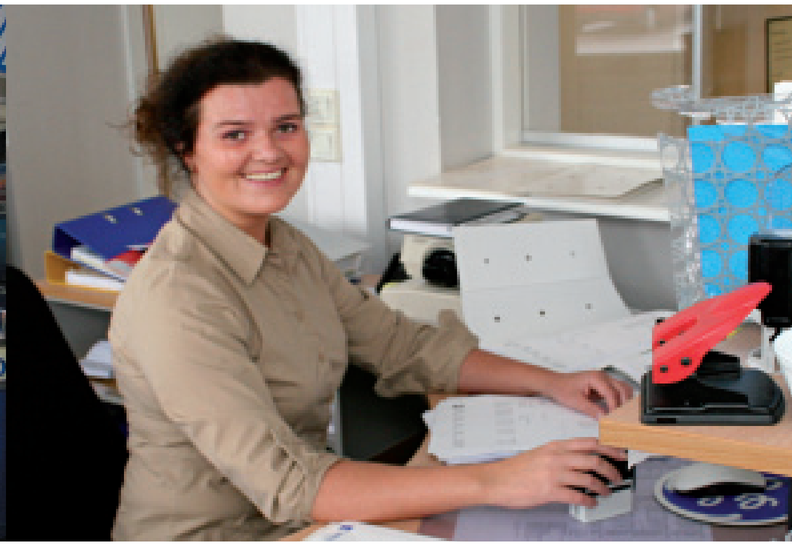
We increased our market share in HVAC and electrical contractor business and among the retailers. Our industry market share remained equivalent to previous year.

Prospects for 2007

The market will continue to grow, and new international producers will launch operation in our product areas in Russia. The potential WTO membership may lead to reductions in customs duties and, hence, lower the obstacles and risks in entering the market.

BALTIC REGION

Turnover in the Baltic region increased by 44.6 per cent to EUR 61.6 million (EUR 42.6 million in 2005). The operating profit amounted to EUR 1.3 million (-0.6). At the end 2006, Onninen had 13 outlets in the Baltic region, and the company employed in total 235 people (200 at the end of 2005). Peeter Matt is the Director in charge of Onninen's Baltic operations.



Onninen in HVAC product fair in Nichny Novgorod, Russia in spring 2006. Angela Vompa works as the Switchboard Operator in the Tallinn office in Estonia.

Market grew

The economic development in the entire Baltic region was positive in 2006. In all three countries the construction market continued strong growth. The significance of EU funding for projects was obvious. Unemployment remained low and labour costs increased significantly in all three countries.

International companies also increased their activities in the Baltic market, but local companies also developed well. However, we expect that we grew faster than our competitors, and, hence, achieved market shares among HVAC and electrical contractors and our industrial customers.

Our profitability improved significantly because we could utilise the market growth with the help of our competent staff.

Prospects for 2007

We expect the favourable market trend to continue, although labour shortage and increase in costs will pose challenges. We believe that the year will show good sales.

Estonia

At the end 2006, Onninen had 6 outlets in Estonia, and the company employed in total 115 people (88 at the end of 2005). Onninen Estonia's Managing Director is Peeter Matt.

We opened a new distribution centre and headquarters in Tallinn. New Express outlets were opened in Lasnamäki, Tallinn and Pärnu.

During the year, we made arrangements in our sales organization. Heating and plumbing sales were combined with ventilation sales.

Latvia

At the end 2006, Onninen had 4 outlets in Latvia, and the company employed in total 61 people (59 at the end of 2005). Onninen Latvia's Managing Director is Villijs Jukams.

We opened a new Express outlet in Liepaja.

Lithuania

At the end 2006, Onninen had 3 outlets in Lithuania, and the company employed in total 59 people (53 at the end of 2005). Onninen Lithuania's Managing Director is Ineta Kairé.

During the year, we developed our sales organization by recruiting new staff to support the growing demand.

GROUP'S SHARED

In accordance with our strategy, we have developed shared operational models which help us benefit from the skills and competence provided by the international organization and allow us to intensify our operations.

SALES

Our operations are organized in accordance with the local business environment. Our sales organizations vary in the different countries we operate in. In certain operational areas, however, we seek to benefit from unified working methods.

The development responsibility for the sales process lies with the First Executive Vice President Tuomo Väänänen.

SOURCING

Group-wide flow management lowers purchasing prices, promotes the efficiency of our warehouses and improves the management of capital.

Sourcing operations and product delivery performance are overseen by the sourcing organization in each country. In the cooperation of sales and sourcing, the sourcing organization's work includes finding new products and product areas and maintaining more efficient sourcing channels.

Close cooperation with logistics and ICT is an essential part of sourcing operations development. The development of the logistics network is extremely important for the sourcing process as well.

LOGISTICS

Distribution and warehousing are the basis of Onninen's operations in all areas. The logistics process is made more efficient by continuously improving quality and cost-efficiency, standardizing working methods and distributing best practices between different countries.

Logistics have been organized locally in ways that serve different countries to ensure that customers' daily needs are satisfied to the highest degree. The logistics work daily in close cooperation with sourcing to optimize warehouse management and flow.

Many actions have been taken throughout the year to improve quality,

OPERATIONAL MODELS

The shared operational models are targets determined in the three processes that carry through the organisation: sales, sourcing and logistics.

Optimized and efficient transport solutions are important for our customers. Product delivery performance is the most important individual basis of evaluation of our operations.

Group Executive Vice President Helge Saethershagen is responsible for Group-level development of sourcing operations.

including electronic confirmation points, the launch of speech controlled collection, reorganizing distribution areas and developing location search software within the warehouse management system. Distribution centers have been extended and new ones built, the most recent being the Tallinn and St. Petersburg distribution centers.

The logistics network has extended, and it developed during the year in each country we operate in. This extension is ongoing with the aim to ensure high-quality customer service. The logistics development responsibility at Group-level is with Chief Information Officer Panu Hannula.

ULLA REHNSTRÖM

At the end of 2006, Onninen employed a total of 2 984 people (2 750 at the end of 2005) in eight countries. During the year the average number of employees was 2 881 (2 707 in 2005). At year-end 2006, Onninen's divisions employed a total of 2 841 people, and the Group functions employed 40 people. Ulla Rehnström is Senior Vice President, responsible for Group HR.

PERSONNEL

"Good management and continuous development of competences will ensure the success of Onninen and improve constantly the well-being of our personnel."

– Ulla Rehnström

Towards strategic goals using competence management

The right competence in the right place at the right time ensures that we retain and improve our competitiveness.

Role-based competences supporting the implementation of the strategy have been defined for the Group-wide resource planning system, which was acquired in the autumn of 2005. We have divided up the competences into three areas: leadership competences, professional competences and general competences. So far more than 900 Onninen employees have completed the competence mapping. Based on the results we have prepared our process-specific, unit-specific and function-specific development plans. According to plan, the system will be in use and the competence mapping completed in all Group countries by the end of 2007.

The competences will be adjusted annually in connection with strategy planning. In this way, we can ensure that our competence and measures to develop it remain in line with our business strategies.

Training programs support implementation of strategy

Our training and personnel development measures were based on our HR strategy for the period 2006–2008.

The Group-wide and country-specific training programs were developed to support the implementation of the strategic goals.

We organized two Group Summit seminars for top management, and in January-June we completed the Onninen Networker 2006 management development program. We also started planning the Onninen Networker 2007 program, which is due to start in January 2007, and selected the participants for the program.

In 2006, all Onninen supervisors in Finland participated in a two-day leadership and supervisor training, which was a continuation of the supervisor training program initiated in 2005.

