AHLSTRÖM CAPITAL

Annual Report 2005

During 2005, Ahlström Capital:

- Substantially revamped its portfolio by making new industrial investments and by relinquishing its OPALS securities as well as its remaining land and forest holdings.
- Expanded Enics' operations considerably by acquiring three production units in Sweden, one in Finland and one in China.
- Decided on a landmark real estate investment in the Salmisaari district of Helsinki.
- Expanded its operations regionally by acquiring the majority of Russia's leading manufacturer of electrical accessories and by investing in a private equity investment fund active in Russia.
- Carried out an industrial exit by selling 60 percent of the shares in ZAO Akerlund & Rausing Kuban to the Austrian Teich Group.

Contents

AHLSTRÖM CAPITAL

Ahlström Capital is a private equity investment company which creates added value for its owners by channeling its investments primarily to industrial companies. With more than MEUR 160 in capital, the company is one of Finland’s biggest private equity investors. Ahlström Capital’s strengths are its solid industrial expertise, long entrepreneurial traditions, and its substantial financial resources.

A Year of Brisk Growth

For Ahlström Capital, 2005 was a time of dynamic expansion. Net sales grew from MEUR 138 to MEUR 244.

Ahlström Capital's portfolio underwent notable changes in 2005. The company made new industrial investments and freed up funds for new projects by giving up its remaining holdings of land and forest areas as well as its index-based securities. Also, a decision was made on a substantial new investment in real estate.

In 2005, Ahlström Capital's financial result remained good. Return on investment was on a par with the previous year's figure, roughly ten percent. This was attributable to a considerable rise in value by Vacon shares, the acquisition of the Russian electrical accessory manufacturer Wessen, and the exit from a majority shareholding in Akerlund & Rausing Kuban. Nordkalk's net profit declined relative to the previous year, largely due to a seven-week labor conflict in the paper industry. The EMS company Enics grew dynamically with acquisitions and it is now Europe's biggest company in its sector. Real estate earned steadily, as in previous years. Å&R Carton's loss again exerted a drag on profits.

Further investments in growing markets

Our investments also gave us access to the fast-growing Chinese market and we expanded our operations in Russia.

The Chinese economy continues to grow buoyantly, cost levels in the country are highly competitive and state-of-the-art technology is swiftly adopted there. Of our portfolio companies, both Enics and Vacon have started manufacturing in China. Local presence opens up possibilities for gaining access to the Chinese domestic market and networking with the region's many and competitive suppliers.

The Russian economy also continued to forge ahead. Ahlström Capital acquired a majority shareholding during the year under review in the electrical accessories manufacturer Wessen. The company has good future prospects amidst the boom in the Russian economy and construction. The company has roughly a one fifth share of the Russian market for electrical accessories.

In May, Ahlström Capital agreed on investing in the Mint Capital II private equity investment fund, which invests in companies operating in Russia and the rest of the former Soviet Union. The purpose of the fund is to make investments in companies which benefit from Russia's strong economic growth.

Industrial investments as our strategy

The company's background, traditions and expertise constitute a natural foundation for our investment business. We invest in companies in which we see a value potential and which we believe we can refine and nurture in successful cooperation with their management. So far, we have invested in six industrial companies.

We balance the risks of the portfolio with investments in real estate. A part of our assets is kept in liquid form. Our ambition is to obtain a 15–25 percent return on the investments.

The listed company Vacon grew faster than the market in 2005, in accordance with its targets. The company's profitability was better than in the previous year. Its market capitalization went up by 52 percent during the year, and the value of Ahlström Capital's holding in Vacon rose to MEUR 40. The market prospects for 2006 are favorable. Vacon forecasts growth in net sales at 10–20 percent and predicts that its profitability will improve on 2005.

As a major supplier to the Finnish paper industry, Nordkalk suffered from a labor conflict in its customer base, and its profit fell short of the excellent figures of previous years. The company expanded its operations to Russia. We expect profitability to improve in 2006.

Enics' year was characterized by rapid growth, and in three years it has risen to become Europe's leading company in its field. In 2005, the company acquired three plants in Sweden, extended its plant in Estonia, and in the beginning of 2006 it started up a production unit in China. The Rauma plant was destroyed in a fire in May. In November, a decision was made to merge the operations of the Rauma and Lohja units. Considerable deployments in expansion caused profit to decline to some extent in the latter part of the year. In 2006, we expect growth to continue and profitability to improve.

For Å&R Carton, 2005 was a loss-making year, mainly

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due to the weak market in Western Europe. A program started in 2005 to boost profitability has been further intensified in 2006. In January, the company announced it was closing its plant in Bremen. We expect profitability to improve in 2006.

Real estate rounds out the investment portfolio

In spring, 2005, Ahlström Capital reserved a plot of land in the dynamic Salmisaari district of Helsinki and decided in December to add to its real estate investments by constructing an office building on the plot. Construction work will begin in March 2006, and the building will be completed in May 2007. The central location of the office building in Salmisaari, its classy construction and its adaptability give reasons to expect that the investment will earn a good and steady return.

The revised zoning plan approved in April will permit a considerable increase in the floor area of our property on Eteläesplanadi.

Of the industrial properties owned by Ahlström Capital, the one in Varkaus has been leased out to a company outside the group, whereas the property in Estonia is occupied by Enics and the one in Germany by Å&R Carton.

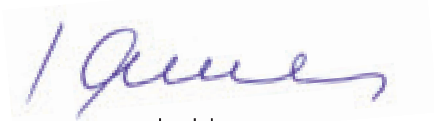
Outlook for the future

Private equity investment, with origins in the U.S., has also gained a solid foothold in Europe. Active private equity investors in Finland and the other Nordic countries have become an important catalyst for change and major developers of companies. Companies in the private equity sector do well if their investment assets are large or if their expertise is specialized. In the current stage of the business cycle, however, price expectations have constantly risen because interest rates have stayed low and financing is abundantly available. Secondary deals between private equity investors have become widespread as a method of exiting.

The liquid funds we hold provide an opportunity for additional investments in the current holdings as well as for expanding the portfolio with a few new investments. I believe that Ahlström Capital is able to bring to the companies it owns expertise that will promote the success of the portfolio companies as well as that of our own. Although it is a challenge to find new prospects, we trust that our wide network of contacts will continue to turn up attractive opportunities for investment in the future. Sufficient resources, smooth collaboration with our portfolio companies and interesting challenges create a good spirit of enterprise in our team.

I would like to thank our personnel, our shareholders and our business partners for the excellent cooperation in 2005.

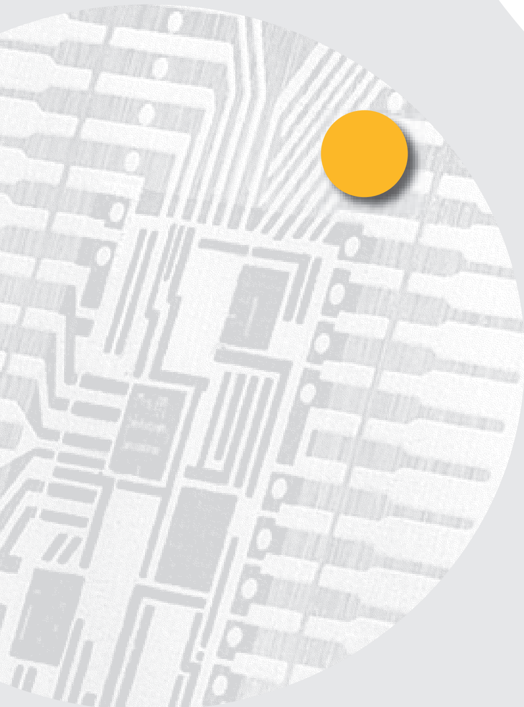
Helsinki, March 2006



Jan Inborr
President and CEO

An Active Industrial Approach is Our Strength

Ahlström Capital's strength is its traditional industrial expertise and its close, practical partnership with its portfolio companies. These qualities will make it a sought-after partner also in the future.



A private investment company and an industrial group

The private equity investment company Ahlström Capital was established to continue the traditions of the Ahlström family in industrial business. The company's mission is to acquire industrial prospects and to develop them actively.

Ahlström Capital's long experience of industrial business gives it the wherewithal for development work with the portfolio companies. In addition to participation in the work of the Boards of Directors, Ahlström Capital supports the management in the development of the companies' business and strategy. With this active participation, Ahlström Capital differentiates itself from most other private equity investors.

Industrial investments to the fore

Ahlström Capital's strategy is to make active investments in medium-sized and large industrial companies in Finland and nearby regions. The company provides its shareholders with an opportunity to invest in prospects with above-average potential return but risks to match. Ahlström Capital makes investments both alone and together with other private equity investors. Cooperation makes it possible to spread the risk among several owners and thus permits participation also in large investments.

Ahlström Capital's goal is to expand the number of its industrial investments to 8–10 companies by making one or two new investments of MEUR 5–25 each year. Ahlström Capital's substantial financial resources leave it well placed for corporate acquisitions. The aim is to realize the appreciation of industrial investments during a 5–7 year horizon. A rise in value is accomplished by a public listing of the portfolio company, by selling it to an industrial buyer, or by refinancing the company.

Ahlström Capital's strength as a private equity investor is in its active participation in the portfolio company's development.

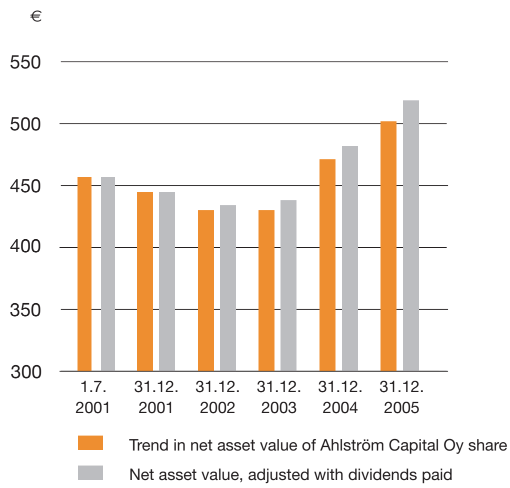
The strategy was carried out systematically in 2005. Ahlström Capital notably renewed its portfolio by making several new investments, by effecting an industrial exit, and by selling all its holdings of OPALS securities as well as its remaining land and forest holdings. The assets freed up by sales are used on new industrial investments. Russia in particular grew in prominence in Ahlström Capital's investment strategy through new investments and new opportunities for cooperation. The company also decided on an additional investment in real estate.

Aiming for a good return

Ahlström Capital's targeted annual return is 15–25 percent in the long term. To achieve its targeted earnings, the company has invested its assets among deployments with different earning expectations, risk profiles and investment horizons. The return will be realized for the shareholders through dividends when Ahlström Capital exits its investments and also in the form of Ahlström Capital's share value appreciation.

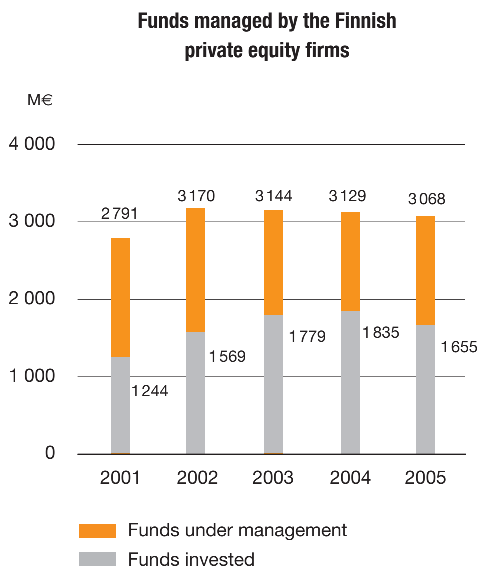
Ahlström Capital assesses many companies every year. In the selection of industrial companies, it emphasizes the growth prospects of the target companies and their sector of business as well as the management's willingness and ability to develop the business with Ahlström Capital's support. The company makes its investment decision after assessing the risks and opportunities for appreciation in value of the investment as well as how and when the appreciation can be realized.

