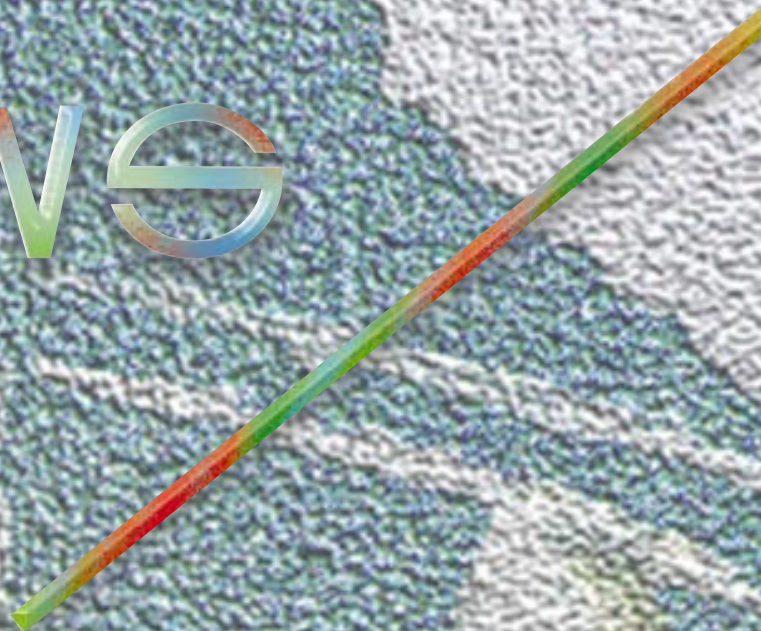


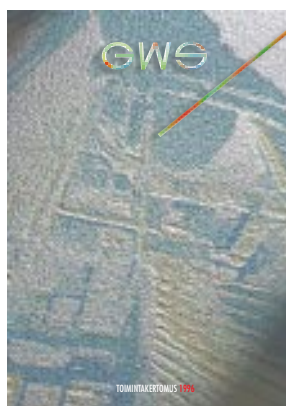
GWE



ANNUAL REPORT 1996



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The electronics industry with its strategic cooperation partners forms an increasingly more important part of the Finnish export industry.



THE BOARD OF DIRECTORS

Klaus Sohlberg, Chairman
 Consul, B.Sc. (Econ.)
 Olavi Mantere, Vice Chairman
 M.Sc. (Eng.)
 Rolf Hasselblatt
 Counsellor of Trade
 Kauko Pihlava
 LL.Lic.
 Kari O. Sohlberg *
 CEO
 Teppo Taberman
 M.Econ.
 Heikki Tulenheimo
 M.Sc. (Eng.)

THE BOARD OF MANAGEMENT

Board of Management
 Kari O. Sohlberg, Chairman
 Hans Johanson
 Juhani Markkanen
 Klaus Pinomaa
 Pekka Soveri
 Risto Summa

AUDITORS

Kari Manner, C.A.
 Arthur Andersen Kihlman Oy

DEPUTY AUDITOR

Jarmo Lohi, C.A.

* term of office expiring

MEMBERS OF GWS BOARD OF DIRECTORS



Members of GWS Board of Directors, from above, left to right: Olavi Mantere (Vice Chairman), Klaus Sohlberg (Chairman), Kari O. Sohlberg, Rolf Hasselblatt, Teppo Taberman, Heikki Tulenheimo and Kauko Pihlava.



The GWS Group continued to develop rapidly during 1996. Turnover reached just under FIM 1bn (FIM 993.9m), growing by 21% on the previous year. Profit before extraordinary items, allocations and taxes increased by 37.4% to FIM 85.2m, which is 8.6% of the turnover. The result can be considered good.

The Group's net investments rose to 8.5% of the turnover. Exports and overseas operations together accounted for 53.8% of the turnover.

I would like to express my appreciation to the entire staff for the fine work they have done throughout the year.