The investment in active and service-minded sales training continued in various Group countries. We invested in sales management training especially in Russia and the Baltic countries. Sourcing operations training was organized in several Group countries to strengthen our Group-wide sourcing process.

The opening of Networker 2006 training.

Standardized processes and operating approaches

In the autumn of 2006 we initiated a process to define our common, Group-wide HR processes in cooperation with the country HR managers. Our goal is to operate according to selected common processes in all our Group countries in 2007.

Onninen Way – the basis for all operations

In January 2006 the Onninen Way 2006–2008 brochure was distributed to the personnel. Onninen Way creates a basis for our way of working on a Group-wide scale. The publication is a sequel to the first Onninen Way brochure published in 2004. The Onninen Way is a quality philosophy linked to our values, ethical principles, intent and strategy, structure and operating model, as well as all our operations.

The Onninen Way was discussed in all Group training programs and in the briefings on the 2005 financial statements held during spring 2006.

Job satisfaction survey part of the continuous development process

The satisfaction and well-being of our personnel is important to us. A good working climate produces good customer service. With our annual Group-wide job satisfaction survey we strive to continuously develop our operations and pinpoint any problems that can be eliminated in order to improve the well-being and comfort of our personnel. The job satisfaction survey also serves to measure how Onninen's values are implemented in practice.

Prospects for 2007

Our focus in 2007 will be on development of leadership, competence management and strategy implementation. Turning the strategic goals into action will be the main objective in both the international Onninen Networker 2007 program and the Finnish supervisor training. Another focal point in both programs will be to strengthen leadership competence.

We will support and develop operations according to standardized HR processes in various Group countries. We will continue with our resource planning system and strengthen competences in various processes and functions. We will also continue to simplify the Group roles required by the processes.

Another comprehensive job satisfaction survey will be carried out in spring 2007 to measure internal personnel satisfaction. All personnel will be informed of the survey results and development measures will be included in our operating plans in accordance with the job satisfaction survey process.

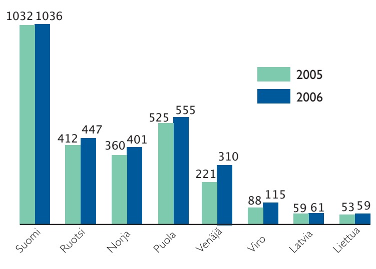
Anna Sidorska työskentelee assistenttinä Onnisen Puolan pääkonttorissa Varsovassa.

Olli Inkeroinen työskentelee tuoteryhmäpäällikkönä Onnisella Vantaalla Suomessa.

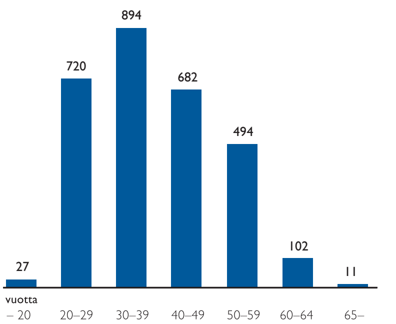
Turid Ødegård työskentelee markkinointiassistenttina Gjelleråsen pääkonttorissa Norjassa.

Kent Isaksson työskentelee Express-vastaavana Luleån Expressissä Ruotsissa.

Henkilöstö maittain 31.12.2006



Henkilöstön ikäjakauma 31.12.2006



Henkilöstön määrä vuoden lopussa

	2006	2005
Henkilöstön määrä	2 984	2 750
Johto	60 (2 %)	62 (2 %)
Toimihenkilöt	2 178 (73 %)	2 028 (74 %)
Työntekijät	746 (25 %)	660 (24 %)

Henkilöstön palveluksessaoloaika keskimäärin

Suomi	12	Venäjä	2
Ruotsi	7	Viro	3
Norja	8	Latvia	4
Puola	4	Liettua	3

Henkilöstön keski-ikä

Suomi	42	Venäjä	30
Ruotsi	42	Viro	33
Norja	42	Latvia	38
Puola	33	Liettua	32

Henkilöstön sukupuolijakauma 31.12.2006

Henkilöstöstä miehiä 78 % ja naisia 22 %
Johdosta miehiä 75 % ja naisia 25 %

Henkilöstön koulutustausta

	2006	2005
Perusaste	567 (19 %)	546 (20 %)
Keskiaste	1 731 (58 %)	1 636 (60 %)
Korkeakouluaste	686 (23 %)	568 (20 %)

Henkilöstökulut, milj. euroa

	2006	2005
Palkat ja palkkiot	85,6	75,7
Eläkekulut	10,1	9,4
Muut henkilösivukulut	11,2	10,2

ICT

ICT systems which support business activities and their development are central to Onninen's competitiveness. The increasingly information intensive nature of Onninen's business and networking with suppliers and customers emphasizes the need for an efficient, reliable and coherent information system.

– Panu Hannula

PANU HANNULA

Panu Hannula is the Chief Information Officer of Onninen Group.

Improving the reliability of the OnWay system

The quality, reliability and extent of the OnWay system introduced in Norway were improved throughout 2006. The system's technical environment was updated in the autumn, which improved the reliability of the system. In addition, a number of functional improvements in the system were carried out to support the demands of business. The reliability, ability to cover business needs and user satisfaction were improved to a good level by the end of the year.

An efficient and unified ICT foundation

Onninen Group's ICT strategy was drawn up as part of the Onninen Group's updated strategy process. Its emphasis for the strategy period 2007-2009 is to build an unified, cost-efficient and reliable ICT foundation which supports business development. Foundation development was launched in 2006 with the main aim to modernize ICT infrastructure, implement the Group's ERP system, build applications which support Onninen's strategy and improve ICT productivity.

The aim of modernizing ICT infrastructure is to develop for the Onninen Group a unified and cost-efficient infrastructure platform for efficient group-wide communications. This is the precondition for all group-wide business applications implemented from 2006.

To support the ICT infrastructure development, the Group underwent a comparative study on the quality and cost-efficiency of basic IT, which provided useful information on how to target the development work accurately.

At the moment most of the Onninen countries are using OMA enterprise resource planning system.

Developing the Group's ERP system

The further development of the Group's ERP system was prepared during autumn 2006. The preparation work carefully analyzed the different alternative solutions and their applicability to Onninen's strategy. Based on the analysis, the preparation for Onninen's ERP project was initiated with an aim to make the decision on the implementation of the project in early 2007.

To improve the Group's internal and external communication, a group-wide project to modernize intranet and internet pages was initiated. The work on updating the e-marketplaces was continued by starting the modernisation of Webshop in Finland and extending the functionality and customer-basis of OnnShop, introduced in Norway.

Improving productivity

More attention was given to promoting the productivity of ICT. The most important focal points in improving productivity are project activities, supplier administration, development of expertise and the productisation and unification of ICT services.

KAI PUUSTINEN

Kai Puustinen is Senior Vice President, responsible for Group Communications and brands.

COMMUNICATIONS

"We want to convey to our partners a correct and current picture of Onninen as a company and of the services and products we offer. Communication, in its broadest sense, reaches every encounter with customers and suppliers, from personal conduct to a brochure handed to the customer."

– Kai Puustinen

The company name and related logo, on which Onninen's operations are built, are always visible in the operations of the Onninen Group or any of its subsidiaries. The Onninen brand suggests long-term efforts as an expert in materials services and associated supply of technical wholesale and service.

Our customer segment consists of several sub-segments, and each customer must be approached with the requirements of their own special field in mind. Onninen is the common denominator in all our communications, even with the smallest of customers. Our goal is to make the customer feel like part of the Onninen joint partnership group. Despite this goal we operate in a way required by specialization. In all contacts with our customers we offer standardized service respecting and implementing our values in our actions.