Trend in net asset value of the Ahlström Capital share



Positive Trend Continuing

Ahlström Capital is one of Finland's biggest private equity companies. In 2005, the value of the company's investments developed favorably, and the company maintained its established position in the Finnish private equity market.



The active Finnish market

The Finnish private equity market in 2005 was active. Clearly more investments were made than in the previous year and the relative proportion of venture capital investments increased slightly. There were 11 buyouts (with a value of more than MEUR 10), and their total value was unusually high due to a few large transactions. The year was particularly marked by fund raising and a large number of exits. In 2005, private equity investors exited 247 investments, with an acquisition value of a record MEUR 299. Secondary sales, i.e. sales to other private equity investors, increased in particular during the year. The increase in exits predicts a strong growth in fund-raising activities. Private equity funds raised a total of MEUR 629 during the year, which is the second-best result in the history of the industry. There were no major changes in the net amount of funds under management during the year, and at the end of 2005 it was MEUR 3,068. Of the funds under management, 54 percent was invested in portfolio companies.

This positive sentiment is expected to continue in 2006. The number of investments is expected to rise, but at the same time the exit market is also likely to stay buoyant. Competition over larger targets will continue to be intense, and as in 2005, acquisition prices will likely remain high.

A brisk year in the Nordic market

It was a brisk year on the Nordic private equity market. The market was dominated by Sweden, where the overall tone of the market was positive. In Denmark, the activity level increased strikingly, and in terms of the value of transactions, it was exceptionally larger than in Sweden. This peak in the statistics was caused by two of Europe's biggest acquisitions. The Norwegian private equity market also picked up momentum markedly during the year, which was seen, for example, in the establishment of several new funds.

The value of buyouts effected in the Swedish market in 2005 rose to EUR 6.2 billion, and there were 28 of them. Correspondingly, in Denmark there were 19 buyouts with a combined value of EUR 9 billion, and in Norway there were 11 with a combined value of EUR 0.8 billion.

The Russian private equity market is an attractive, developing high-growth sector. The market is in a state of flux and offers opportunities to make private equity investments with high expected yields but also high risks.

The attractive and growing Russian market

Ahlström Capital has had several years of experience of industrial investment in Russia. The Russian private equity market is an attractive, developing high-growth sector. The market is in a state of flux and offers opportunities to make private equity investments with high expected yields but also high risks.

The Russian private equity market is highly polarized and still considerably smaller than Finland's. The market is characterized by a dearth of buyout and venture capital investments, and most of the investments made are growth financing for smaller companies. The small size and undeveloped nature of the market also means that competition is still fairly slight in this market. The capital managed by Russian private equity funds was approximately EUR 2.5 billion at the end of 2005. The private equity investments made totaled less than MEUR 150. The sum was comprised of roughly ten investments, most of which went to the retailing and financial services sectors.

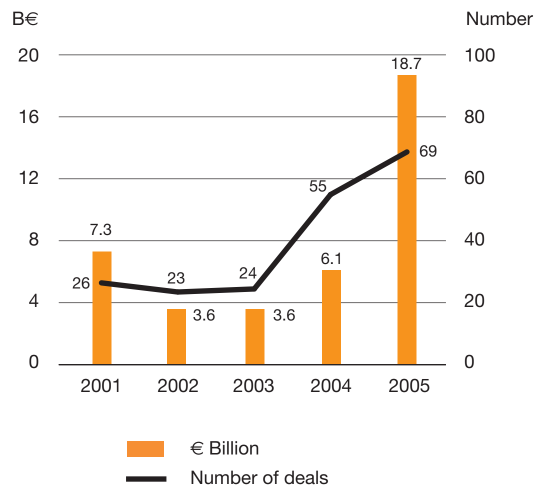
Ahlström Capital's development continued to be favorable

Ahlström Capital is one of Finland's biggest private equity investment companies. In 2005, most of the company's investments took a favorable track and Ahlström Capital retained its established position in the Finnish private equity market. Ahlström Capital engages in active and constant cooperation with other private equity investors operating in the market, although no new joint ownerships were effected in the course of 2005.

Ahlström Capital's position strengthened in the Russian private equity market. Ahlström Capital is the first major Finnish private equity investor to have made several substantial fund and industrial investments in Russia. Russia's growing and developing market offers the company an excellent opportunity to export its industrial expertise, Western business methods and broad network of contacts for the use of its Russian portfolio companies.

Sources: FVCA; Incisive Media

Buyout transactions in Nordic countries



Significant Changes in Portfolio

The proportion of industrial investments in Ahlström Capital's portfolio continues to grow. Russia's weighting was boosted by new investments and opportunities for cooperation. As a result of the Salmisaari real estate investment, the importance of real estate in the investment portfolio will rise.

In 2005, Ahlström Capital effected major changes in its portfolio by making new industrial investments, by carrying out an industrial exit, and by selling all its OPALS securities as well as its remaining land and forest holdings. The company also expanded its operations regionally by investing in Russia's leading manufacturer of electrical accessories. Ahlström Capital also agreed to invest five million dollars in the Mint Capital II fund, which invests in companies operating in Russia and other countries of the former Soviet Union. The investment also opens up possibilities for wider cooperation. After the transactions carried out during the year, Ahlström Capital's investments are now divided into industrial investments, real estate investments and liquid assets.

Industrial investments

At the end of 2005, Ahlström Capital's portfolio included six industrial companies: Nordkalk, Vacon, Å&R Carton, Akerlund & Rausing Kuban, Enics and Wessen. The portfolio companies are well established in their sectors and their prospects for growth and development are good.

Ahlström Capital's industrial investments 31.12.2005

Portfolio companies	Products/services	Net sales 2005 M€	Ahlström Capital's holding
Å&R Carton	Board packaging	281.5	45%
Nordkalk	Limestone products	269.6	26%
Enics	Electronics contract manufacturing	216.0	91%
Vacon	AC drives	149.9	15%
Wessen	Electrical accessories	14.7	51%
Akerlund & Rausing Kuban	Flexible packaging	17.2	40%

Real estate investments

Ahlström Capital's real estate holdings are comprised of the office properties in Helsinki at Eteläesplanadi 14 and in Varkaus, an industrial property in Germany leased to Å&R Carton, and a factory building in Estonia occupied by Enics.

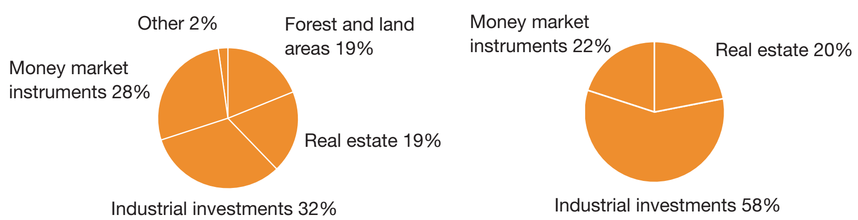
In 2005, Ahlström Capital reserved a plot of land in the popular Salmisaari district of Helsinki for the construction of an office building. Real estate will rise significantly in prominence in the company's portfolio as a result of the Salmisaari investment.

Liquid assets

In 2005, Ahlström Capital sold all its OPALS securities and the remainder of its land and forest holdings. The assets freed up by these sales were placed in short-term interest-bearing money market instruments and will be used in the future for industrial investments which permit a higher rate of return. The money market instruments are low-risk and low-return by nature and they can be rapidly realized independently of the state of the market.

Change in the investment portfolio, 2001–2005*

* of capital employed



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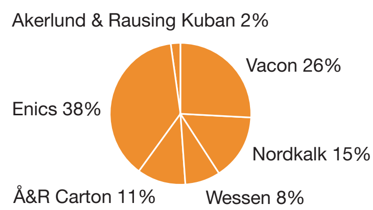
Breakdown of industrial investments*

* of capital employed



31.12.2005

Nordkalk

www.nordkalk.com

Nordkalk is Northern Europe's leading manufacturer of limestone-based products, which are used e.g. in the paper, steel and building material industry and agriculture as well as for environmental care.

In 2005, Nordkalk's net sales were MEUR 270. The company has operations in eight countries, with production units in Finland, Sweden, Poland, Estonia and Russia, and sales offices in Lithuania and Germany. In Norway, Nordkalk owns part of a lime company. The total number of employees is roughly 1,350.

Nordkalk extracts limestone and refines it into crushed and ground forms, enriched calcite, and burnt and slaked limestone. Nordkalk's product range also includes dolomite and the rare mineral wollastonite. The raw materials are mainly extracted from Nordkalk's own deposits, of which eight are in Finland, five in Sweden, three in Estonia and three in Poland.

The business climate

Nordkalk's business environment and the company's business sector are highly stable. Furthermore, Nordkalk's extensive customer base evens out the effect of cyclical variations.

Demand for limestone-based products depends largely on the industrial customers' production volume. In 2005, a labor dispute in the Finnish paper industry interfered briefly with Nordkalk's business, as the sector's output in May fell almost to half of the previous year's level and came to almost a complete halt in June.

In Finland, demand for environmental care products in 2005 was somewhat lower than in the previous year. In Sweden, however, demand for these products grew.

Sales of lime products for soil improvement are dependent on the weather as well as the volume of national and regional subsidies that are available for the farmers. Conditions for limestone treatment were excellent at the end of 2005 and demand for soil improvement lime was high.

The year 2005

Nordkalk's steady trend continued, although the industrial dispute in the Finnish paper industry and the high energy costs affected the company's business so that it did not achieve its targets.

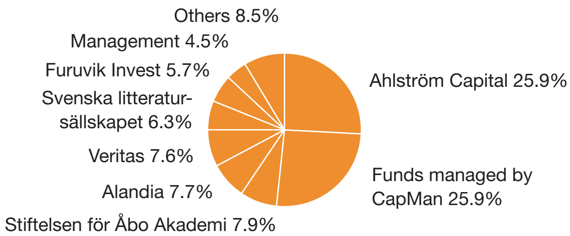
In June 2005, Mr. Bertel Karlstedt was appointed as the new President of Nordkalk Corporation. He started in his post in the beginning of 2006 when Mr. Christer Sundström retired.

In October 2005, Nordkalk and the LSR Group based in St. Petersburg signed a contract according to which Nordkalk is to acquire 95.3 percent of the shares in the Alekseevka lime company. The Alekseevka lime factory's location in the St. Petersburg region is logistically excellent. The deal reinforces Nordkalk's position as the leading supplier of lime in the Baltic region.

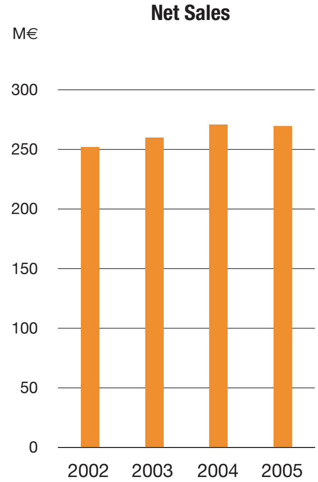
Outlook for the future

Nordkalk's sales are expected to increase during 2006. The goal is to increase the profitability to the same level as in the previous years.

Ownership



Net Sales



www.vacon.com

Vacon is a global, full-service supplier of AC drives with a comprehensive range of services. Vacon is well placed to grow profitably and become one of the leading manufacturers in the sector.

In 2005, Vacon's net sales were MEUR 150. At the end of the fiscal year, the company had 577 employees. Vacon operates on its own or through partners in roughly a hundred countries. Vacon's shares are quoted on the Helsinki Stock Exchange.

Vacon develops, manufactures and markets low-tension AC drives for both the simplest and the most demanding applications. Vacon's business sectors are divided into component customers, application customers and OEM and brand label customers. As an independent supplier, Vacon delivers its products both under its own brand and with the trademarks of its OEM and brand label customers.

Business climate

It is important for Vacon to be present in China. By enhancing the skills and increasing manufacturing and component sourcing in China, the company aims to strengthen its position in the rapidly growing Asian market.

The basic factors of demand are in good shape in all the significant markets. In the developed countries, demand for AC drives is partly based on energy conservation and quality targets, whereas in the developing countries the market for AC drives is mostly a question of new investment. The character of the market is expected to remain the same in the future.