The year 1996 has marked great changes in the structure of the Group. On 30.10.1996 GWS signed a letter of intent with Scandinavian Equity Partners Ltd (SEP), according to which GWS Perlos Oy's entire business operations would be transferred to the ownership of a company to be established, Perlos Oy. GWS and SEP will hold equal shares each with a 50% stake in the new company. The final contract concerning the transfer of business operations was signed on 19.12.1996. The extensive international contacts and expertise in industrial operations of a powerful cooperation partner combined with GWS's 120 year entrepreneurial heritage and above all the way the Perlos staff operates all provide a fine basis for the newly established Perlos Oy to meet the challenges of its customers continuously in the process of internationalisation. Active investment activities, a good staff, uncompromising quality and hard work at all levels are the means by which Perlos will continue to serve its customers in the future as well.

Cooperation with SEP marks a considerable improvement in solidity for GWS. In practice the Group is debtfree.

Incorporation of the Group's business units reached its conclusion when the Klaukkala based plastic packaging group started its operations on 1.1.1997 under the name GWS Plast Oy.

GWS's clearly improved financial position will enable the companies belonging to the Group to actively develop within the framework of a chosen strategy.

The Group's units are in a leading position in their respective fields of operations in Finland. GWS Systems Oy and GWS Finncont Oy are also leaders on a European scale.

The Perlos Group continued to develop positively. Turnover grew considerably and profitability remained at a good level. Especially gratifying was the improvement in profit beginning in the autumn in Texas, USA, which marks the realisation of the original target that GWS Perlos Inc.'s third year of operations would clearly show a positive result. I believe that these fine developments in the USA will accelerate the decision concerning the following strategic project in Asia.

In two years Perlos' tool design and toolmaking capacity has doubled. This heavy investment project has considerably raised Perlos' competitiveness.

For the Industrial Group 1996 was divided in two. Developments at the beginning of the year continued to be vigorous, but the long-lasting hard pace slowed down somewhat at the end of the year. Targets were not reached in all sectors. The most positive developments took place in the USA, France and Sweden. A substantial investment programme was completed at the Jyväskylä plant. Purposeful investments in in-house product development, in in-house production and in its own

sales staff in the main markets form a mode of operating through which GWS Systems Oy will continue to serve its customers also in the future.

1996 was GWS Pikval Oy's most successful year. Targets for turnover and profit were clearly exceeded. Vigorous development of operations and emphasis on the importance of customer satisfaction throughout the entire organisation have laid the foundations for maintaining competitiveness. Pikval is near the top in Europe for rapid delivery and delivery assurance. Geographically operations are limited to the Baltic region.

Developments in the Plastic Packaging Group were inconsistent. The demand for packaging varied dramatically between the different end-user sectors. This trend in market developments was at least partially predictable. An extensive reorganisation programme carried out during the year provides a much better basis for an improvement in profitability for the present year. The Plastic Packaging Group continuing its operations under the name GWS Plast Oy is carrying out a considerable investment programme. The company will thus maintain its position as the largest domestic firm in the field.

1996 was a record year for GWS Finncont Oy. Targets for both turnover and profit were exceeded. Operations are based on the growing need to take better care of the environment. Among the company's products IBCs, forming an environment-friendly logistics solution, and ecotechnical rotation-moulded products fulfil the above mentioned aims. The Virrat plant has invested in the latest production technology. This year the rotation-moulding department will expand and operations will become independent based on the firm's own resources. The aim is to be by the end of the decade one of the largest manufacturers in the market for IBCs.

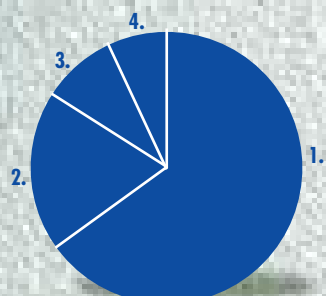
The family company, GWS, faces new challenges. Our operations have clearly grown smaller, but on the other hand we are a more effective and more solid partner for all that do business with us. All businesses belonging to the Group possess good development potential. Of the customer base three operate in a cluster of sectors – telecommunications, health care and the environment – that is predicted to grow by some 10% by the year 2010 (according to the Commerce and Industry Research Centre of Finland).

The year has gone completely according to plan for GWS and developments in the associated company, Perlos Oy, continue to thrive.

I would like to thank all customers and other related groups for their trust and fine cooperation.