Own media for the customers

We are in close contact with our customers in all our operations. Within the Group, we distribute seven printed and electronic customer newsletters, which help our customers to keep up to date with news, events and the product selection in the industry. Our media are also at our partners' disposal when they want to inform professionals of products and services. Throughout the year 2006, we used tens of different external media in order to create contacts and convey our message.

Our electronic news service has been very well received in customer segments where we introduced the service last year. Emails and SMS services provide excellent support for the mobile nature of our customers' work and give us better opportunities to stay in contact.

Onninen´s brands

There are several trademarks associated with the Onninen brand. They include both products intended for various target groups and services offered to our customers. Our trademarks represent high-quality products for professional use, which generally require installation, as well as technical products with no need for professional installation work, aimed at consumers, sold through our retailers. Onninen does not operate directly in the consumer trade, but we naturally encounter the trade through our customers. The top end of Onninen's customer base consists of the Hanakat, Elfin and Elfag chains, which bring professional expertise to the consumers. The chains are chain stores comprised of installation professionals, which sell products complete with guaranteed installation.

ONNINEN'S BRANDS

The Onnline logo is used on technical products and solutions which are meant for professional use only and which have been produced for Onninen.

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.

Hanakat is a leading network of HVAC installation companies in Finland. It comprises Finnish HVAC companies which can supply consumers with a comprehensive service including HVAC product sales, installation and services.

Elfag is a network of leading electrical companies in Norway. It comprises Norwegian electrical companies which can supply consumers with a comprehensive service including product sales, installation and services in the field of electrics.

The Elfin network comprises Finnish electrical companies which can supply consumers with a comprehensive service including product sales, installation and services in the field of electrics.

Onninen Gallery is a high-quality exhibition space for Finnish contractor clients where the contractors can bring or send their clients to find out about the most up-to-date HVAC and electrics inventions. This allows the contractors to concentrate on their core installation business whilst receiving support from Onninen for their product sales.

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.

Onninen 1-2-3 is a customer loyalty system used in Norway and Sweden for small contractors. It generates value for our active clients' businesses through education and other benefits.

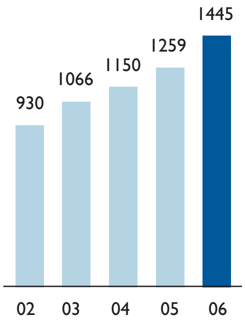
REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL ACCOUNTS

In 2006 turnover for the Onninen Group was EUR 1.4 billion. Operating profit was EUR 40.0 million.

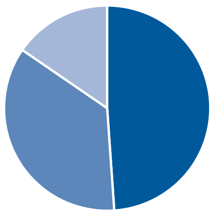
Report by the board of directors

1 January–31 December 2006

Turnover, EUR million



Distribution of turnover, %



Finland	48.9 %
Scandinavia	35.7 %
Wholesale International	15.4 %

Market trend

In Finland, the level of construction output continued its strong growth. The wholesale market for heating and plumbing grew by 6 per cent, the wholesale market for air conditioning products by just over 3 per cent and electrical wholesale by more than 12 per cent. The growth in both goods exports and investments was good. The demand for industrial and infrastructure products, especially steel and electrical products, was good.

In Sweden, the market trend was excellent. HVAC demand grew by roughly 13 per cent on the previous year and the demand for electrical products by almost 18 per cent.

In Norway, the economic trend continued to be strong. The demand for electrical products grew by just over 12 per cent.

In Poland, the demand for installation products showed strong growth following a long period of instability. The demand for electrical products grew by 12 per cent and HVAC products by 10 per cent.

In Russia, the economic growth continued, construction was lively and the demand for building services products remained high. According to our estimate, growth in the market for heating and plumbing, air conditioning and electrical products reached as much as 25 per cent.

The construction market also continued to grow in each of the Baltic countries.

The market for heating and plumbing, air conditioning and electrical products grew by 15–20 per cent, depending on the product area.

Events in the financial year

The implementation of the OnWay ERP system continued in Norway. The reliability of the system was relatively good. As a whole the ERP system has not fulfilled expectations, which is why the system has not yet been taken into use in other countries. A decision will be made regarding the future of the ERP system at the beginning of 2007.

In Finland, a service warehouse was opened in Olkiluoto and the Express outlets in Raisio, Tornio and Tikkurila in Vantaa were extended and developed. The Express outlet in Vaasa moved to new premises.

In Sweden, the sales offices and Express outlet in Malmö moved to new, joint premises.

In Norway, new Express outlets were opened in Oslo, Mysen and Ovre Ardal. The sales offices and Express outlet in Bergen and the Express outlet in Skien moved to new premises. The Express outlet in Porsgrunn was closed down.

In Poland, the premises in Wroclaw and Gliwice were modernized.

In Russia, the new distribution centre and head office were taken into use in St. Petersburg. New premises were opened in Chelyabinsk and Nizhni Novgorod, Tjumen, Saratov and Rostov-na-Donu. The warehousing operations on the Samara site were moved to new premises.

In Estonia, the distribution centre in Tallinn and the Express outlet in Tarto moved to new premises. New to Estonia were the Lasnamäki Express outlet in Tallinn and the Express outlet in Pärnu. In Latvia, an Express outlet was opened in Liepaja.

In December Onninen signed an agreement with telecom and network product wholesaler Teletekno Oy regarding the purchase of the company's entire share capital. The deal was closed in January 2007, when the competition authorities had approved the transaction.

Teletekno, established in 1940, is a Finnish importer and wholesaler of telecommunication and network products. In addition to the wholesale trade, Teletekno's operations include processing, product development and assembly of fiber optic cables and copper cables. The company's turnover amounts to EUR 26 million and it employs 120 people. The company maintains a staff of 85 in Konala in Helsinki, Finland, where the company head office and the production facilities for the company's fiber optics and copper cable products are located.

In addition to its operations in Finland, Teletekno has subsidiaries in Estonia, Latvia, Lithuania and Norway, and a representative office in Russia. In Estonia, the company also maintains production in addition to its customer service.

Teletekno will continue to operate as previously under the new name of Onninen Teletekno Oy.

Group structure

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.

Sörmaskin SWT AS, a subsidiary of Onninen AS in Norway, was sold.

Teletekno will be consolidated with the Onninen Group from the beginning of 2007.

Turnover

The Group's turnover was EUR 1,444.8 million, which is an increase of 14.8 per cent.

Distribution of turnover (EUR million):)

	2006	2005	Change %	2004
Onninen Finland	705.8	621.8	13.5	570.0
Onninen Sweden	249.7	222.6	12.2	211.1
Onninen Norway	266.6	253.5	5.2	234.1
Onninen Poland	112.2	85.4	31.3	75.4
Onninen Russia	48.9	32.7	49.5	28.2
Onninen Baltic countries	61.6	42.6	44.6	31.4
Total	1 444.8	1 258.6	14.8	1 150.2

Onninen Sweden's growth in turnover in Swedish currency was 11.8 per cent, Onninen Norway's growth in turnover in Norwegian currency amounted to 5.2 per cent and Onninen Poland's growth in turnover in Polish currency was 27.0 per cent.

International operations accounted for 51.1 per cent of the Group's turnover.

Financial result

The Group's operating profit amounted to EUR 40.0 million. Operating profit relative to turnover was 2.8 per cent. The Group's operating profit before amortization of goodwill (EBITA) amounted to EUR 44.2 million, or relative to turnover 3.1 per cent.