The year 2005

Vacon continued its dynamic growth in 2005. Net sales developed in line with targets and were generated mostly by sales of products. There were no large individual project deliveries during the year. The company's profitability was better than in the previous year.

In August, Vacon signed a distributor and brand label contract with the Korean company Hyundai Heavy Industries Co., Ltd. Under the long-term contract, Hyundai Heavy Industries will sell and market Vacon's AC drives under its own name through its own marketing channels. The contract has a considerable reference value, particularly in Vacon's Asian business.

In September, a global corporation in the automation sector chose Vacon as the supplier of AC drives to all its business units worldwide. The contract further underpins Vacon's position as a major supplier of AC drives.

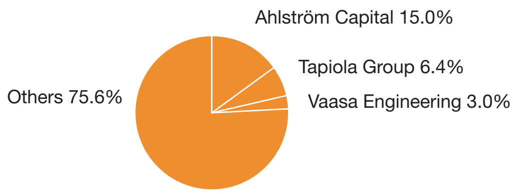
In January 2006, Vacon announced that it was to open its Chinese plant in new, bigger premises in Suzhou. The increase in output capacity at the Chinese plant responds mainly to the growth in demand in the Asian and Far-East markets. Vacon also invested at the same time in Finland, as manufacturing space is also being expanded at the plant in Vaasa, where an extension was completed in February 2006.

Outlook for the future

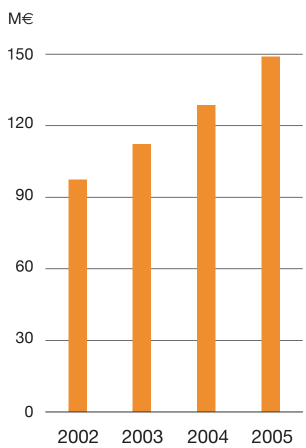
The prospects for 2006 are positive. According to market research in the sector, long-term growth in the AC drives market is estimated at more than 5 percent a year. High energy prices will increase demand for AC drives in the next few years.

Source: Vacon's disclosures 2005–2006

Ownership



Net Sales



ÅRCARTON

www.ar-carton.com

Å&R Carton is one of the leading manufacturers of folding cartons and packaging systems in its field in Europe. The company has 1,700 employees and fifteen production units in eight countries.

In 2005, Å&R Carton's net sales amounted to MEUR 281.5. Å&R Carton develops, manufactures and markets folding carton packages and packaging systems for the food and other consumer goods industries. The company has a converting capacity in excess of 220,000 tons, making it one of Europe's biggest manufacturers of carton packaging. Å&R Carton's main customers are major multinationals in the food, brewery and tobacco industries.

Business climate

The European folding carton market is diversified with over-capacity and keen competition in Western Europe, while the East-European market is expected to develop favorably.

The East-European market is expected to grow at an annual rate of more than ten percent in the next few years. Å&R Carton has excellent prospects for operating in the high-growth Eastern markets as it has had its own manufacturing capacity in Russia and Estonia since the 1990's. The company is also in the process of starting up new manufacturing facilities in St. Petersburg, Russia.

There is a glut in the Western European market, and price competition has been tough for years. The annual growth rate of folding carton packaging in Western Europe is almost non-existent.

The year 2005

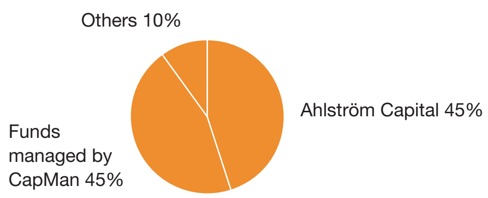
In 2005, Å&R Carton's net profit was still poor due to low consumption and demand in France, Scandinavia and Germany. Business in Russia also fell short of its targets. The good profit trend in multipacks for beer and beverages continued and also speciality packaging was in the black.

In January 2006, Å&R Carton announced the closing down of its unprofitable plant in Bremen, Germany in order to boost its competitiveness in the heavily exposed West-European market. Å&R Carton has another two production plants in Germany, in Kriftel and Augsburg, which together provide more than 400 jobs and where the sales will increase as a result of additional volumes from Bremen.

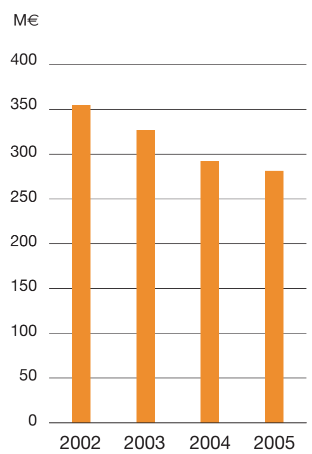
Outlook for the future

In spite of the fact that Å&R Carton believes that the West-European operations will be maintained at previous level in 2006, an internal improvement program is expected to boost the result. In Eastern Europe the company has considerable opportunities for growth thanks to the investments made in 2005.

Ownership



Net Sales



ÅKERLUND & RAUSING KUBAN

www.arkuban.ru

Akerlund & Rausing Kuban manufactures flexible packaging, mostly for the Russian food industry. In April 2005, Ahlström Capital signed a contract for the sale of Akerlund & Rausing Kuban to the Austrian Teich Group.

In 2005, Akerlund & Rausing Kuban's net sales were MEUR 17.2. Akerlund & Rausing Kuban manufactures flexible packaging for the food, tobacco and pharmaceutical industry. The company operates in Timashevsk, in the Krasnodar region of Southern Russia, and it has 218 employees. Akerlund & Rausing Kuban's main customers are large Russian corporations and international companies doing business in Russia.

Akerlund & Rausing Kuban has been in Western ownership since 1992, which has had a positive effect on the company's working methods, management and competitiveness.

Business climate

The Russian economy continues to grow strongly. With the dynamically expanding market for consumer goods, demand for packaging materials is also rising. Consumption of packaging is still low in Russia compared with Western Europe, and the sector is expected to continue to grow in the future.

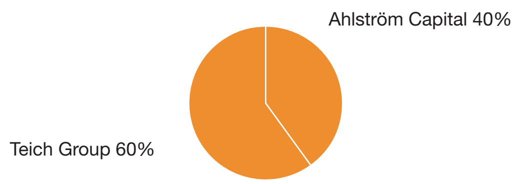
The year 2005

Akerlund & Rausing Kuban's good trend in profits continued in 2005 and the company exceeded its target due to its large sales volume.

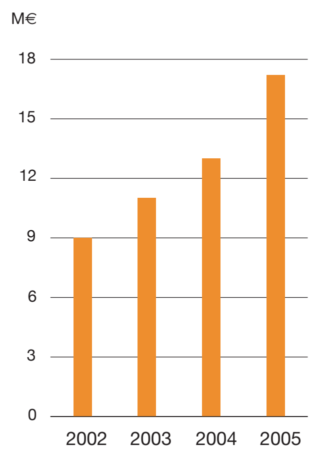
In April 2005, Ahlström Capital signed a contract for the sale in stages of Akerlund & Rausing Kuban to the Austrian Teich Group. Teich acquired 60 percent of Akerlund & Rausing Kuban's stock in July 2005 and it will buy the remaining 40 percent in spring of 2006.

As the Russian market for consumer goods expands and demand for packaging rises, it is particularly important that Akerlund & Rausing Kuban gets the support of an experienced player in the sector. Akerlund & Rausing Kuban's strong trend in profits, its Western business methods and its successful growth strategy in the developing Russian market made the company an attractive acquisition target for the Teich Group. Akerlund & Rausing Kuban rounds out Teich's global production organization well and it will now gain the support of Teich's solid R&D and specialist expertise. Joining a large corporate group in its sector will facilitate the company's strong growth also in the future.

Ownership



Net sales



www.enics.com

Enics is one of the biggest electronic manufacturing service companies concentrating on industrial electronics. The company provides a total of 1,600 jobs in Estonia, Finland, Sweden, Switzerland and China.

In 2005, Enics' net sales were MEUR 216. Enics provides comprehensive service solutions for industrial electronics and healthcare electronic products, covering the product's entire life cycle. The company's range of services embraces product development, production planning, manufacturing, materials management and logistics as well as post-manufacturing services, including after-sales support services.

Business climate

The business sector continues to grow as industrial electronics equipment manufacturers outsource non-core functions. The transfer of manufacturing to low-cost countries in Asia and Eastern Europe continues. With the expansion of the plant in Estonia and the establishment of one in China, Enics has good prospects of taking part in this trend.

The year 2005

On January 1, 2005, Ahlström Capital's portfolio companies Ahltronix and Enics were merged into a new subgroup which continued in business under the name Enics. The business of the Enics Group developed favorably during the year.

Enics expanded its operations considerably by acquiring new production units in Sweden, Finland and China. In the beginning of March, Enics acquired the Substation Automation Products unit's printed circuit board manufacturing business from the Swedish company ABB Technologies AB. In April, Enics signed contracts for the acquisition of Flextronics' electronics manufacturing units in Västerås and Malmö.

In July, Enics signed a cooperation agreement with its longtime customer Enermet, giving Enics the status of a strategic partner. As part of the contract, Enics obtained ownership of the production and repair unit of Enermet in Jyskä, near Jyväskylä. In October, Enics acquired assets related to industrial electronics manufacturing from Elcoteq Beijing GKI Electronics Co. Ltd. The deal enables Enics to expand the services offered by its plant in Beijing.

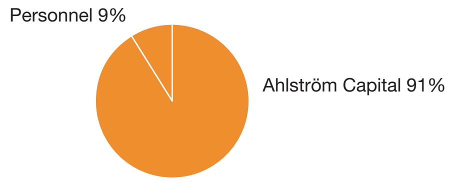
On 17 May, a fire almost completely destroyed Enics' plant in Rauma. No one was injured in the fire and insurance covers the material damage.

At the end of August, Enics commenced cooperation procedure on the merger of the operations of the plants in Rauma and Lohja. The procedure, which was completed in November, ended with 73 employees being made redundant. As a result of the merger and product transfers, work in the Rauma unit will be wound up and its operations will be transferred to Lohja by the end of March 2006.

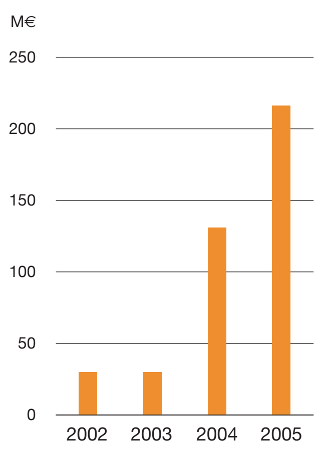
Outlook for the future

Demand for industrial electronics contract manufacturing is expected to continue to be steady in 2006. After the acquisitions effected in 2005, Enics is Europe's biggest and the world's tenth biggest contract manufacturer of industrial electronics. Enics will continue to grow and the company's net sales are also expected to rise in the future.

Ownership



Net Sales



WESSEN

www.wessen.ru

At the beginning of the year, Ahlström Capital acquired a majority holding in Wessen, which is Russia's leading manufacturer of electrical accessories. The company's net sales in 2005 were approximately MEUR 15.

Wessen is one of Russia's leading manufacturers of electrical accessories, with a market share of almost 20 percent of the growing Russian market for electrical accessories.

Business climate

Russia's electrical accessory market took a dynamic track along with strong economic growth and expansion in the construction industry. Also, thanks to the positive trend in the sector, Wessen has excellent prospects of growing in its domestic market. In order to achieve its growth targets, Wessen intends to invest in machinery and to add to its manufacturing capacity to be able to launch products of higher technical quality on the market. The company is also underpinning its sales and marketing functions.

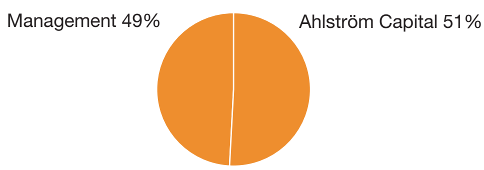
The year 2005

In January 2005, Ahlström Capital acquired a 51 percent holding in Wessen. The integration of Ahlström Capital's industrial expertise, Western business methods and extensive network of contacts into Wessen's business methods got underway and continued during the year.