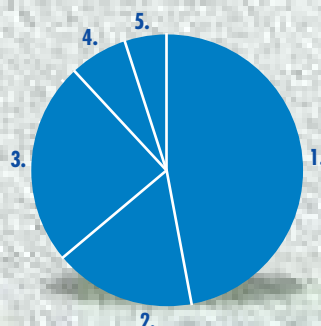
Espoo, 21 March 1997

TURNOVER BY BUSINESS SECTOR



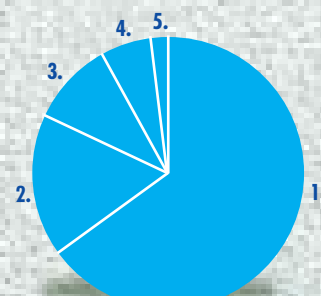
1. Technical plastics and connectors	FIM 647.1 m	65%
2. Industrial systems	FIM 187.8 m	19%
3. Packaging	FIM 90.8 m	9%
4. Interior fittings	FIM 68.2 m	7%
Total	FIM 993.9 m	100%

TURNOVER BY MARKET AREA



1. Finland	FIM 463.5 m	47%
2. Other Nordic countries	FIM 171.4 m	17%
3. Other Europe	FIM 247.1 m	25%
4. USA	FIM 71.9 m	7%
5. Other countries	FIM 40.0 m	4%
Total	FIM 993.9 m	100%