Profit before taxes totaled EUR 35.6 million. The profit for the year amounted to EUR 26.2 million. Return on investment was 16.1 per cent and return on equity 18.6 per cent.

Profitability indicators:

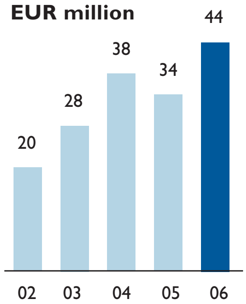
		2006	2005	2004
Operating profit before amortization of goodwill (EBITA)	EUR million	44.2	34.0	38.0
– as percentage of turnover	%	3.1	2.7	3.3
Operating profit	EUR million	40.0	29.4	33.3
– as percentage of turnover	%	2.8	2.3	2.9
Profit before taxes	EUR million	35.6	25.9	30.2
Profit for the year	EUR million	26.2	21.3	16.3
Return on investment	%	16.1	12.8	15.4
Return on equity	%	18.6	17.1	14.6

Distribution of operating profit (EUR million):

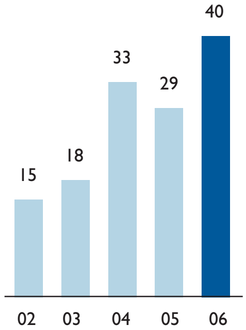
	2006	2005	2004
Onninen Finland	39.6	26.9	28.3
Onninen Sweden	2.0	4.4	4.1
Onninen Norway	6.6	7.0	10.4
Onninen Poland	0.6	-2.6	-3.6
Onninen Russia	0.2	0.9	1.3
Onninen Baltic countries	1.3	-0.6	-0.7
Group items *	-10.3	-6.6	-6.5
Total	40.0	29.4	33.3

* the item includes undivided expenses, amortization of goodwill and capital gains and losses

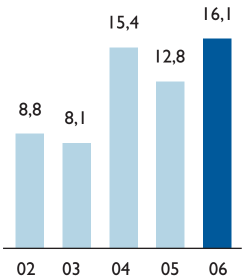
Operating profit before amortization of goodwill (EBITA), EUR million



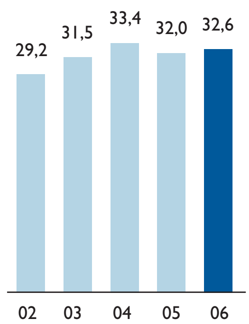
Operating profit (EBIT), EUR million



Return on investment (ROI), %



Equity ratio, %



Onninen Finland's net profit showed a clear improvement. This was due to excellent demand in all product areas, as well as improved quality and reliability of the company's own operations.

Onninen Sweden's net profit was weaker than in the previous year. The reasons for this are mainly to be found in the company's own processes. Corrective measures have been taken.

Onninen Norway's net profit weakened. The reasons for this were primarily problems related to the use of the company's new ERP system.

Onninen Poland showed improved net profit and a positive operating profit. This was due to excellent demand and the effects of the company's efficiency and reorganization measures implemented in 2005.

Onninen Russia's net profit weakened. The reasons for this were mainly the front-heavy costs due to the strong growth of operations.

Onninen Baltic's net profit showed a clear improvement. The demand was good in the Baltic countries, the network expansions carried out in the past few years have been successful and the internal processes have worked well.

Finances

The Group's equity ratio was 32.6 per cent. Net financing expenses amounted to EUR 4.3 million.

		2006	**2005**	**2004**
Equity ratio	%	32.6	32.0	33.4
Net financing expenses	EUR million	4.3	3.5	3.1
– as percentage of turnover	%	-0.3	-0.3	-0.3

The total of interest-bearing liabilities was EUR 114.7 million, a decrease during the year of EUR 7.3 million. Bank loans were taken out to the amount of EUR 4.7 million and EUR 10.4 million was repaid to the Onvest Group companies. Loans decreased in Finland and Norway, but increased in Sweden, Poland and Russia.

Of the Group's interest-bearing liabilities, EUR 38.7 million consists of internal financing by the Onvest Group and EUR 76.0 million 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 for loans denominated in euro, and for loans denominated in other currencies the interest rate is based on the reference rate for the currency in question plus an agreed margin. Correspondingly, an 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 been taken mostly in local currency. Of the Group's loans, 45.5 per cent are in Norwegian currency, 25.0 per cent in euro, 15.1 per cent in Swedish, 11.5 per cent in Polish and 2.9 per cent in Russian 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. The Group companies do very little intra-group business, which means that the mutual debts are negligible. Currency payments for goods imports are moderate, 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 amounted to EUR 8.5 million. The most significant investments involved the modernization of the distribution centre and store network, as well as the development of information technology.

Premises

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

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, whose core processes from the point of view of business are sales, procurement and logistics, as well as efficient information systems that support these. Development projects are currently in progress within the Group in each of these areas.

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 environment

In order to standardize Group operational systems an operational manual has been drafted for the entire Group, complete with recommendations for processes and operations. A quality management system based on the ISO 9001 standard has been implemented in the Baltic countries and Russia, and the entire Group will be included in the certification in March-April 2007.

In Finland and Sweden an ISO 14001 environmental management system has also been integrated in the system.

In 2006, the environmental management system in Finland was extended to include all premises. Environmental perspectives have been identified in logistics, and environmental objectives and goals have been set up for the distribution centers for all types of waste and energy consumption.

In Sweden, environmental perspectives have been identified and a decrease in carbon dioxide emissions has been selected as the main environmental goal.

The environmental management system will be extended to include all countries by the end of 2009.

In connection with the Onninen Excellence principle, a management self-evaluation was carried out in 2006 in accordance with criteria provided by the European Foundation for Quality Management (EFQM) within both Group management and the Onninen Finland division.

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 and 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 reliable information technology that supports business operations. Risks related to the functioning and serviceableness of information technology are controlled by planning the continuity of existing information technology solutions and drafting security solutions for implementing the plans. Risks are also controlled by ensuring sufficient testing and quality control for new solutions and by paying attention to the selection of information technology partners who develop and supply the solutions as well as to the management of the cooperation.

When further developing the Group's new ERP system, special attention is paid to the system's applicability, reliability and continuity in both the short and the long term.

Disruptions can also be connected with changes in the logistics systems. In 2006 the new distribution centers in St. Petersburg in Russia and in Tallinn in Estonia were taken into use successfully. No significant changes in the logistics systems are planned in the near future.

The price changes in raw materials and the availability of products might also have an effect on the industry, lowering companies' results.

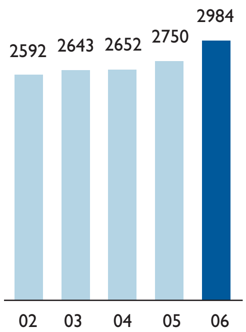
The biggest balance sheet items in Onninen's business are trade receivables and inventories. Trade receivables related credit loss risk is controlled by means of a standardized credit extension policy and efficient collection procedures. The same precautionary principles based criteria are used in the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

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

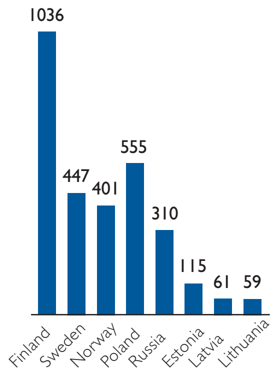
Report by the board of directors

1 January–31 December 2006

Personnel at end of year



Personnel by country at end of year 2005



Staff

The Group's average number of staff in 2006 was 2,881 people.

In 2006, the divisions responsible for business operations employed on average 2,841 employees and Group operations in total 40 employees.