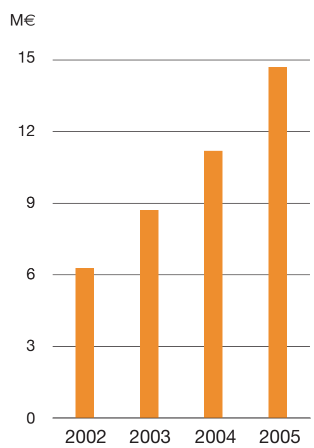
Outlook for the future

Russia's market for electrical accessories is expected to develop dynamically in the next few years. Wessen's growth continues and its net sales are expected to grow also in the future.

Ownership



Net Sales



Selective Real Estate Investments

The prominence of real estate in Ahlström Capital's investment portfolio is rising as a result of the Salmisaari real estate investment. Real estate investments balance the company's investment portfolio, diversify risk and stabilize earnings.

Salmisaari

Ahlström Capital has reserved a shoreline plot in the popular Salmisaari district of Helsinki for the construction of an office building. Salmisaari is a part of the prestigious Ruoholahti office district, a new center of business life in Helsinki.

The Salmisaari property offers Ahlström Capital a unique opportunity to invest in a high-yield and low-risk prospect. Because of its central location, the rental income of the Salmisaari office building is expected to be good and steady.

Construction work in Salmisaari will begin in spring 2006 and the building will be completed at the end of May 2007. With 11,500 square meters of office space, the modern and efficient office building was designed by the architectural firm Helin & Co.

Eteläesplanadi 14

Since going into business, Ahlström Capital has owned an office property in Helsinki city center, at Eteläesplanadi 14. The property on Eteläesplanadi is an important part of Ahlström Capital's real estate portfolio. The property has been fully leased out and its earnings are steady.

An application for a change in the zoning plan for the property on Eteläesplanadi was approved in April 2005. The new zoning plan permits Ahlström Capital to increase the building's net floor area considerably, by a total of 2,300 square meters.

Other real estate

Ahlström Capital also owns an office property in Varkaus, an industrial building in Germany, and a factory building in Estonia. The property in Varkaus is leased by Honeywell.

The industrial properties in Germany and Estonia have been leased to Ahlström Capital's own portfolio companies, the German building to Å&R Carton and the Estonian plant to Enics. A decision to extend the plant in Estonia was made in September 2005. The plant's extension will be completed in April 2006.

In 2005, the rental income from the real estate held steady and totaled MEUR 4.4 (MEUR 2.9) and the operating profit was MEUR 2.9 (MEUR 1.6).

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Report of Operations

The Mission and Purpose of Ahlström Capital

Private equity investment company Ahlström Capital was established in 2001 to continue the Ahlström family heritage in industrial business. Ahlström Capital seeks out prospective investments and develops them actively on the basis of its industrial expertise and background. The company's goal is to earn a long-term average return of 15–25 percent on the roughly MEUR 200 of capital it manages. To achieve its targeted rate of return, Ahlström Capital has deployed its assets in investments with different earning expectations, risk profiles and investment horizons.

Ahlström Capital aims to realize the value appreciation of its investments in a timeframe of 5–7 years. This rise in value is realized by having the target company listed on the stock exchange, by selling it to an industrial buyer, or by refinancing it. The shareholders gain a return on their holding in the rising value of the shares and in the form of dividends paid in connection with exits.

Ahlström Capital acts in accordance with investment criteria determined by the Board of Directors. On the basis of these criteria, the company invests mainly in industrial companies which have already established a position on the market. In selecting its prospective investments, Ahlström Capital places particular emphasis on the growth potential of the company and its business sector as well as the management's willingness and ability to develop the company's business with the support of Ahlström Capital. The company decides on the investment after weighing the prospect's risks and future returns, as well as its potential value appreciation and the realization of this.

Ahlström Capital typically invests MEUR 5–25 in a single company in the form of an equity investment. The remainder of the price is financed with bank loans and other external financing. It is Ahlström Capital's intention to increase the share of industrial investments in its portfolio by one or two corporate acquisitions a year, depending on the market situation.

Business Climate

In 2005, global economic growth continued to be strong but uneven. Even a dramatic increase in the price of oil caused by strong economic growth did not significantly hinder growth. Economic growth continued dynamically, particularly in Asia, powered by China and India. The relocation of industrial operations to Asia and Eastern Europe continued during the year. Growth also continued to be strong in the U.S., fueled particularly by investment. Growth was still dynamic in Russia and Eastern Europe, but economic growth continued to be sluggish in the euro zone. Interest rates began to rise in the fall in all main economic regions, but rates are still low from the historical perspective.

Finland's total output grew during the year by only 1.5 percent. The most important individual reason for the low growth rate was a labor dispute in the paper industry in summer 2005. The impact of this dispute on Finland's total output was considerable as the sector's output declined in May by almost half relative to the previous year, and in June it came almost to a total halt. Finland's economic growth was strongly dependent on growth in domestic consumer demand.

The Finnish private equity market was brisk in 2005. This positive note is expected to continue in 2006. The capital under management by private equity investors in Finland at the end of the year was EUR 3.1 billion. Of the capital under management, 54 percent was committed to target companies.

It was a brisk year on the Nordic private equity market. The market was dominated by Sweden, where the overall tone of the market was positive. The Norwegian private equity market also picked up momentum markedly during the year, which was seen, for example, in the establishment of several new funds. In Denmark, the market activity picked up considerably.

The Russian private equity market is an attractive high-growth sector for the future, today still in the developing stage. The market is in a state of flux and offers opportunities to make attractive equity investments with a high risk profile as well as high expected yields. Russia's growing market offers Ahlström Capital an excellent opportunity to utilize its industrial expertise, established business methods and broad network of contacts for the use also of its Russian portfolio companies.

In 2005, Ahlström Capital retained its established position in the Finnish private equity market. Ahlström Capital engages in active and constant cooperation also with other private equity investors operating in the market.

Investments and the Trend in the Investment Portfolio

In 2005, Ahlström Capital revamped its investment portfolio substantially by making new industrial investments and by deciding on a significant new real estate investment. The company also carried out the second industrial exit in its history. As part of the renewal of the portfolio, Ahlström Capital sold the remainder of its land and forest holdings and divested its holdings of OPALS index-based securities. At the end of the year, 58 percent of the company's investments was comprised of industrial investments (MEUR 134) and 20 percent was of real estate (MEUR 46). Furthermore, Ahlström Capital has substantial liquid assets (MEUR 50), which leaves the company well placed for new investments.

New Investments

The portfolio company Enics expanded its operations considerably during the year by acquiring three new production units in Sweden, one in Finland and one in China. In the beginning of March, Enics acquired the Substation Automation's manufacturing operations from the Swedish company ABB. In a deal which came into effect in the beginning of June, Enics acquired electronics manufacturing units in Malmö and Västerås from Flextronics. In July, Enics signed a cooperation agreement with its longtime customer Enermet, giving Enics the status of a strategic partner. As part of this, Enics acquired the production and repair unit of Enermet in Jyskä, near Jyväskylä. In October, Enics acquired operations related to industrial electronics manufacturing from Elcoteq in Beijing, China. The deal enables Enics to respond better to the needs of its customers also in the Chinese market.

In the beginning of the year, Ahlström Capital acquired a 51 percent holding in Wessen, which with its 20 percent market share is one of Russia's leading manufacturers of electrical accessories. The integration of the governance principles applied by Ahlström Capital as a part of Wessen's practices started immediately when the acquisition came into effect.

In February 2005, Ahlström Capital acquired a 90 percent holding in CETgroup AB, a Swedish company selling electrical accessories. CETgroup has exclusive agencies in the Nordic region, the Baltic countries and Russia for Leviton, the U.S.'s leading and the world's second-biggest manufacturer of electrical accessories.

In May, Ahlström Capital agreed to invest a maximum of five million dollars in the Mint Capital II fund, which invests in companies operating in Russia and other countries of the former Soviet Union. The mission of the fund is to make investments in companies which benefit from Russia's strong economic growth. Of the agreed amount, 0.7 million dollars was invested during the year.

In June, Ahlström Capital reserved a plot of land in the developing Salmisaari district of Helsinki for the construction of an office building. The decision to carry out the real estate investment was made in December. The construction of the office building, wholly owned by Ahlström Capital, will begin in March 2006. The building is scheduled for completion in May 2007. The Salmisaari office building gives Ahlström Capital an opportunity to invest in a project located in a good area. Because of the building's central location, high-quality implementation and adaptability, its rental income is expected to be good and steady.

In June, it was decided to extend the factory building in Estonia, which is owned by Ahlström Capital's real estate business and serves the EMS operations of Enics.

Exits

In February, Ahlström Capital divested its OPALS securities and in March the company sold its remaining land and forest holdings to A. Ahlström Osakeyhtiö.

In April, Ahlström Capital carried out an industrial exit by selling 60 percent of the shares in ZAO Akerlund & Rausing Kuban to the Austrian Teich Group, which operates in the packaging industry. The first 60 percent batch of shares was sold in July. The remaining 40 percent of the shares will be purchased by Teich in spring 2006.

Industrial Investments

Ahlström Capital has spread its industrial investments in different sectors. At the end of 2005, the products and services of the portfolio companies were electronics manufacturing services (EMS), electrical accessories and systems, board and flexible packaging, limestone products, and AC drives. The companies are established in their sectors and they have good prospects for growth and development.

Enics (Ahlström Capital's holding at the end of 2005 91.2%) After the corporate acquisitions effected during the year, Enics is Europe's biggest and the world's tenth biggest contract manufacturer of industrial electronics. The company has a total of roughly 1,600 employees in Estonia, Finland, Sweden, Switzerland and China, and its net sales in 2005 were MEUR 216.

On 17 May, a fire almost completely destroyed Enics' plant in Rauma. No one was injured in the fire and insurance covered the material damages.

In November, it was decided to merge Enics' units in Rauma and Lohja and to transfer the Rauma unit's manufacturing to Lohja. After cooperation proceedings, it was decided to make a total of 73 employees redundant.

Nordkalk (25.9%) The labor dispute in the Finnish paper industry exerted a heavy drag on Nordkalk's progress. Because of the dispute, the company's profit fell well short of the previous year's figures. Nordkalk's net sales in 2005 were MEUR 270 (MEUR 271) and its operating profit was MEUR 27.5 (MEUR 37.9). Net profit was MEUR 6.7 (MEUR 12.5), of which Ahlström Capital's share was MEUR 1.7. Ahlström Capital also booked MEUR 1.2 in interest income on the equity loans granted to Nordkalk.

Wessen (51.0%) Wessen is one of Russia's leading electrical accessories manufacturers, with a market share of roughly 20 percent. Wessen has excellent prospects of growth in its domestic market as the Russian market for electrical accessories is developing dynamically along with strong economic growth and expansion in the construction industry. In 2005, the company's net sales were MEUR 14.7.

Å&R Carton (44.9%) Å&R Carton's profitability level was again poor during the year due to the difficult market situation in France and Germany. Russian business operations also fell short of their targets. A favorable trend in sales of beer and soft drink packaging continued, and specialty packaging was in the black. Actions were started at the company to improve profitability, and this will continue in 2006. Å&R Carton's net sales in 2005 were MEUR 281.5 (MEUR 288). The company posted a net loss of MEUR 7.0, of which Ahlström Capital's share was MEUR –3.1 (loss of MEUR 2.8). In order to reinforce the company's financing base, a MEUR 10 loan arrangement was agreed on, of which Ahlström Capital's share is MEUR 2.

ZAO Akerlund & Rausing Kuban (40.0%) Flexible packaging manufacturer Kuban's trend in earnings continued to be steady during the year, although rising raw material prices exerted a drag on the company's profits. Kuban has been reported as a wholly owned subsidiary until July 1, 2005, at which time the contract by which 60 percent of the company's issued stock was sold entered into force, and thereafter as an associated company (40%). The company's net sales in 2005 were MEUR 17.2 (MEUR 16.8).