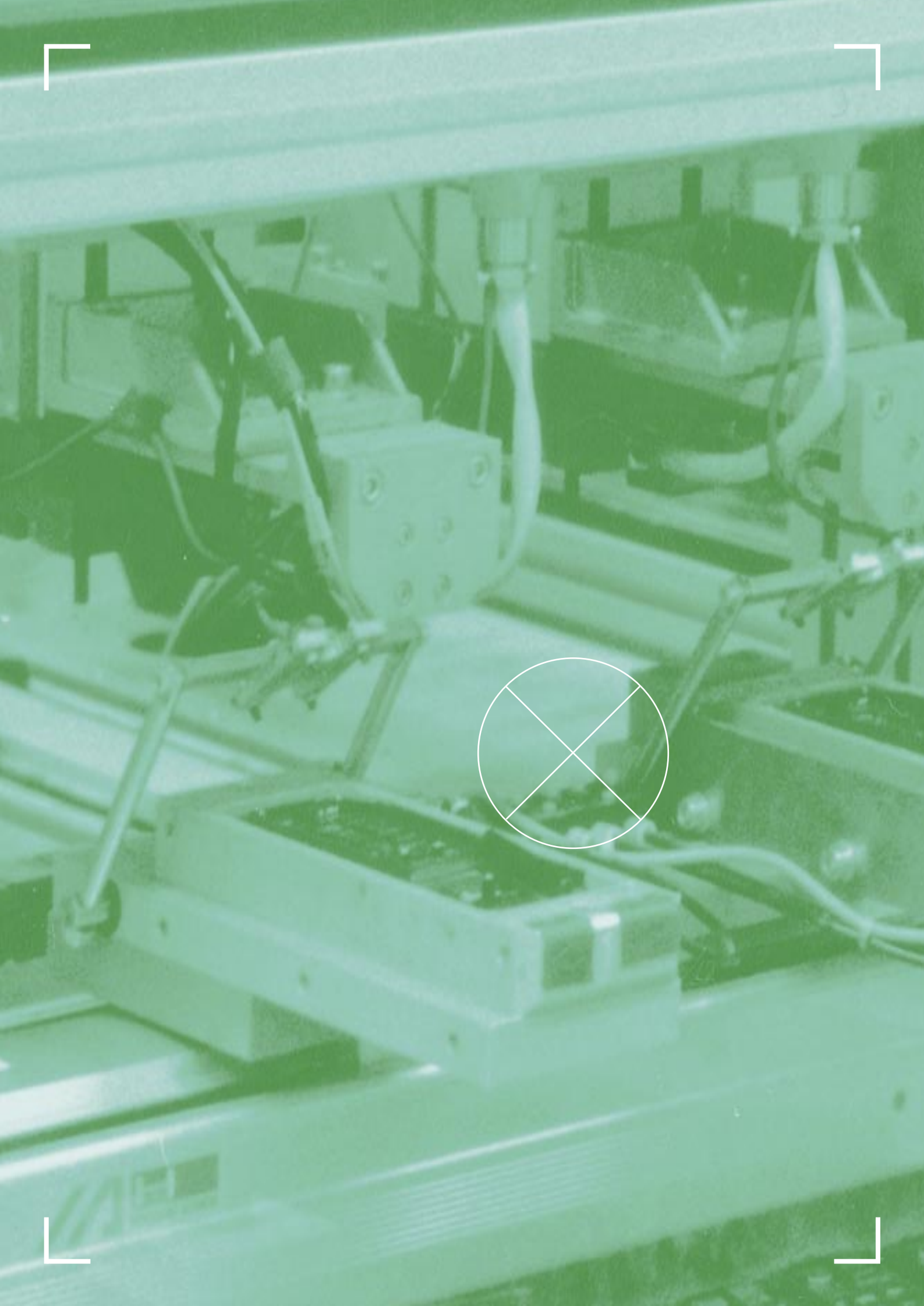
STAFF BY BUSINESS SECTOR ON AVERAGE



1. Technical plastics and connectors	1148 persons	65%
2. Industrial systems	307	17%
3. Packaging	178	10%
4. Interior fittings	101	6%
5. Other units	34	2%
Total	1768	100%

HIGHLIGHTS

	1996	1995	1994	Change % 96/95
Turnover, FIMm	993.9	821.3	661.9	21.0
Operating margin, FIMm	175.6	158.8	118.9	10.6
as % of turnover	17.7	19.3	18.0	
Depreciation according to plan, FIMm	49.9	46.7	47.8	6.9
Profit before extraordinary items, allocations and taxes, FIMm	85.2	62.0	26.6	37.4
Profit before allocations and taxes, FIMm	524.7	62.3	24.0	
as % of turnover	52.8	7.6	3.6	
Shareholders' equity, FIMm	413.7	182.0	148.0	127.3
as % of balance sheet total	39.2	19.1	16.1	
Liabilities (gross), FIMm	604.7	763.7	760.7	-20.8
as % of turnover	60.8	93.0	114.9	
Net investments, FIMm	84.8	86.0	68.4	-1.4
as % of turnover	8.5	10.5	10.3	
Staff, persons	1768	1569	1361	13.3



GWS Perlos Oy is one of Europe's leading manufacturers of precision plastic parts, products assembled from these parts and electromechanical components made for industry. The principal customer base covers the electronics, pharmaceutical, automobile and mechanical-engineering industries operating globally. The Perlos Group has ten production units, located in Joensuu, Kontiolahti, Nurmijärvi and Ylöjärvi in Finland, and subsidiaries, Perlos Ltd in the UK and GWS Perlos Inc. in the USA.



Matti Vartia

1996 was a successful year for the Perlos Group with respect to turnover, growth and profitability. Turnover amounted to FIM 652m, 34% up on the previous year. A greater proportion of production (57.5%) went to industries operating outside Finland. The largest increases in sales were gained in Finland (21%), Sweden (32,8%), and the USA (120%). The largest and most rapidly growing customer

sector was the electronics industry, followed by the pharmaceutical industry. Good profitability enabled the considerable investments of FIM 83m necessary for rapid growth.

As a result of the large investments made over the past years Perlos now ranks among the largest injection-moulding companies in the world. The following key figures provide a good illustration of capacity on 31 December 1996: 55,000 m² of factory space, 350 injection-moulding machines, 160 robots, 110 assembly automation devices, 37 spark erosion machines and 62 CAD workstations.

Substantial investment in automation has boosted competitiveness and expanded operations have provided a great number of new jobs. At the end of the year GWS Perlos Oy staff numbered



GWS Perlos continued its heavy investment in automation.

1,102, which means the company took on 205 people during 1996. The company is clearly the largest plastics firm in Finland at present in terms of staff. Perlos Ltd's staff amounted to 107 at the end of the year and that of GWS Perlos Inc. to 51, which means that the entire Perlos Group's staff numbered 1,260, of which 244 were toolmakers and 39 automation skilled workers.

GWS Perlos Oy's operations comprise four divisions: Technical Plastics, CEP Plastics, Connectors and Tools.