Salaries and emoluments (EUR million):

	2006	2005	2004
Salaries and emoluments	85.6	75.7	73.0

Maintaining and improving competitiveness requires a skilled and motivated company staff. Development of expertise is based on securing the expertise required to implement the Group's and the various Group companies' business strategies. The prerequisites for realizing the Group strategy and commercial objectives were taken into account, for example, in all unit, country and Group level training programs and other measures for developing expertise.

The Group-level system for the management of expertise initiated in 2005, which is based on the harmonized business processes and functions, was taken into use throughout the Group.

The Onninen Networker 2006 development program for management and experts was implemented between January and June.

The group-wide job satisfaction survey carried out in the spring had a better response rate, but the results were somewhat weaker than in the previous survey carried out in 2005. The processing of the results and planning of development measures was carried out according to the annual job satisfaction survey process.

Board of Directors and Management

Chairman of the company's Board of Directors was Maarit Toivanen-Koivisto. Members of the Board were Eero Eloranta and Karsten Slotte and, as from 30 March 2006, Jukka Helkama and Juha Järvinen.

Tuomo Väänänen, M.Sc. (Eng), served as acting President and CEO of the company until 14 March 2006. As from 15 March 2006 Harri Sivula, M.Sc. (Admin.), served as President and CEO and Tuomo Väänänen, M.Sc. (Eng), as Vice President.

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

Share capital and shareholders

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

Prospects for 2007

Forecasts for the construction industry in Finland remain relatively optimistic. According to our estimate, demand will continue to grow, but at a somewhat slower rate. We expect the demand for industrial and infrastructure products to continue its steady growth.

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

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

In Poland, we expect the excellent economic growth to continue. According to our estimate, the demand for electrical and HVAC products will continue to grow.

The Russian economy and all of the Baltic countries' economies are also expected to continue to grow in 2007. We predict that demand in all of the product areas that we represent will remain strong.

We forecast that Onninen's turnover in 2007 will grow the most in Russia and the Baltic countries. Factors in this growth are the expansion of the Group's network of outlets and its product offering and the favorable trend in the market. We also expect growth in other countries. The growth in consolidated turnover will also be affected by the acquisition of Teletekno.

The Group's turnover is forecast to grow by at least 10 per cent. The Group's net profit is expected to improve on its 2006 level.

Consolidated Profit and Loss Account

EUR million	Note		Jan. 1-Dec. 31, 2006	%		Jan. 1-Dec. 31, 2005	%
Turnover	2.1.		1 444.8	100.0		1 258.6	100.0
Other operating income			1.5			0.1	
Materials and services	2.2.		1 161.7			1 011.4	
Personnel expenses	2.3.		106.9			95.3	
Depreciation			11.2			11.7	
Other operating expenses	2.4.		126.5			110.9	
Operating profit			40.0	2.8		29.4	2.3
Financial income and expenses	2.5.						
Interest and similar income							
From Group companies		0.2			0.3		
From others		1.4			1.1		
Interest and similar expenses							
To Group companies		-1.8			-1.3		
To others		-4.2	-4.4		-3.6	-3.5	
Profit before taxes			35.6	2.5		25.9	2.1
Direct taxes	2.8		-9.4			-4.6	
Group profit for the year			26.2	1.8		21.3	1.7

Consolidated Balance Sheet

EUR million	Note		**Jan. 1-Dec. 31, 2006**		Jan. 1-Dec. 31, 2005
Assets					
Fixed and other long-term assets	3.1.				
Intangible assets					
Intangible rights		**0.3**		0.7	
Goodwill		**0.7**		1.1	
Group goodwill		**20.6**		26.5	
Other long-term assets		**4.6**		6.9	
Advance payments		**9.7**	**35.9**	14.5	49.7
Tangible assets					
Land		**0.6**		0.8	
Buildings		**2.5**		3.6	
Machinery and equipment		**15.3**		13.6	
Advance payments and construction in progress		**0.3**	**18.7**	0.2	18.2
Financial investments					
Shares in affiliated companies		**0.4**		0.4	
Other shares and holdings		**0.2**	**0.6**	0.2	0.6
Current assets					
Inventories	3.2.		**188.2**		156.0
Receivables	3.3.				
Long-term					
Loans receivable			**1.0**		1.1
Deferred tax receivable			**1.9**		2.3
Short-term					
Accounts receivable		**174.7**		155.2	
Receivables from Group companies		**7.6**		1.5	
Loans receivable		**0.2**		0.1	
Other receivables		**2.9**		2.4	
Deferred receivables		**27.7**	**213.1**	22.4	181.6
Cash and bank deposits			**1.9**		2.4
			461.3		411.9

EUR million	Note	Jan. 1-Dec. 31, 2006		Jan. 1-Dec. 31, 2005	
Shareholders' equity and liabilities					
Shareholders' equity	3.4.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Other reserves		0.1		0.2	
Retained earnings		68.6		54.9	
Profit for the year		26.2	150.0	21.3	131.5
Statutory provisions	3.5.		2.9		1.8
Liablities					
Deferred tax liability			0.9		0.8
Long-term liabilities	3.6.				
Loans from financial institutions		47.3		57.4	
Payables to Group companies		30.8		32.2	
Other long-term liabilities		6.0	84.1	6.1	95.7
Short-term liabilities	3.7.				
Loans from financial institutions		22.8		9.8	
Advances received		1.4		1.2	
Accounts payable		144.5		112.8	
Payables to Group companies		7.9		16.7	
Other short-term liabilities		16.0		14.8	
Deferred payables		30.8	223.4	26.8	182.1
			461.3		411.9

Cash Flow Statements

EUR million	Group 2006	Group 2005	Parent company 2005	Parent company 2006
Cash flow from operations				
Operating profit	**40.0**	29.4	**31.3**	23.1
Depreciation	**11.2**	11.7	**3.9**	3.5
Other adjustments	**5.1**	-0.0	**6.3**	-0.0
Cash flow before change in working capital	**56.3**	41.1	**41.5**	26.6
Change in working capital:				
Change in non-interest-bearing receivables	**-26.2**	-34.6	**-10.8**	-9.2
Change in inventories	**-31.9**	-14.6	**-6.9**	-3.1
Change in non-interest-bearing liabilities	**36.8**	33.9	**16.0**	3.7
Cash flow before financial items and taxes	**35.0**	25.8	**39.8**	18.0
Cash flow from financial expenses	**-6.0**	-4.9	**-1.1**	-1.0
Dividends received	**0.0**	0.0	**0.0**	0.0
Cash flow from financial income	**1.6**	1.3	**0.6**	0.7
Tax payments	**-7.1**	-7.1	**-6.9**	-6.7
Total cash flow from operations (A)	**23.5**	15.1	**32.4**	11.0
Cash flow from investments				
Fixed asset investments	**-8.5**	-18.1	**-4.3**	-19.8
Sales in fixed assets	**3.1**	0.7	**0.1**	0.1
Sales in shares in Group companies	**1.1**			
Change in loans receivable	**-5.8**	1.3	**-3.7**	0.6
Total cash flow from investments (B)	**-10.1**	-16.1	**-7.9**	-19.1
Cash flow from financing				
Change in short-term loans	**4.4**	12.6	**-16.0**	15.9
Change in long-term loans	**-10.7**	-3.0		
Dividends paid	**-8.0**	-8.0	**-8.0**	-8.0
Others	**0.4**	-0.3		
Total cash flow from financing (C)	**-13.9**	1.3	**-24.0**	7.9
Change in liquid funds (A+B+C)	**-0.5**	0.3	**0.5**	-0.2
Liquid funds Jan. 1	**2.4**	2.1	**0.3**	0.5
Liquid funds Dec. 31	**1.9**	2.4	**0.8**	0.3