Vacon (15.0%) The listed company Vacon continued its strong growth during the year and the company's profitability improved further. The strongest growth was in Europe. The company's share price trend was upbeat, and thanks to the favorable trend, the market value of the Vacon shares held by Ahlström Capital rose during the year by MEUR 13.2 (49%). The company's net sales in 2005 were MEUR 149.9 (MEUR 128.6) and its operating profit was MEUR 18.1 (MEUR 14.7). Net sales were generated mainly by sales of products. There were no individual large project deliveries during the year.

CETgroup (90.0%) CETgroup supplies multimedia and communication networks for residential, commercial and industrial buildings. In its first year in business, 2005, it attained an established starting position in its sector and it is now seeking growth with the market. Net sales in 2005 were MEUR 0.6.

Real Estate Investments

At the end of 2005, Ahlström Capital's real estate investments were comprised of the office properties in Helsinki at Eteläesplanadi 14 and in Varkaus, an industrial property in Germany leased to Å&R Carton, and a factory building in Estonia used by Enics.

In June, Ahlström Capital reserved a shoreline plot in the popular Salmisaari district of Helsinki for the construction of an office building. Real estate as a proportion of Ahlström Capital's investment portfolio will increase markedly as a result of the Salmisaari real estate investment.

A new zoning plan for the property on Eteläesplanadi was approved in April. The new zoning plan permits Ahlström Capital to increase the building's net floor area considerably, by a total of 2,300 square meters. Preparations for an extension and refurbishment of the real estate have been started and the property development work continues.

Ahlström Capital's real estate investments are long-term in nature, their return is steady and their risks are low. In 2005, their rental earnings were MEUR 4.4 (MEUR 2.9) and their operating profit was MEUR 2.9 (MEUR 1.6).

Liquid Funds

Ahlström Capital's liquid funds available for new investments are comprised mainly of short-term money-market instruments. Their value at the end of 2005 was MEUR 50.3 (MEUR 35.4).

Group Structure

Ahlström Capital Oy is the parent company of the Ahlström Capital Group. The Group was comprised during the fiscal year of AC-Kiinteistö Oy together with its subsidiaries, ACEMS AB (formerly Enics AB) together with its subsidiaries, Krasno AB together with its subsidiaries, AC Kosmo AB together with its subsidiaries, Sulma Fastigheter AB together with its subsidiaries, Karhula Osakeyhtiö, and AC Verwaltungs-GmbH. Major holdings not forming part of the Group are Å&R Carton AB (44.9 %), Nordkalk Corporation (26.0 %) and Vacon Plc (15.0 %).

The Group's Earnings in 2005

The comparative figures are from the same period in 2004 unless stated otherwise.

Ahlström Capital's fifth fiscal year, which covered the period January 1–December 31, 2005, was a year of dynamic growth. In terms of the financial result it was still good, although Å&R Carton's loss and the downturn in Nordkalk's profit compared with the previous year exerted a drag.

Return on capital employed net of the effect of sales of land and forest areas was 9.9 percent (10.0%).

The net asset value of an Ahlström Capital Oy share, adjusted for dividend, increased during the fiscal year by EUR 36.74 (7.6%) to EUR 518.85. This was mainly attributable to the rise in the market value of our investment in Vacon as well as to the increase in the value of the Eteläesplanadi building, resulting from the revised zoning plan. The other investments have been valued at historical cost. The trend in net asset value is shown on page 37 of this Annual Report.

The Ahlström Capital Group's net sales grew substantially as a result of acquisitions and were MEUR 244.7 (MEUR 138.3), of which EMS business accounted for MEUR 216.2 (MEUR 131.1). Other operating income was MEUR 9.7 (MEUR 7.3). This came from gains on sales of forest land areas, as calculated from the historical acquisition cost, from losses on the sale of OPALS securities, from capital gains on the sale of shares in ZAO Akerlund & Rausing Kuban and from insurance compensation to Enics. The revaluation included in the balance sheet values of the forest land sold has been reversed from the assets and shareholders' equity in the balance sheet, as a result of which the gains and losses from the sales decreased the Group's shareholders' equity by MEUR 3.3 after taxes are figured in.

The Group's operating profit (EBIT) was MEUR 11.3 (MEUR 11.7). Net financing income before the impact of associated companies was MEUR 3.2 (MEUR 6.3). The reduction in financing income resulted from a considerable reduction in dividend income since the previous year. Financing expenses increased to MEUR –2.6 (MEUR –1.0) as a result of the rise in bank loans and other external financing required for financing corporate acquisitions made by the portfolio companies.

Ahlström Capital's share in the profits and losses of associated companies was MEUR 1.2 negative (MEUR 0.5 positive), comprising our share of Å&R Carton's net loss, MEUR 3.1, our share of Nordkalk's profit, MEUR 1.7, and our share of ZAO Akerlund & Rausing Kuban's profit for the period July 1– December 31, 2005, MEUR 0.1.

The costs of parent company Ahlström Capital Oy's administration during the fiscal year were MEUR 3.2 (MEUR 3.4), which averages 1.7 percent (1.8%) of the capital employed by the Group. The costs of administration also include the costs of preparing projects which did not lead to an investment decision.

Taxes booked for the fiscal year were MEUR –1.3. These consisted of subsidiaries' taxes, MEUR –2.4, and the MEUR 1.1 positive taxes of Ahlström Capital Oy. The positive taxes of the parent company resulted mainly from a reduction in deferred tax liabilities consequent to the sales of land and forest areas. Ahlström Capital Oy paid MEUR 0.4 (MEUR 0.7) in income taxes during the year.

The Group's net income was MEUR 8.6 (MEUR 15.2).

No changes in the accounting principles were made during the fiscal year.

Financial Status and Financing

Ahlström Capital's financial status continued to be favorable during the fiscal year. The Group's shareholders' equity at the end of the year was MEUR 163.8 (MEUR 166.4). At the end of the year, the equity ratio was 60% (69%) and the gearing ratio was –10% (–4%). Interest-bearing debts at the end of December 2005 were MEUR 44.4 (MEUR 33.3). The increase is due to growth in external financing taken to finance new investments. The parent company Ahlström Capital Oy had no interest-bearing debts at the end of the year.

Net cash flow from operations (the cash flow after net financial income, taxes paid and change in net working capital) was MEUR 24.6 (MEUR 0.8). The change was mainly due to the increase in operating margin (EBITDA) and from the increase in non-interest-bearing liabilities tied up in business.

MEUR 26.8 (MEUR 27.2) was used for investments, including the fixed assets which came to the Group through corporate acquisitions. MEUR 11.5 was used in equity financing for new investments during the fiscal year. Of these, the principal items were for investments in shares and equity loans in Enics AG and in shares in AC Kosmo AB. MEUR 1.2 was spent on developing the Eteläesplanadi property and the new zoning plan.

A total of MEUR 21.2 was freed up from investments. This came from sales of land and forest areas, divestment of OPALS securities, the exit from ZAO Akerlund & Rausing Kuban, as well as the refinancing which took place in connection with the merger of the Enics and Ahltronix companies.

The cash flow from financing activities was MEUR 9.7 (MEUR 32.5). The change was due to the increase in external financing that the subsidiaries raised in connection with corporate acquisitions.

Thanks to a strong cash flow, the Group's money market instruments and bank receivables at the end of the year rose to MEUR 60.1 (MEUR 40.8).

Risk Management

Ahlström Capital seeks to reduce the risks of investments and to boost the return from investments through a carefully considered investment strategy and a multistage investment decision process as well as by diversifying its investments in targets which differ in terms of expected yield, risks, and investment horizon. Risks are also managed and the potential return is expanded by participating actively in the operations of the portfolio companies, both through board work and through operational activities.

Personnel, Administration and Auditors

Ahlström Capital Oy's number of personnel decreased by one during the fiscal year and was eight at the end of the year. Jan Inborr, B.Sc. (Econ.) has served as the company's President and CEO since the company went into business on June 30, 2001.

Morten Ahlström has served as the Chairman of the Board of Directors since June 30, 2001. The ordinary members of the Board, as of the same date, have been Thomas Ahlström, Karl Grotenfelt, Johannes Gullichsen and Jouko Oksanen.

The auditor was the auditing firm KPMG Oy Ab, with Sixten Nyman, Authorized Public Accountant, as the auditor in charge.

Post Balance Sheet Events

In January 2006, the lessee of the property in Varkaus, Honeywell, announced its decision to consolidate its operations in Kuopio. As a result of the transfer of operations, Honeywell terminated the lease on the property in Varkaus with effect from April 2007.

In January 2006, Å&R Carton announced it was to close down its unprofitable plant in Bremen to improve its competitiveness in the heavily contested Western European market. In addition to the Bremen plant, Å&R Carton has two other production plants in Germany, in Kriftel and Augsburg, which have a total of more than 400 employees. The costs arising from the closure are included in the financial statements for 2005.

Major Shareholders on Dec. 31, 2005

At the end of 2005, Ahlström Capital had 219 shareholders.

	Number of shares	Percentage of shares
Antti Ahlströmin Perilliset Oy	37 271	10.3
Varma Mutual Pension Insurance Company	23 490	6.5
Mona Huber	14 327	4.0
Jacqueline Tracewski	10 076	2.8
Kaj Nahi	8 191	2.3
Morten Ahlström	7 569	2.1
Anneli Studer	7 372	2.0
Johan Gullichsen	7 037	2.0
Niklas Lund	6 953	1.9
Estate of Börje Ahlström	6 893	1.9
Others	231 740	64.2
Total	360 919	100.0

The Outlook for 2006

Global economic growth is expected to continue to be strong, powered by the U.S. and Asia, although uncertainty over the U.S.'s large current account deficit and the price of oil cast a shadow over the growth prospects for the world economy.

Ahlström Capital will continue actively to develop its portfolio companies and to acquire new ones. The available liquid assets give us an opportunity to expand the portfolio. We expect the investment climate to remain challenging, as low interest rates boost price expectations. As a result of the acquisitions effected in 2005, we expect net sales to be an increase on the past year's figure.

Consolidated Income Statement

EUR 1000

	Note	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Net Sales	1	244 103	138 260
Other operating income	2	9 748	7 291
Materials and services		–143 397	–82 645
Personnel costs	3	–64 417	–33 706
Depreciation, amortization and reduction in value	8	–9 074	–4 632
Other operating expense		–25 542	–12 918
Operating profit		11 421	11 650
Financing income and expense	5		
Share in losses of associated companies		–1 220	470
Interest and other financing income		3 168	6 326
Interest and other financing expenses		–2 649	–966
		–701	5 830
Result before extraordinary items		10 720	17 480
Extraordinary expense	6	0	–194
Result before appropriations and taxes		10 720	17 286
Income taxes	7	–1 315	–1 737
Result before minority interest		9 405	15 549
Minority interest		–769	–333
Net result for the period		8 636	15 216

Consolidated Statement of Cash Flows

EUR 1000

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Cash flow from operating activities		
Operating profit	11 420	11 650
Depreciation and amortization	9 074	4 632
Other adjustments	299	1 160
Cash flow from operating activities before change in net working capital	20 793	17 442
Change in net working capital	7 431	–18 502
Cash flow from operating activities	28 224	–1 060
Interest and other financing income	4 034	5 722
Interest and other financing expenses	–3 515	–1 485
Income taxes	–4 190	–2 361
Net cash flow from operating activities	24 553	816
Cash flow used in investing activities		
Capital expenditure	–26 767	–32 427
Other investments	–1 799	0
Redemption of company shares	–2	–1 009
Proceeds from sales of non-current assets	13 811	4 787
Change in other receivables and notes receivable	175	5 686
Net cash flow used in investing activities	–14 582	–22 963
Cash flow from financing activities		
Change in long-term liabilities	6 133	29 187
Change in short-term debt	4 868	1 533
Dividends paid	–2 166	–1 444
Other adjustments	877	–2 984
Net cash flow from financing activities	9 712	26 292
Change in cash and financial investments	19 683	4 145
Cash and financial investments at beginning of period	41 114	36 969
Cash and financial investments at end of period	60 797	41 114