At the end of the year the contract between GWS and Scandinavian Equity Partners Ltd (SEP) to transfer GWS Perlos Oy's operations to the newly formed Perlos Oy on 31.12.1996 was put into effect. GWS and SEP are equal shareholders each with a 50% stake in the new company.



GWS Perlos investments in state-of-the-art technology enable increased competitiveness.

THE PERLOS GROUP

	Change			
	1996	1995	FIMm	%
Turnover	652	485	167	34.0
as % of the Group	65	59		
Investment	83	87	-4.0	-4.6
Staff, persons	1149	952	197	20.7
Profitability				
	● good			
	● will remain good			



Plants manufacturing technical plastic parts and products are located in Joensuu, Kontiolahti, Nurmijärvi and Ylöjärvi, and subsidiaries are based in Washington in the UK and in Fort Worth, Texas.

GWS Perlos Oy's Technical Plastics plants manufacture parts and sub-assemblies among other products for the following most important products: mobile phones with accessories; car seat belts; electronic components and equipment; heating, plumbing and air-conditioning equipment, and cosmetics packaging.

The Technical Plastics Division accounted for 58% of the Perlos Group's turnover with its turnover growing by 17% over the previous year. Exports represented 42% of the turnover. The most important export markets were Germany, Sweden, Belgium, the USA and Hong Kong.

During the year a new injection-moulding plant started up in Ylöjärvi where toolmaking had already started in 1995. The plant already has 25 injection-moulding machines in use and production space provides the possibility of trebling production in the near future.

Investments in 1996 were mainly aimed at increasing capacity and automating production, which has enabled production to increase using continuous three-shift work.

The division's plants operate in accordance with a common ISO quality system.



Matti Herranen



Olavi Kuosmanen and Jukka Jäämaa



Development of the Ylöjärvi plant's production was rapid.



International markets for mobile phones continued to grow considerably.



Paavo Mujunen

CEP Plastics (Controlled Environment Precision Plastics) manufactures precision plastic products for the pharmaceutical industry in controlled environment facilities. The customer base comprises internationally operating pharmaceutical plants, which are supplied with medication dispensers and dosers, syringes, diagnostic kits and birth-control products and packages.

CEP Plastics controlled environment plants are located in Kontiolahti and Nurmijärvi. The Kontiolahti plant also has an in-house toolmaking unit. Perlos Automation, which is attached to CEP Plastics, is also situated in Kontiolahti and manufactures automation equipment and systems used in workpiece handling, product assembly and packaging for all Perlos units and external customers. Automation is also a specialised supplier of automation equipment used in closed environment facilities.

CEP Plastics offers its customers a service package "Systems 1-14", developed in-house, and its operations comply with ISO 9001 and EN 46001 standards.

CEP Plastics accounts for 18% of the Perlos Group's turnover. Growth came to 19% with exports representing 93% of the turnover. The most important export markets were Sweden, France, the UK and the USA.



Anneli Ojapalo and Seppo Arento



Astra's inhalers are environmentally friendly products.



The Zoladex applicator, developed by CEP Plastics, is a technically exacting product to manufacture.



Seppo Maksimainen and Andreas Tallberg

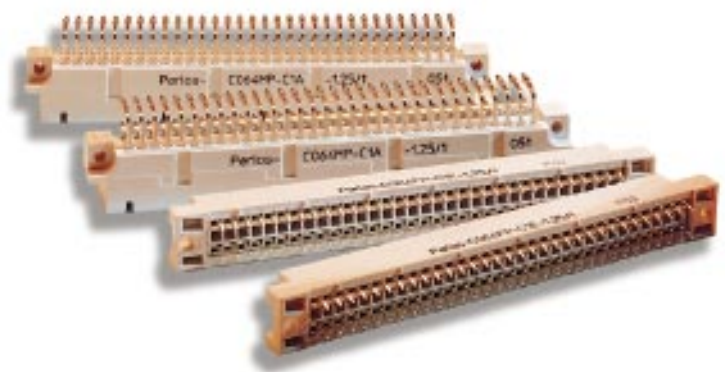


The new Presfit connectors supplement the line of products complying with DIN 41612 standards.

Connectors supplies the electronics industry with standard and customised connectors and their accessory products. The most important customers are manufacturers of telephone exchanges, mobile phones and mobile-phone base stations and manufacturers of production control equipment and machinery used in various industrial sectors.