Parent Company Profit and Loss Account

EUR million	Note		Jan. 1-Dec. 31, 2006	%		Jan. 1-Dec. 31, 2006	%
Turnover	2.1.		725.4	100.0		638.0	100.0
Other operating income	2.2.		4.9			4.1	
Materials and services	2.3.		588.7			522.9	
Personnel expenses	2.4.		47.8			43.2	
Depreciation			3.9			3.5	
Other operating expenses	2.5.		58.6			49.4	
Operating profit			31.3	4.3		23.1	3.6
Financial income and expenses	2.6.						
Interest and similar income							
From Group companies		0.0			0.1		
From others		0.5			0.6		
Interest and similar expenses							
To Group companies		-1.3			-1.0		
To others		-0.1	-0.9		-0.0	-0.3	
Profit before appropriations and taxes			30.4	4.2		22.8	3.6
Appropriations	2.7.		0.1			-0.5	
Direct taxes	2.8.		-8.1			-5.9	
Profit for the year			22.4	3.1		16.4	2.6

Parent Company Balance Sheet

EUR million	Note	**Dec. 31. 2006**		Dec. 31. 2006	
Assets					
Fixed and other long-term assets	3.1.				
Intangible assets					
Intangible rights		**0.1**		0.3	
Goodwill		**0.7**		1.0	
Other long-term assets		**4.0**		5.1	
Advance payments		**9.7**	**14.5**	14.5	20.9
Tangible assets					
Buildings		**0.6**		0.6	
Machinery and equipment		**5.9**		6.4	
Advance payments and construction in progress		**0.2**	**6.7**	0.2	7.2
Financial investments					
Shares in Group companies		**60.3**		59.4	
Shares in affiliated companies		**0.0**		0.0	
Other shares and holdings		**0.1**	**60.4**	0.1	59.5
Current assets					
Inventories	3.2.		**81.9**		75.1
Receivables	3.3.				
Long-term					
Loans receivable			**0.0**		0.0
Short-term					
Accounts receivable		**57.3**		49.2	
Receivables from Group companies		**13.9**		11.8	
Other receivables		**0.8**		0.4	
Deferred receivables		**11.4**	**83.4**	7.5	68.9
Cash and bank deposits			**0.8**		0.3
			247.7		231.9

EUR million	Note	Dec. 31. 2006		Dec. 31. 2006	
Shareholders' equity and liabilities					
Shareholders' equity	3.4.				
Share capital		20.0		20.0	
Share premium account		35.1		35.1	
Retained earnings		64.5		56.1	
Profit for the year		22.4	142.0	16.4	127.6
Accumulated excess depreciation			1.0		1.1
Statutory provisions	3.5.		0.4		0.9
Liabilities					
Long-term liabilities	3.6.				
Payables to Group companies			23.0		23.0
Short-term liabilities	3.7.				
Advances received		0.3		0.2	
Accounts payable		56.8		45.3	
Payables to Group companies		0.1		16.8	
Other short-term liabilities		11.1		8.9	
Deferred payables		13.1	81.3	8.1	79.3
			247.7		231.9

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	
	2006	2005	**2006**	2005
2.1. Turnover				
Turnover total	**1 444.8**	1 258.6	**725.4**	638.0
Sales to Group companies	**14.0**	13.7	**28.8**	25.3
Distribution of turnover				
Onninen Finland	**705.8**	621.8	**705.8**	621.8
Onninen Sweden	**249.7**	222.6		
Onninen Norway	**266.6**	253.5		
Onninen Poland	**112.2**	85.4		
Onninen Russia	**48.9**	32.7	**3.0**	3.1
Onninen Baltic Countries	**61.6**	42.6		
Intra-Group sales			**16.6**	13.1
	1 444.8	1 258.6	**725.4**	638.0
2.2. Other operating income				
Service invoicing from subsidiaries			**4.8**	4.0
Profit from real estate sales	**1.3**			
Change in inventories	**0.2**	0.1	**0.1**	0.1
	1.5	0.1	**4.9**	4.1
2.3. Materials and services				
Materials				
Purchases during the year	**1 192.1**	1 025.9	**595.7**	526.2
Change in inventories	**-30.4**	-14.5	**-7.0**	-3.3
	1 161.7	1 011.4	**588.7**	522.9
2.4. Personnel expenses and average personnel				
Personnel expenses				
Wages and salaries	**85.6**	75.7	**39.7**	35.5
Pension expenses	**10.1**	9.4	**5.7**	5.5
Other personnel expenses	**11.2**	10.2	**2.4**	2.2
	106.9	95.3	**47.8**	43.2
Salaries and bonuses to the Managing Directors and Board Members	**1.3**	1.0	**0.4**	0.5
Average personnel				
Finland	**1 050**	1 027	**1 050**	1 027
Sweden	**424**	398		
Norway	**376**	358		
Poland	**540**	553		
Russia	**271**	186		
Baltic countries	**220**	185		
	2 881	2 707	**1 050**	1 027
Personnel at year-end				
Finland	**1 036**	1 032	**1 036**	1 032
Sweden	**447**	412		
Norway	**401**	360		
Poland	**555**	525		
Russia	**310**	221		
Baltic countries	**235**	200		
	2 984	2 750	**1 036**	1 032

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

	Goup		Parent Company	
	2006	2005	**2006**	2005
2.5. Other operating expenses				
Property-related costs	**28.4**	25.5	**11.7**	10.6
Delivery and transport costs	**36.0**	35.3	**16.3**	14.9
Administrative expenses	**43.6**	32.3	**23.5**	15.8
Other operating expenses	**18.5**	17.8	**7.1**	8.1
	126.5	110.9	**58.6**	49.4
2.6. Financial income and expenses				
Interest and similar income from others includes exchange rate gains (net)		0.1		0.1
Interest and similar expenses to others includes exchange rate losses (net)	**-0.0**		**-0.1**	
2.7. Appropriations				
Difference between tax-based and planned depreciation			**0.1**	-0.5
2.8. Direct taxes				
Corporate income tax	**-8.3**	-6.3	**-8.1**	-5.9
Change in deferred tax liability	**-1.1**	1.7		
	-9.4	-4.6	**-8.1**	-5.9

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 long-term assets	Advance payments	Total
Acquisition cost Jan. 1, 2006	3.7	4.5	50.5	11.6	14.5	84.8
Currency-related conversions	-0.0	0.1	-1.0	-0.0		-0.9
Increase	0.0			1.0	1.7	2.7
Decrease	-0.0		-2.2	-0.3	-6.5	-9.0
Transfers between items				-1.4		-1.4
Acquisition cost Dec. 31, 2006	3.7	4.6	47.3	10.9	9.7	76.2
Accumulated depreciation Jan. 1, 2006	3.0	3.4	24.0	4.7		35.1
Currency-related conversions	-0.0	0.2	-0.4	0.0		-0.2
Accumulated depreciation on deductions and transfers	-0.0		-0.8	-0.3		-1.1
Depreciation from the period	0.4	0.3	3.9	1.9		6.5
Accumulated depreciation Dec. 31, 2006	3.4	3.9	26.7	6.3		40.3
Book value Dec. 31, 2006	0.3	0.7	20.6	4.6	9.7	35.9