Consolidated Balance Sheet

EUR 1000

Assets

	Note	31 Dec. 2005	31 Dec. 2004
Non-current assets			
Intangible assets	8		
Intangible rights		530	576
Goodwill		11 086	7 693
Group consolidation goodwill		6 331	976
Other intangible assets		2 004	619
Advances paid		159	9
		20 110	9 873
Tangible assets	8		
Land and water areas		32 370	37 207
Buildings and constructions		18 191	23 954
Machinery and equipment		11 991	9 122
Other tangible assets		1 370	387
Advances paid and construction in progress		3 014	1 620
		66 936	72 290
Investments	9		
Shares in associated companies		14 988	4 433
Receivables from associated companies	18	21 745	31 617
Other shares		21 064	30 436
		57 797	66 486
Current assets			
Inventories			
Materials and supplies		35 814	23 575
Work in process		6 096	3 592
Finished goods		6 608	4 426
Advances paid		65	360
		48 583	31 953
Receivables			
Long-term			
Notes receivable		98	2 098
Deferred tax assets	15	127	0
Other receivables		363	564
		588	2 662
Short-term			
Accounts receivable		13 969	8 478
Receivables from associated companies	18	711	0
Deferred tax assets	15	577	183
Other receivables		4 582	4 147
Prepaid expenses and accrued income	10	3 256	4 768
		23 095	17 576
Financial investments		42 285	28 371
Cash and bank		18 512	12 743
TOTAL ASSETS		277 906	241 954

Consolidated Balance Sheet

EUR 1000

Shareholders' equity and liabilities

	Note	31 Dec. 2005	31 Dec. 2004
Shareholders' equity	11		
Share capital		36 092	36 092
Capital in excess of par value		12 782	12 782
Retained earnings		106 334	102 314
Net result for the period		8 636	15 216
		163 844	166 404
Minority interest		1 564	632
Provisions	14	4 221	2 906
Liabilities			
Long-term	13		
Loans from financial institutions		28 463	29 977
Other long-term liabilities		462	72
Deferred tax liabilities	15	7 580	9 063
Accrued expenses and deferred income	16	34	270
		36 539	39 382
Short-term			
Loans from financial institutions		15 406	2 995
Advances received		457	301
Accounts payable		34 453	15 490
Other liabilities		4 358	2 757
Deferred tax liabilities	15	8	1 021
Accrued expenses and deferred income	16	17 056	10 066
		71 738	32 630
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		277 906	241 954

Notes to Income Statement and Balance Sheet

Accounting Principles

The financial statements of the Ahlström Capital Group and Ahlström Capital Oy, the parent company, are prepared and presented in accordance with the Finnish Accounting Act and other regulations in force in Finland. The financial statements are presented in euros and are prepared under the historic cost convention except for revaluations included in the book values of certain items included in non-current assets.

Ahlström Capital Oy was formed when A. Ahlstrom Corporation was demerged into three companies as of June 30, 2001. Official financial statements for 2005 have been produced for the fifth financial year of the company and the Group, January 1–December 31, 2005.

No changes in the accounting principles were made during the financial year.

The Consolidated Financial Statements

The consolidated financial statements include the accounts of the parent company and all companies in which it directly or indirectly owns more than 50 percent of the voting rights.

The equity method of accounting is used to account for investments in associated companies in which the Group has 20 to 50 percent of the voting rights.

Companies acquired during the year are included in the consolidation from the date of acquisition, and companies that have been sold during the year are included up to the date of sale.

All intercompany transactions and accounts are eliminated in consolidation.

Acquisitions are accounted for under the purchase method of accounting, and accordingly, in each case, the purchase price is allocated to the assets acquired and the liabilities assumed based upon their estimated fair values at the date of the acquisitions. The excess of the purchase price over the fair values of the assets acquired is recorded on the balance sheet as goodwill.

The sections of the purchase price allocated to assets are depreciated or charged to income at the same rate as the asset items in question. Goodwill is amortized over a maximum of 20 years.

Revenue Recognition

Income from the sale of goods and services is recognized as income when the goods are delivered or the services are rendered. Net sales are shown net of indirect taxes and discounts. Exchange gains and losses related to sales are included in financing income and expenses.

Items Denominated in Foreign Currency

Assets and liabilities denominated in foreign currency are translated in the financial statements into euros at the year-end rate. Exchange rate differences in receivables and liabilities are credited or charged to income.

The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the accounting period, and the balance sheets at the year-end rate. The effect of such translation is included in the Group shareholders' equity.

Research & Development Expenditure

Research and development costs are expensed as incurred.

Pension Costs

In Finland, the statutory pension liability and supplementary pension benefits are funded through insurance policies and accounted for in accordance with actuarial calculations. In other countries, the pension liabilities are funded and accounted for in accordance with local legislation and practice.

The Group companies' own liability for pensions is included in long-term liabilities or provisions in the balance sheet. Pension insurance premiums and changes in pension liabilities are charged to income.

Inventories

Inventories are stated at the lower of cost or market basis.

Investments

Investments which are intended to generate income for more than one accounting period are booked in non-current assets at the original acquisition cost.

Securities included in financial assets are stated at the lower of cost or market basis.

Non-current Assets

Intangible and tangible assets are presented in the balance sheet at cost less accumulated depreciation and amortization. The book values of certain real estate include revaluations which are based on fair market values prevailing at the time the revaluations were made. If the basis for a revaluation subsequently declines or is no longer valid, the revaluation is adjusted correspondingly. The revaluations applied to sold areas of forest have been reversed from the non-restricted equity.

Depreciation is calculated on the cost or revaluated amounts using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Buildings	25–40 years
Heavy machinery	10–20 years
Other machinery and equipment	3–10 years
Intangible assets	3–5 years

Land and water areas are not depreciated.

Taxes

Income taxes are comprised of current taxes paid and payable on taxable income for current and previous accounting periods in accordance with local tax laws, plus deferred taxes.

Deferred taxes are calculated for timing differences between book and taxable income.

Deferred tax assets or liabilities have been calculated on the financial statements' temporary differences, applying the tax rate confirmed for subsequent years as of the date of the financial statements. The deferred tax liability attributable to revaluations of forest land and of the Eteläesplanadi real estate is included in the balance sheet. The estimated probable benefit of the deferred tax assets is included in the balance sheet.

Extraordinary Items

Nonrecurring revenue and expense items not related to normal business operations are presented as extraordinary items in the income statement.

The Net Asset Value of Ahlström Capital Oy's Shares

The net asset value of the shares differs from the balance sheet value in that, in the calculation of the net asset value, long-term investments in publicly quoted shares and stock market instruments and the Eteläesplanadi real estate are valued at the market value at the end of the fiscal year, whereupon the tax share applied to the difference between the investments' balance sheet value and their market value is also figured in. Other assets and liabilities were assessed at the balance sheet value in calculating the net asset value.

Return of Capital Employed

The return of capital employed has been computed as follows:

$$\frac{\text{Operating profit + share of result in associated companies + Interest and other financing income + changes in the market value of the Vacon shares}}{\text{Balance sheet total – non-current liabilities + difference between the market and book value of the Vacon shares, on average for accounting period}} \times 100$$

Capital gains from sale of land and forest areas are not included in the components of returns in the calculation.

1. Net sales

Distribution of net sales by country	Group 1 Jan.– 31 Dec. 2005	Group 1 Jan.– 31 Dec. 2004	Parent 1 Jan.– 31 Dec. 2005	Parent 1 Jan.– 31 Dec. 2004
Finland	92 107	72 699	2 666	3 188
Sweden	49 003	7 492		
Switzerland	43 314	33 347	48	
Russia	13 795	3 583		
Germany	11 511	2 845		
Italy	9 869	5 027		
Belgium	9 567	733		
Others	14 937	12 534		
Total	244 103	138 260	2 714	3 188

2. Other operating income

Gain on sale of non-current assets	3 652	7 140	3 356	5 721
Other	6 096	151	0	1
Total	9 748	7 291	3 356	5 722

3. Personnel costs

Wages and salaries	51 248	27 802	1 248	1 156
Pension costs	4 949	3 988	214	553
Other wage related costs	8 220	1 916	100	289
Total	64 417	33 706	1 562	1 998

Salaries for managing directors	1 259	1 038	468	437
of which bonuses	243	116	84	83
Remunerations to Board members	283	74	95	74

A loan of 100,000 euro with a 2.25% interest p.a. has been given to the President and CEO of Ahlström Capital Oy.

Other operating expenses includes an additional remuneration of 20,000 euros paid to the Chairman of the Board for 60 days' project work.

4. Average number of personnel

Salaried	616	324	8	9
Blue-collar	2 972	838		
Total	3 588	1 162	8	9

5. Financing income and expense

Dividend income from others	825	3 882	825	3 882
Interest and financing income from Group companies			679	366
Interest and financing income from associated companies	1 341	1 208	1 341	1 208
Interest and financing income from others	1 002	1 236	1 156	945
Total	3 168	6 326	4 001	6 401

Interest and financing expenses to Group companies			–157	–153
Interest and financing expenses to associated companies	–30		–30	
Interest and financing expenses to others	–2 619	–966	–30	–57
Total	–2 649	–966	–217	–210

6. Extraordinary income and expense

Adjustment of the net result of an associated company		–194		
Group contribution				610
Total	0	–194	0	610

7. Income taxes

	Group 1 Jan.– 31 Dec. 2005	Group 1 Jan.– 31 Dec. 2004	Parent 1 Jan.– 31 Dec. 2005	Parent 1 Jan.– 31 Dec. 2004
Taxes for current and previous years	–4 218	–2 756	–1 142	–486
Change in deferred taxes	2 903	1 019	2 220	1 085
Income taxes in the income statement	–1 315	–1 737	1 078	599

8. Intangible and tangible assets

Group	Group goodwill	Goodwill	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost at 1 Jan.	2 322	9 018	1 249	1 171	2 664	28 075	32 977	1 033	1 629
Increases	6 410	5 017	968	1 764	109	1 809	18 163	2 309	3 364
Decreases			–704	–49	–2 491	–452	–20 905	–1 059	–1 052
Other changes	–52		4	–123			–337	32	–80
Reclassifications			1	77	5 839	–5 839	322	288	–688
Acquisition cost at 31 Dec.	8 680	14 035	1 518	2 840	6 121	23 593	30 220	2 603	3 173
Accumulated depreciation and amortization at 1 Jan.	1 347	1 324	673	552		4 121	23 855	646	
Decreases				–42		–352	–10 022	–270	
Other changes	11	–63		–91		860	25	338	
Reduction in value							806		
Reclassifications		51		–51					
Depreciation and amortization for the period	991	1 637	315	468		773	3 565	519	
Accumulated depreciation and amortization at 31 Dec.	2 349	2 949	988	836		5 402	18 229	1 233	
Revaluations at 1 Jan.					34 543				
Decreases					–8 294				
Revaluations at 31 Dec.					26 249				
Book value at 31 Dec. 2005	6 331	11 086	530	2 004	32 370	18 191	11 991	1 370	3 173

Parent company	Intangible rights	Other intangible assets	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advanced paid and constructions in progress
Acquisition cost at 1 Jan.	27		1 954	10 169	866	22	972
Increases							1 819
Decreases	–12		–1 949			–22	–706
Reclassifications							
Acquisition cost at 31 Dec.	15		5	10 169	866	0	2 085
Accumulated depreciation and amortization at 1 Jan.	3			1 782	370	10	
Decreases						–11	
Depreciation and amortization for the period	1			314	77	1	
Accumulated depreciation and amortization at 31 Dec.	4			2 096	447	0	
Revaluations at 1 Jan.			34 543				
Decreases			–8 294				
Revaluations at 31 Dec.			26 249				
Book value at 31 Dec. 2005	11		26 254	8 073	419	0	2 085

9. Long-term investments

Group	Shares in associated companies	Receivables from associated companies	Other shares
Book value at 1 Jan.	4 433	31 617	30 436
Share of profits	–1 220		
Increases	917	1 000	643
Decreases		–26	–10 036
Reclassifications	10 846	–10 846	
Other changes	12		21
Book value at 31 Dec. 2005	14 988	21 745	21 064