During 1996 Connectors' turnover amounted to FIM 78.1m, which was slightly under target, but profitability continued to remain good. At the same time internal invoicing grew by 49% due to the considerable growth in demand for customised connectors installed in other Perlos units. Exports accounted for 43% of the turnover. The most important export markets were Sweden, Holland, Belgium, Hong Kong and Taiwan.

A number of significant projects were started in product development to bring new products to market during 1997. As a result of this the R&D department's resources were enhanced to handle new projects. At the same time the production department paid great attention to upgrading automation and flexible and rapid service to better meet the customers' rapidly changing requirements in the future.





Hannu-Pekka Talvinen and Esa Vuorinen



Keijo Riuttala

The Tools Division is the company's internal service department, which supplies injection-moulding tools to all plastics units in the Perlos Group. In addition to in-house design and manufacture the division offers the Perlos units expert help in sourcing tools from other manufacturers.

Tools locations are situated in Joensuu, Nurmijärvi and Ylöjärvi.

The Tools Division in conjunction with Perlos Ltd meets the major part of GWS Perlos Inc.'s tool requirements.

Demand for tools increased less than forecast in the beginning months of the year, but picked up towards the end of the year. This led to turnover falling short of budget. On the other hand, all Tools units were able to use the quieter capacity-utilisation period by training staff and developing operations. The division can therefore meet the rise in demand, which is coming soon, effectively and well prepared.

Tools' investments amounted to FIM 9m, mainly focused on CAD systems and NC machinery.

There was intensive cooperation between plants: a common ISO 9001 quality system was certified in the autumn; nation-wide technology programmes and projects were participated in, and a project was started to develop design in collaboration with the

University of Technology and the Technological Development Centre of Finland (Tekes). The workload was successfully allocated among the different plants. Know-how and experiences were regularly exchanged between the plants, which is most important particularly for developing the Ylöjärvi plant.



The Ylöjärvi plant manufactures tools used in the production of plastic parts for mobile-phone charging kits.

Injection-moulding tools are technically more and more demanding.

PERLOS LTD.

Perlos Ltd works in accordance with the same concept as the Technical Plastics Division. The plant manufactures tools in-house, which generate some 20% of the total turnover. The most important product sectors are components for power tools, car seat belts and mechanical looms and parts for mobile phones and their accessories. In addition, parts and components are manufactured for the other parts of the electronics industry.

Perlos Ltd continued to show positive developments. Turnover amounted to FIM 45m, marking an increase of 31% over the previous year. The sale of tools increased by 48%. The improvement in profitability enabled self-financed investments of FIM 4.5m.

A feature of 1996 was the heavy investment made in staff training, aided by EU grants. Investments were focused on expanding toolmaking in the Washington and Hartlepoons units through the deployment of the latest technology

Teemu Saloranta and Brian Radcliffe

Deflection unit frames supplied to Philips are one of the main product lines at the Perlos Washington plant.

GWS PERLOS, INC.

GWS Perlos (Texas), Inc. operates in accordance with the same concept as the Technical Plastics Division. In addition to automated injection-moulding and assembly production the plant will manufacture its tools in-house by the end of the decade. The most important customers in the early years will come from the electronics industry.

Turnover from GWS Perlos Inc.'s first full year of operations amounted to FIM 31m. The level of turnover necessary to provide profitability was generated in the latter months of the year, and these positive developments are expected to continue during the following year. Investments in production amounted to FIM 12m.

Production is technically and quality-wise of a good standard. The company's tool unit manufactured its first exacting tools successfully. In the next few years the company will utilise the capacity of others in the Perlos Group in sourcing tools and production automation.

Matti Hokka and Matti Jääsalo

The latest technology is employed in the Dallas plant's production.







Klaus Pinomaa

GWS Systems Oy is a leading supplier of industrial production systems in its business sectors. The company's overseas operations account for over half the turnover. In Finland production is centred on Jyväskylä. Sales offices operate in Sweden, Germany, the UK, France and the USA.