Group	Tangible assets				
	Land	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2006	0.8	5.1	39.4	0.2	45.5
Currency-related conversions	0.0	0.0	-0.1		-0.1
Increase		0.3	5.1	0.3	5.7
Decrease	-0.2	-2.0	-3.4	-0.0	-5.6
Transfers between items		0.1	1.5	-0.2	1.4
Acquisition cost Dec. 31, 2006	0.6	3.5	42.5	0.3	46.9
Accumulated depreciation Jan. 1, 2006		1.5	25.8		27.3
Currency-related conversions		0.0	-0.0		-0.0
Accumulated depreciation on deductions and transfers		-0.8	-3.0		-3.8
Depreciation from the period		0.3	4.4		4.7
Accumulated depreciation Dec. 31, 2006		1.0	27.2		28.2
Book value Dec. 31, 2006	0.6	2.5	15.3	0.3	18.7

3. Notes to the balance sheet (EUR million)

Parent company	**Intangible assets** Intangible rights	Goodwill	Other long-term assets	Advance payments	Total
Acquisition cost Jan. 1, 2006	1.4	1.8	7.7	14.5	25.4
Increase	0.0		0.1	1.7	1.8
Decrease			-0.2	-6.5	-6.7
Acquisition cost Dec. 31, 2006	1.4	1.8	7.6	9.7	20.5
Accumulated depreciation Jan. 1, 2006	1.1	0.8	2.6		4.5
Accumulated depreciation on deductions and transfers			-0.2		-0.2
Depreciation from the period	0.2	0.3	1.2		1.7
Accumulated depreciation Dec. 31, 2006	1.3	1.1	3.6	0.0	6.0
Book value Dec. 31, 2006	0.1	0.7	4.0	9.7	14.5

Parent company	**Tangible assets** Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost Jan. 1, 2006	0.8	19.9	0.2	20.9
Increase	0.0	1.3	0.2	1.5
Decrease		-1.4		-1.4
Transfers between items	0.1	0.1	-0.2	
Acquisition cost Dec. 31, 2006	0.9	19.9	0.2	21.0
Accumulated depreciation Jan. 1, 2006	0.2	13.5		13.7
Accumulated depreciation on deductions and transfers		-1.4		-1.4
Depreciation from the period	0.1	1.9		2.0
Accumulated depreciation Dec. 31, 2006	0.3	14.0		14.3
Book value Dec. 31, 2006	0.6	5.9	0.2	6.7

Financial investments

Group	Shares in affiliated companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2006	0.4	0.2	0.6
Currency-related conversions	-0.0	-0.0	-0.0
Increase	0.0	0.0	0.0
Decrease		-0.0	-0.0
Acquisition cost Dec. 31, 2006	0.4	0.2	0.6
Book value Dec. 31, 2006	0.4	0.2	0.6

3. Notes to the balance sheet (EUR million)

Financial investments

Parent company	Shares in Group companies	Shares in affiliated-companies	Other shares and holdings	Total
Acquisition cost Jan. 1, 2006	59.4	0.0	0.1	59.5
Increase	1.0		0.0	1.0
Decrease	-0.1		-0.0	-0.1
Acquisition cost Dec. 31, 2006	60.3	0.0	0.1	60.4
Book value Dec. 31, 2006	60.3	0.0	0.1	60.4

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
Dormant companies	100.0	100.0

Affiliated companies

Suomen LVIS-Tietoverkko Oy, Vantaa	20.0	20.0
Dyrud Elektro AS, Seljord	34.0	
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	
	2006	2005	2006	2005
3.2. Inventories				
Goods in stock	186.1	155.3	81.8	74.8
Advances paid	2.1	0.7	0.1	0.3
	188.2	156.0	81.9	75.1
3.3. Receivables				
Deferred tax receivable				
From allocations	1.9	2.3		
Short-term receivables				
Receivables from Group companies				
Accounts receivable	1.9	1.5	8.2	9.8
Loans receivable	5.7		5.7	2.0
	7.6	1.5	13.9	11.8
Deferred receivables				
Annual discount receivables	22.3	19.4	10.2	7.0
Others	5.4	3.0	1.2	0.5
	27.7	22.4	11.4	7.5
3.4. 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		
Transfer to retained earnings	-0.1			
Exchange difference	0.0	0.0		
Other reserves Dec. 31	0.1	0.2		
Retained earnings Jan. 1	76.2	62.1	72.5	64.1
Dividends paid	-8.0	-8.0	-8.0	-8.0
Transfer from other reserves	0.1			
Conversions and other adjustments	0.3	0.8		
Retained earnings Dec. 31	68.6	54.9	64.5	56.1
Profit for the year	26.2	21.3	22.4	16.4
Shareholders' equity total	150.0	131.5	142.0	127.6
Distributable earnings				
Retained earnings	68.6	54.9	64.5	56.1
Profit for the year	26.2	21.3	22.4	16.4
Share of accumulated excess depreciation held in equity account	-0.8	-0.8		
	94.0	75.4	86.9	72.5

3.Notes to the balance sheet (EUR million)

	Group		Parent Company	
	2006	2005	2006	2005
3.5. Statutory provisions				
Pension liability provision	0.7	1.3	0.3	0.9
Other provisions	2.2	0.5	0.1	
	2.9	1.8	0.4	0.9
3.6. Long-term liabilities				
Deferred tax liability				
From appropriations	0.9	0.8		
Payables to Group companies				
Long-term liabilities	30.8	32.2	23.0	23.0
3.7. Short-term liabilities				
Payables to Group companies				
Accounts payable	0.1	0.1	0.1	0.8
Other short-term liabilities	7.8	16.6	0.0	16.0
	7.9	16.7	0.1	16.8
Deferred payables				
Personnel-related expenses	20.0	14.8	10.4	6.8
Others	10.8	12.0	2.6	1.3
	30.8	26.8	13.0	8.1
3.8. Leasing liabilities and contingent liabilities				
Leasing liabilities				
Due in current period	3.1	1.9	1.0	1.0
Due later	4.5	1.7	0.9	1.1
	7.6	3.6	1.9	2.1
Contingent liabilities				
Guarantees and securities given on behalf of Group companies			86.5	73.4
Guarantees and securities given on behalf of others	0.3	0.1	0.3	0.1
Rental liabilities	32.4	28.6	2.9	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 parent company's distributable earnings amount to EUR 86.9 million, of which the profit for the year is EUR 22.4 million.

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 1.30 per share, constituting a total of EUR 13.0 million
– EUR 73,9 million is added to the shareholders' equity.

No significant changes have occured in the company's financial position after the end of the financial year. The company's liquidity is good and the Board of Directors' view the proposed distribution of dividend does not risk the company's financial standing.

Vantaa 16. February 2007

MAARIT TOIVANEN-KOIVISTO
Chair of the Board

EERO ELORANTA

JUKKKA HELKAMA

JUHA JÄRVINEN

KARSTEN SLOTTE

HARRI SIVULA
President

Auditor's Report

To the shareholders of Onninen Oy

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Onninen Oy for the period 1.1. – 31.12.2006. 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's balance sheets, income statements, cash flow statements and notes to the financial statements. Based on our audit we ex-press an opinion on these financial statements, as well as on the report of the Board of Directors 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 report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report of the Board of Directors and 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 whether the members of the Board of Directors and the Presidents and CEO's of the parent company have complied with the rules of the Companies' Act.