Parent company	Shares in Group companies	Shares in associated companies	Other receivables	Other shares
Book value at 1 Jan.	28 444	10 707	38 579	30 386
Increases	6 663		1 156	632
Decreases	–11	–3	–26	–10 016
Reclassifications		10 846	–10 846	
Book value at 31 Dec. 2005	35 096	21 550	28 863	21 002

10. Prepaid expenses and accrued income

	Group 31 Dec. 2005	Group 31 Dec. 2004	Parent 31 Dec. 2005	Parent 31 Dec. 2004
Short-term				
Accrued interest income	746	2 294	109	2 660
Periodization of costs	90	599	11	
Current tax receivable	1 672	1 598	898	1 384
Other	748	277		615
Total	3 256	4 768	1 018	4 659

11. Shareholders' equity

Shareholders' equity at 1 Jan.	166 405	156 483	174 791	169 856
Change in revaluations	–8 294	–2 972	–8 294	–2 855
Redemption of company shares		–1 009		–1 009
Dividends paid	–2 166	–1 444	–2 166	–1 444
Translation adjustment	–191	–322		
Other	–546	453		
Net income	8 636	15 216	6 434	10 243
Shareholders' equity at 31 Dec.	163 844	166 405	170 765	174 791
Retained earnings	114 970	117 530	121 899	125 925
Depreciation difference net deferred tax liability	–306	–1 457		
Distributable shareholders' equity	114 664	116 073	121 899	125 925

12. Share capital, parent company

	Number of shares	EUR
1 vote/share, with redemption clause	360 919	36 091 900

13. Maturities of long-term liabilities, Group

	2007	2008	2009	2010	2011–	Total
Loans from financial institutions	3 580	5 937	3 580	3 580	11 786	28 463
Deferred tax liabilities	116	116	116	116	7 116	7 580
Other long-term liabilities	77	45	45	41	288	496
Total						36 539

14. Provisions	Group 31 Dec. 2005	Group 31 Dec. 2004	Parent 31 Dec. 2005	Parent 31 Dec. 2004
Personnel costs	976	1 041	976	1 041
Other	3 245	1 865	1 750	1 750
Total	4 221	2 906	2 726	2 791

15. Deferred tax assets and liabilities

Long-term assets	127			
Short-term assets	577	183		
Long-term liabilities	–7 580	–9 063	–6 589	–8 809
Short-term liabilities	–8	–1 021		
Total	–6 884	–9 901	–6 589	–8 809
Arising from:				
Depreciation difference	–106	–115		
Revaluations	–6 593	–9 777	–6 589	–8 809
Tax losses	437	183		
Other timing differences	–622	–192		
Total	–6 884	–9 901	–6 589	–8 809

16. Accrued expenses and deferred income

Long-term				
Other	34	270	34	43
Total	34	270	34	43
Short-term				
Personnel costs	9 160	4 032	184	258
Interest expense	907	397	23	5
Current tax payable	2 983	3 080	1 895	1 599
Other	4 006	1 057	22	9
Total	17 056	8 566	2 124	1 871

17. Receivables from and liabilities to Group companies

Notes receivable			11 731	6 960
Accounts receivable			110	909
Other receivables			1	
Prepaid expenses and accrued income			1 098	980
Total			12 940	8 849
Other short-term debt			7 500	7 220
Accrued expenses and deferred income			1	
Total			7 501	7 220

18. Receivables from and liabilities to associated companies

Notes receivable	21 745	31 618	21 745	31 618
Other short-term receivables	711	2 271	711	2 271
Total	22 456	33 889	22 456	33 889
Other short-term liabilities	3 060		3 060	
Total	3 060		3 060	

19. Collaterals

	Group 31 Dec. 2005	Group 31 Dec. 2004	Parent 31 Dec. 2005	Parent 31 Dec. 2004
For own liabilities				
Loans from financial institutions	28 697	18 060		420
Amount of mortgages and pledges	39 214	34 963		1 850
For other own commitments	117			
For commitments of Group companies	17 222	1 650		1 650

20. Contingent liabilities

Leasing commitments				
Current portion	1 361	641	7	8
Long-term portion	1 417	1 198	5	6
Other commitments		100		

21. Shares

Subsidiaries	Country	Percentage held
AC-Kiinteistö Oy	Finland	100
AC Kinnistute AS	Estonia	100
Karhula Osakeyhtiö	Finland	100
ACEMS AB	Sweden	100
Enics AG	Switzerland	91
Enics Schweiz AG	Switzerland	
Enics Eesti AS	Estonia	
Enics Sweden AB	Sweden	
Enics Electronics (Beijing) Co., Ltd.	China	
Enics Finland Oy	Finland	
Enics Varkaus Oy	Finland	
Enics Rauma Oy	Finland	
Billcap AS	Norway	100
AC Kosmo AB	Sweden	100
CETgroup AB	Sweden	90
Pisara AB	Sweden	51
Krasno AB	Sweden	100
Kuban AB	Sweden	100
ZAO Akerlund & Rausing Kuban	Russia	40
Sulma Fastigheter AB	Sweden	100
Elva Holding Oy	Finland	100
AC Verwaltungs-GmbH	Germany	100

Associated companies		
Å&R Carton AB	Sweden	45
Nordkalk Corporation	Finland	26
Oy Kvartett Invest Ab	Finland	45

Other significant shareholdings

Vacon Plc

Holding 2,297,996 shares, ownwership 15.0%

Book value 19.8 MEUR, market value 40.2 MEUR at 31 Dec. 2005

Income Statement, Parent Company

EUR 1000

	Note	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Net Sales	1	2 714	3 188
Other operating income	2	3 356	5 722
Personnel costs	3	–1 562	–1 998
Depreciation, amortization and reduction in value	8	–393	–412
Other operating expense		–2 538	–3 632
Operating profit		1 577	2 868
Financing income and expense	5		
Interest and other financing income		4 001	6 401
Interest and other financing expenses		–217	–210
		3 784	6 191
Result before extraordinary items		5 361	9 059
Group contribution	6	0	610
Result before appropriations and taxes		5 361	9 669
Change in depreciation difference		–4	–25
Income taxes	7	1 077	599
Net result for the period		6 434	10 243

Statement of Cash Flows, Parent Company

EUR 1000

	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004
Cash flow from operating activities		
Operating profit	1 576	2 868
Depreciation and amortization	393	412
Other adjustments	–65	1 045
Cash flow from operations before change in net working capital	1 904	4 325
Change in net working capital	4 574	–2 629
Cash flow from operations	6 478	1 696
Interest and other financing income	4 001	5 457
Interest and other financing expenses	–217	–210
Income taxes	–1 142	0
Net cash flow from operating activities	9 120	6 943
Cash flow from investing activities		
Capital expenditure	–8 482	–785
Other investments	0	–13 880
Redemption of company shares	0	–1 009
Proceeds from sales of non-current assets	12 708	4 110
Change in other receivables and notes receivable	–4 378	3 026
Net cash flow from investing activities	–152	–8 538
Cash flow from financing activities		
Change in long-term liabilities	–420	–841
Change in short-term debt	3 331	1 593
Dividends paid	–2 166	–1 444
Group contribution	0	610
Net cash flow from financing activities	745	–82
Change in cash and financial investments	9 713	–1 677
Cash and financial investments at beginning of period	33 339	35 016
Cash and financial investments at end of period	43 052	33 339

Balance Sheet, Parent Company

EUR 1000

Assets

	Note	31 Dec. 2005	31 Dec. 2004
Non-current assets			
Intangible assets	8		
Intangible rights		11	24
		11	24
Tangible assets	8		
Land and water areas		26 254	36 497
Buildings and constructions		8 073	8 387
Machinery and equipment		419	496
Other tangible assets		0	12
Advances paid and construction in progress		2 085	972
		36 831	46 364
Investments	9		
Shares in Group companies		35 097	28 444
Shares in associated companies		21 550	10 707
Receivables from Group companies	17	7 116	6 960
Receivables from			
associated companies	18	21 745	31 617
Other shares		21 002	30 387
		106 510	108 115
Current assets			
Receivables			
Long-term			
Receivables from Group companies	17	4 615	0
Notes receivable		98	564
Other receivables		363	2 098
		5 076	2 662
Short-term			
Accounts receivable		87	106
Receivables from Group companies	17	1 209	1 889
Receivables from			
associated companies	18	711	2 305
Other receivables		405	616
Prepaid expenses and accrued			
income	10	1 018	1 410
		3 430	6 326
Financial investments		42 285	28 371
Cash and bank balances		767	4 968
TOTAL ASSETS		194 910	196 830

EUR 1000

Shareholders' equity and liabilities

	Note	31 Dec. 2005	31 Dec. 2004
Shareholders' equity	11		
Share capital		36 092	36 092
Capital in excess of par value		12 774	12 774
Retained earnings		115 465	115 682
Net result for the period		6 434	10 243
		170 765	174 791
Accumulated appropriations			
Depreciation difference		415	411
Provisions	14	2 727	2 791
Liabilities			
Long-term	13		
Deferred tax liabilities	15	6 589	8 809
Accrued expenses and			
deferred income	16	34	43
		6 623	8 852
Short-term			
Loans from financial institutions		0	420
Accounts payable		650	431
Liabilities to Group companies	17	7 501	7 220
Liabilities to associated companies	18	3 060	0
Other liabilities		1 045	43
Accrued expenses and			
deferred income	16	2 124	1 871
		14 380	9 985
TOTAL SHAREHOLDERS'			
EQUITY AND LIABILITIES		194 910	196 830

Proposal for the Distribution of Profits

According to the consolidated balance sheet as of December 31, 2005, the Group's retained earnings and net results for the accounting period are:

	EUR
Retained earnings	106 334 000
Net income for the period	8 636 000
Total	114 970 000
of which distributable funds	114 664 000

According to the parent company's balance sheet as at December 31, 2005, the retained earnings and net result for the accounting period are:

Retained earnings	115 465 062
Net income for the period	6 433 592
Total distributable funds	121 898 654

The Board of Directors proposes that
a dividend of 6.00 euros per share be paid on the 360 919 shares, 2 165 514
and the remainder be retained.

Helsinki, February 17, 2006

Morten Ahlström

Thomas Ahlström
Johannes Gullichsen

Karl Grotenfelt
Jouko Oksanen

Jan Inborr
President and CEO

Auditors' Report

To the Shareholders of Ahlström Capital Oy

We have audited the accounting records, the report of operations, the financial statements and the administration of Ahlström Capital Oy for the financial period 1 January–31 December 2005. The Board of Directors and the President and CEO have prepared the report of operations and the financial statements, which include the consolidated and parent company balance sheets, income statements, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements, as well as on the report of operations 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 operations 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 financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies Act.