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

Vantaa, 16 February 2007

PricewaterhouseCoopers Oy
Authorised Public Accountants

GÖRAN LINDELL
Authorised Public Accountant

KAIJA LEPPINEN
Authorised Public Accountant

Five-year review

	2006	2005	2004	2003	2002
Turnover, EUR million	**1 445**	1 259	1 150	1 066	930
growth, %	**14.8**	9.4	7.9	14.6	15.7
Turnover of international operations, EUR million	**739**	637	580	555	446
growth, %	**16.1**	9.8	4.6	24.4	37.8
percentage of turnover, %	**51.1**	50.6	50.4	52.0	47.9
Operating profit before amortization of goodwill (EBITA), EUR million	**44**	34	38	28	20
percentage of turnover, %	**3.1**	2.7	3.3	2.6	2.1
Operating profit (EBIT), EUR million	**40**	29	33	18	15
percentage of turnover, %	**2.8**	2.3	2.9	1.7	1.6
Net from financing, EUR million	**-4**	-4	-3	-6	-3
percentage of turnover, %	**-0.3**	-0.3	-0.3	-0.5	-0.3
Profit before taxes (EBT), EUR million	**36**	26	30	12	11
percentage of turnover, %	**2.5**	2.1	2.6	1.1	1.2
Group profit for the year, EUR million	**26**	21	16	9	6
percentage of turnover, %	**1.8**	1.7	1.4	0.9	0.6
Return on investment (ROI), %	**16.1**	12.8	15.4	8.1	8.8
Return on equity (ROE), %	**18.6**	17.1	14.6	9.0	5.6
Equity ratio, %	**32.6**	32.0	33.4	31.5	29.2
Interest-bearing net liabilities, EUR million	**113**	120	109	116	134
Balance sheet total, EUR million	**461**	412	352	334	343
Investments, EUR million	**9**	18	15	5	63
Average personnel	**2881**	2707	2652	2616	2416
Personnel at year-end	**2984**	2750	2652	2643	2592

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), %

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

Equity ratio, %

$$\frac{\text{Shareholders' equity} \times 100}{\text{Total assets – advances received}}$$

Interest-bearing net liabilities

Interest-bearing liabilities – cash and bank deposits

BOARD OF DIRECTORS
17.2.2006

At the end of 2006, the board, appointed by Onninen Oy's stockholder's meeting, comprised 5 members. Maarit Toivanen-Koivisto chaired the Board of Directors, which convened 11 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
Executive Vice President of Fazer Group

JUKKA HELKAMA
Born 1946, Dipl. Ing. ETH-Z; MBM, GSB Stanford
Member of the Board since 2006
Family entrepreneur, emeritius

JUHA JÄRVINEN
Born 1946, M.Sc. (Econ.)
Member of the Board since 2006

GROUP MANAGEMENT TEAM 17.2.2006

The Group Management Team of Onninen Oy includes the President and CEO and the directors in charge of the company's divisions and Group-wide functions. During 2006, Tuomo Väänänen held the position of President pro tem until March 14 and from March 15, Harri Sivula held the position of President and CEO.

Harri Sivula
Born 1962, M.Sc.(Admin.)
President and CEO
Has served Onninen since 2006

Tuomo Väänänen
Born 1956, M.Sc. (Eng.)
First Executive Vice President
President, Onninen Finland
Has served Onninen since 1997

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

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

Panu Hannula
Born 1967, M.Sc. (Eng.)
CIO
Group ICT
Has served Onninen since 2006

Heikki Ala-Ilkka
Born 1952, M.Sc. (Econ.)
CFO
Group Finance
Has served Onninen since 1996

Ulla Rehnström
Born 1958, Qualification in Business and Administration
Senior Vice President
Group HR
Has served Onninen since 2004

Kai Puustinen
Born 1968, M.Soc.Sc.(Pol.)
Senior Vice President
Group Communications
Has served Onnninen since 2003

ONNINEN COUNTRIES

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A STORY OF GROWTH AND DEVELOPMENT

2000´s
Maarit Toivanen-Koivisto succeeds her father as Chair of Onninen's Board of Directors. Internationalization continues - acquisitions in Poland. Onninen expands to Norway (2002).

1990´s
Timo Peltola became President & CEO of Onninen Oy. Internationalization progresses from project exports to opening company-owned outlets and to corporate takeovers. Sales offices are opened in Estonia, Latvia, Russia, Lithuania and Poland. Companies are acquired both in Finland (Huber and Are) and abroad (in Sweden and in Poland).

1980´s
A district warehouse and head office premises construction begins in Vantaa. Strong investments in industry sales begins.

1970´s
Start-up of electrical wholesale and contracting. Internationalization also begins to take effect. The first project export schemes are deliveries of hepac supplies to Soviet Union and later to Middle East.

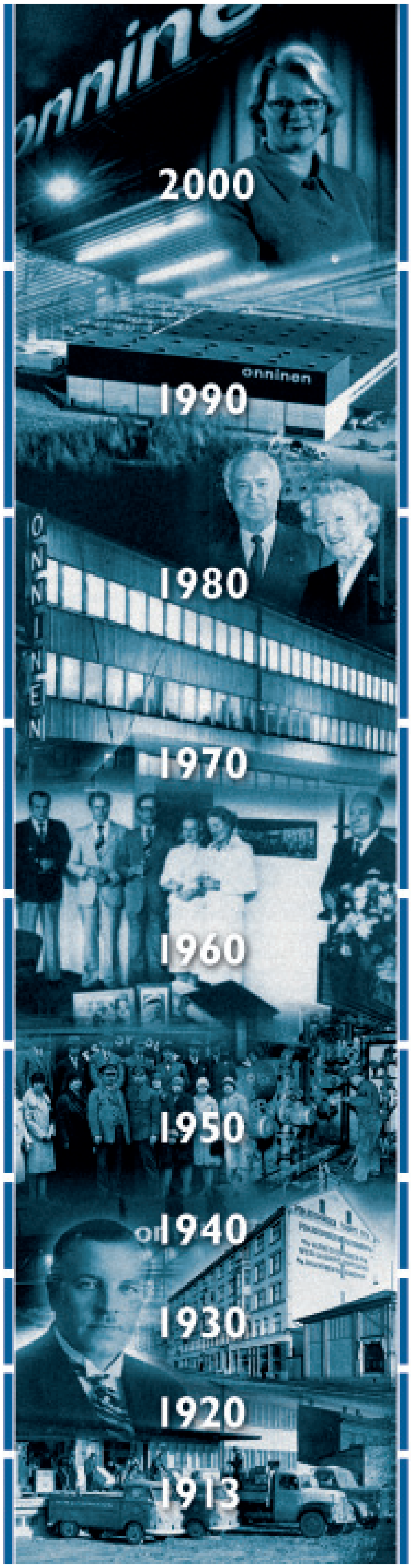
1960´s
Operations of Vesionninen extends to the whole country. Company goes into ventilation wholesale and contracting. Warehouse area is purchased in Hyvinkää.

1950´s
Onninen went into municipal engineering.

1940´s
After the war nationwide outlet network starts to be built.

1930´s
Wholesale exceeds construction turnover.

1920´s
Operations expand from installation to wholesale business.



2006
Harri Sivula becomes President & CEO of Onninen Oy.

2002
Onninen acquired Norway's leading electrical wholesaler, Eilag.

1997
Corporate structure is renewed. Onninen (hepac and electrical wholesale) and Are (construction) become 100 per cent subsidiaries of Onvest Oy.

1983
The first cash-and-carry outlet for technical products in Finland is opened.

1972
Onninen went into electrical wholesale and contracting.

1969
Onninen went into ventilation wholesale and contracting in Tampere.

1956
Erik J. Toivanen becomes President & CEO of Onninen Oy (Auriala´s son-in-law).

1950
Alfred Onninen's son-in-law Martti Auriala, becomes President & CEO of Vesijohtoliike Onninen Oy.

1927
Operations expand to Helsinki where the plumbing company Vesijohtoliike Onninen Oy is founded.

19.2.1913
Alfred Onninen decides to become a plumbing contractor and the new business is registered in Turku.

Onninen® 2006

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onninen

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