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

Helsinki, 27 February 2006

KPMG OY AB
Sixten Nyman
Authorized Public Accountant

Key Figures

Key Figures	1 Jan.–31 Dec. 2005	1 Jan.–31 Dec. 2004	1 Jan.–31 Dec. 2003	1 Jan.–31 Dec. 2002	1 Jan.–31 Dec. 2001*	1 Jul.–31 Dec. 2001
Net sales, MEUR	244.2	138.3	38.2	38.7	40.1	19.3
Other income from operations, MEUR	9.7	7.3	8.2	5.3	3.4	2.9
Operating profit, MEUR	11.4	11.7	8.7	6.5	5.3	1.9
Share of associated companies' losses	–1.2	0.5	–10.1	–3.1	–8.7	–5.6

* Pro forma

	31 Dec. 2005	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001	1 July 2001
Equity ratio	60%	69%	88%	92%	86%	90%
Gearing	–10%	–4%	–21%	–23%	–30%	–28%
Equity/share, EUR	453.96	461.06	430.51	463.40	466.53	478.25
Net asset value/share, EUR	501.85	471.11	430.76	430.68	445.49	457.25
Equity/share, EUR, adjusted**	470.96	472.06	437.51	445.90	445.53	457.25
Net asset value/share, EUR, adjusted**	518.85	482.11	437.76	434.18	445.49	457.25
** adjusted with dividends paid						
Net result of the period/share EUR	23.93	42.11	6.79	12.93	–6.96	
Dividend/share, EUR	6.00***	6.00	4.00	3.50	3.50	

*** proposal by the Board of Directors

Book Value and Net Asset Value of Ahlström Capital Oy's Share

EUR 1,000 if not otherwise stated	Dec. 31, 2005	Dec. 31, 2004
Book value of Ahlström Capital Oy's shareholders' equity	163 844	166 405
Book value of Ahlström Capital Oy's shareholders' equity, per share, EUR	453.96	461.06
Differences in the book value and net asset value		
Book value of shares in Vacon Plc	19 758	19 758
Net asset value of shares in Vacon Plc*	34 896	24 934
Book value of the Eteläesplanadi real estate	29 568	
Net asset value of the Eteläesplanadi real estate	31 714	
Book value of OPALS securities		9 985
Net asset value of OPALS securities*		8 436
Differences in the book value and net asset value, total	17 284	3 627
Net asset value of Ahlström Capital Oy's shareholders' equity	181 128	170 032
Net asset value of Ahlström Capital Oy's shareholders' equity, per share, EUR	501.85	471.11
Value of Ahlström Capital Oy's share, EUR, adjusted for dividends paid		
Book equity per share, EUR	470.96	472.06
Net asset value per share, EUR	518.85	482.11

* Net asset value is the market value adjusted for deferred taxes

Formulas for Key Figures

Equity ratio	$\dfrac{\text{Shareholders' equity + Minority interest}}{\text{Balance sheet total – Advances received}}$	x 100
Gearing ratio	$\dfrac{\text{Interest-bearing debts – Securities included financial assets – Cash and bank}}{\text{Shareholders' equity + Minority interest}}$	x 100
Earnings per share	$\dfrac{\text{Profit before extraordinary items and taxes – Taxes on regular operations ± Minority interest}}{\text{Number of shares on average for accounting period}}$	
Equity per share	$\dfrac{\text{Shareholders' equity at the end of fiscal year}}{\text{Number of shares at the end of fiscal year}}$	

Corporate Governance

Governance Principles

Ahlström Capital Oy is a private limited company registered in Finland. The company follows good corporate governance practices based on the Finnish Companies Act, the company's Articles of Association and the recommendations for corporate governance for listed companies in Finland.

Ahlström Capital is a member of the European Private Equity & Venture Capital Association (EVCA) and the Finnish Venture Capital Association.

The company provides on a regular basis information to shareholders, employees and the public. It also maintains a website, www.ahlstromcapital.com, with information on the company and its activities.

The responsibilities and working methods of the Board of Directors and the management as well as the company's reporting practices are defined and documented in the Rules of Procedure of the Board of Directors. The latest update of the Rules was made by the Board of Directors on August 29, 2005.

Ahlström Capital Oy is the parent company of the group and in that capacity responsible for the development of the group. It prepares consolidated financial statements and supports the group and associated companies in financial, legal and management matters.

The group consists of a number of independent subgroups and companies. The decisions regarding their operations are taken by each company's own decision-making bodies.

Ahlström Capital holds significant minority interests in associated companies.

Ahlström Capital exercises its ownership through representatives elected by its Board in the decision-making bodies of its subsidiaries and associated companies.

General Meeting of Shareholders

The highest authority in Ahlström Capital is exercised by the shareholders at the General Meeting of Shareholders. The Annual General Meeting decides on the number of members on the Board of Directors and elects the members to the Board. In addition, the General Meeting of Shareholders has exclusive authority over matters including amending the Articles of Association, adopting the financial statements, deciding on the distribution of profits, and electing auditors.

The Annual General Meeting was held in Helsinki on April 7, 2005.

The Board of Directors

The Annual General Meeting elects no fewer than five and no more than seven ordinary members to the Board of Directors for a term of one year at a time. The Board chooses a Chairman from among its members. The current Board has five members, who have all been on the Board since the company was founded on June 30, 2001.

The Board represents the owners of the company. The duties and responsibilities of the Board are based on the Finnish Companies Act and other applicable legislation, as well as on the Articles of Association and the Rules of Procedure adopted by the Board. The Board has general jurisdiction over all company affairs that are not specified by law or the Articles of Association to be decided or implemented by other bodies.

The Board manages, together with the President, the internal control, including risk management.

The Board adopts the company's and the group's general targets and strategy and approves its annual plans. The Board decides on direct investments and divestments.

The Board had 9 meetings during the year, including one by phone, which, with the exception of one, were attended by all the members.

The Board has nominated a Governance and Compensation Committee consisting of the Chairman of the Board and the Board members Karl Grotenfelt and Jouko Oksanen. The President presents the issues for the committee. The committee prepares issues regarding the company's and group's administration, salaries and incentives applicable within the company and the management's terms of employment for the consideration of the Board.

The President

Ahlström Capital's President is appointed by the Board. The President plans and manages the company's and the group's business operations and bears responsibility for the company's and the group's operative administration in compliance with the directions and decisions of the Board. He supervises and manages the analysis and appraisal of prospective investments, and the development and divestiture of holdings.

Jan Inborr has served as the company's President since its incorporation on 30 June 2001. He had previously served in management duties for various operations and divisions of the Ahlstrom Group, most recently as CEO of Ahlstrom Paper Group. He is chairman of the board of Enics AG and Vacon Plc, vice chairman of the board of Å&R Carton AB as well as serving on the boards of Ahlstrom Corporation, Nordkalk Corporation and the Abo Akademi Foundation.

Jan Inborr's holdings in portfolio companies are as follows: Nordkalk Corporation 2,617 shares, Å&R Carton AB 1,250 shares and Enics AG 25,000 shares.

He is entitled to retire at the age of 60 and has the right to severance pay equal to 18 months' salary in the event of termination of employment.

In his duties, the President is supported by a team of seven professionals. They assist the President, monitor and develop actively the operations of the company in accordance with the objectives set, handle reporting and prepare decisions on investments for discussion by the Board.

Salaries and Remuneration

The General Meeting of Shareholders confirms the remuneration of the members of the Board for one year at a time. The remuneration in 2005–2006 is EUR 1,250 per month and EUR 300 per meeting. The Chairman is paid a double monthly fee. The Board decides on the President's salary and benefits and it also confirms the salaries and benefits for the other management.

Supervision

Ahlström Capital's auditor is the auditing firm KPMG Oy Ab, with Sixten Nyman, Authorized Public Accountant, as the auditor in charge. The auditors supply the company's shareholders with the statutory auditor's report as part of the annual financial statements. The auditors also report on their observations to the company's Board.

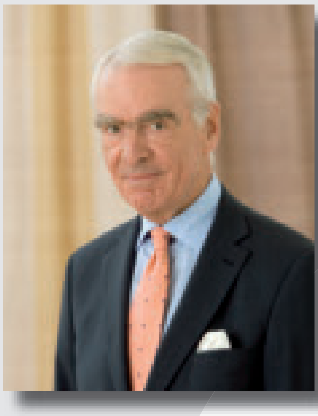
The fees paid for the audit of the Group in 2005 were MEUR 0.4.

Morten Ahlström
born 1943, M.Sc. (Econ.)
Chairman of the Board

Chairman of the Board: Å&R Carton AB (as of Jan. 1, 2006), Pisara AB, Quartona Oü
Member of the Board: Nordkalk Corporation, Enics AG, Antti Ahlströmin Perilliset Oy
Managing Director of Antti Ahlströmin Perilliset Oy

Thomas Ahlström
born 1958, M.Sc. (Econ.)

Director,
SEB Merchant Banking,
Helsinki

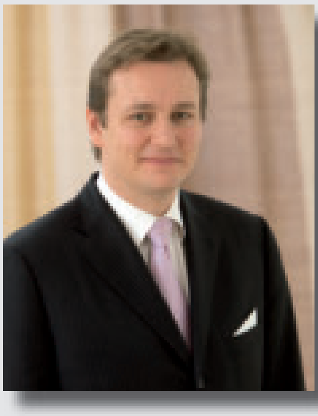


Karl Grotenfelt
born 1944, LL.M.

Chairman of the Board:
Famigro Oy
Member of the Board:
UPM-Kymmene Corporation,
Fiskars Corporation

Johannes Gullichsen
born 1964, B.Sc. (Eng.), MBA

Partner,
RAM Partners Oy
Chairman of the Board:
Alfakemist Kapitalförvaltning Ab



Jouko Oksanen,
born 1951, M.Sc. (Econ.)

Director, Varma Mutual Pension Insurance Company
Chairman of the Board:
F-Publishing Ltd, F-Musiikki Oy, Kyllikki and Uolevi Lehikoinen Foundation
Vice Chairman of the Board:
Arek Oy, The Finnish Diabetes Research Foundation
Member of the Board: Tamfelt Corp.

Jan Inborr
born 1948, B.Sc. (Econ.)
President and CEO

Kai Becker
born 1970, M.Sc. (Econ.)
Investment Director

Johan Borgström
born 1948, LL.M.
General Counsel

Sebastian Burmeister
born 1975, M.Sc. (Econ.)
Investment Manager

Kari Cederberg
born 1947, B.Sc. (Econ.)
Financial Director

Henrik Mikander
born 1949, MBA
Investment Director

Leena Savolainen
born 1948, BA
Executive Assistant

Helena Staffans
born 1956, B.Sc. (commerce and languages)
Executive Assistant to CEO

Shares and Shareholders

Shares and share capital

Ahlström Capital Oy's registered share capital on December 31, 2005 was EUR 36,091,900, divided into 360,919 shares with a par value of EUR 100 each. The company's minimum share capital is EUR 9,090,000 and its maximum share capital is EUR 36,348,200, within which limits the share capital may be raised or lowered without amending the Articles of Association.

The B series of shares was abolished by an amendment of the Articles of Association, which was registered on May 13, 2005, whereafter the company has only one series of shares. All shares entitle the holder to one vote in the general meeting of shareholders.

The Articles of Association include a redemption clause referred to in chapter 3 section 3 of the Companies Act.

Shareholding

At the end of 2005, Ahlström Capital Oy had 219 shareholders.

Shareholding by category on December 31, 2005

	Number of shares	Percentage of shares
Companies	37 823	10.5
Financial and insurance institutions	3 750	1.0
Public corporations	23 490	6.5
Finnish households	239 507	66.4
Foreign households	51 085	14.1
Others	5 264	1.5
Total	360 919	100.0

Distribution of shareholdings on December 31, 2005

Number of shares	Number of owners	Percentage of owners	Number of shares and votes	Percentage of shares	Number of average ownership
1–100	73	33.3	2 135	0.6	29
101–500	39	17.8	8 922	2.5	229
501–1 000	23	10.5	17 946	5.0	780
1 001–2 500	38	17.4	56 342	15.6	1 483
2 501–5 000	28	12.8	101 609	28.1	3 629
over 5 000	18	8.2	173 965	48.2	9 665
	219	100.0	360 919	100.0	1 648

Shareholding by the Board of Directors

On 31 December 2005 members of the Board of Directors held 11,621 shares in Ahlström Capital Oy, representing 3.2% of the voting rights and shares.

Morten Ahlström holds 967 shares in Nordkalk Corporation.

Information for Shareholders

Annual General Meeting

Ahlström Capital Oy's Annual General Meeting will be held in Helsinki, Eteläesplanadi 14, on Thursday, March 30, 2006, at 5 p.m.

The Notice of the Annual General Meeting was published in the Official Gazette No. 26 / March 3, 2006.

Financial Information

Ahlström Capital's annual report for 2005 is published in English, Swedish and Finnish.

In 2006 the company will issue a financial review to its shareholders for the period January 1–June 30.

The company's annual report for 2006 is estimated to be completed in March 2007.

The annual report is available on the Internet at www.ahlstromcapital.com.

Certain statements herein are not based on historical facts, including, without limitation, those regarding expectations for market growth and developments, returns and profitability. Phrases containing ”believes”, ”expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these are based on forecasts, estimates and projections, they involve an element of risk and uncertainty, which may cause actual results to differ more or less from those expressed in such expectations and statements.

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Heritage counts

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