The Industrial Group's operations developed positively in several markets. There was growth in the sale of industrial systems and workstation fittings in certain export markets, but Finland was slower. Turnover amounted to FIM 190.3m, slightly up on the previous year. Turnover and operating profit were somewhat below target. Operating profit was satisfactory. Demand for industrial fittings increased considerably in the USA, the UK and Sweden. In Germany the steady growth, which had lasted for several years, came to a halt with sales showing a substantial decrease. Overseas operations represented 61.3% of the turnover.



GWS Systems supplied Tulip Computers with production automation, including equipment, design and ADP software.

GWS SYSTEMS OY

GWS Systems Oy continued to reinforce its position as a supplier of production equipment and systems in several international markets.

Turnover came to FIM 156.7m, marking a growth of 6.3% over the previous year. Targets for turnover and operating profit were not achieved. Operating profit continued to be good. Of the product lines growth in demand for the flexible production system (FPS) continued to be at its highest in exports. Sales of System GWS workstation fittings and GWS Workshop industrial fittings grew somewhat.

Sovella and office fittings continued to maintain their position in the domestic market, and they slightly strengthened their position in certain export markets. The product sector met its target for turnover. There was a further increase in the use of Sovella products in refurbishments.

The Jyväskylä plant put into operation a new Finnpower punching and shearing line, which considerably boosts production. The transfer of FPS assembly operations to GWS Pikval's Vaajakoski plant was completed. During the year an extensive data control system was installed.

Investments totalled FIM 2.8m and were aimed at developing production.

THE INDUSTRIAL GROUP

	Change			
	1996	1995	FIMm	%
Turnover	190	182	8	4.4
as % of the Group	19	22		
Investments	4	3	1	33.3
Staff, persons	307	272	35	12.9
Profitability				
	• satisfactory			
	• improving			



GWS INDUSTRI AB

GWS Industri Ab's turnover almost attained target amounting to FIM 1.8m. The sale of FPS and Systems GWS products continued to grow most forcefully in the telecommunications sector. GWS Industri reinforced its leading position in the market as a supplier of industrial fittings. Market share was further increased by the Tibnor chain acting as distributor for GWS Industri's products, which opened new sales outlets in Sweden. Major customers included, among others, Ericsson, BTProducts and Partner Tech.

G.W. SOHLBERG GMBH

The expected economic upswing did not materialise in Germany and the level of investment remained rather low. In spite of that GWS GmbH attained its target in marketing System GWS products, but did not meet targets in other sectors, as several major investment decisions concerning the FPS and disassembly lines were postponed. Turnover amounted to FIM 12.9m.

The Ministry of Industry and Trade awarded GWS GmbH an R&D grant to develop recycling technology for disassembly lines.

GWS INDUSTRIES S.A.

Business trends in France were uncertain, which had an adverse effect on industrial development. GWS Industries' turnover amounted to FIM 14.8m and met target. The company reinforced its position in the market as a supplier of workstation fittings due to new customer projects. During the year a development project was started, aiming at boosting operations in new markets. Major customers included Philips, Alcatel and Matra Defense.

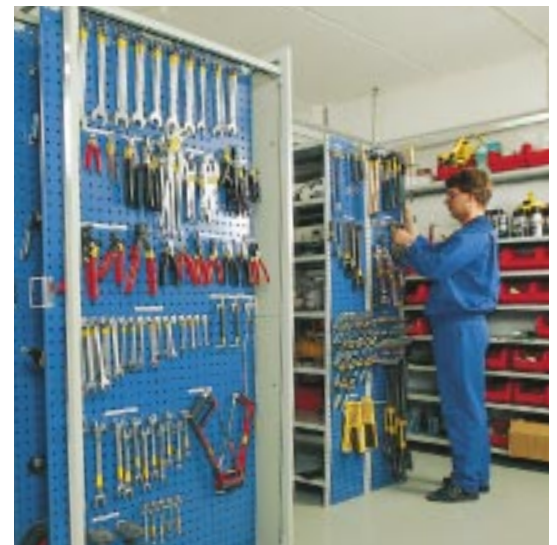


Metsä Serla's Kirkniemi plant received delivery of a large number of Workshop applications in the upgraded industrial fittings series.

The meteorological office's book storage facilities gained new efficiencies through Sovella fittings.

GWS SYSTEMS OY, UK

Favourable developments in the economy increased industrial investment in the UK. GWS Systems' operations developed positively and the target for turnover was exceeded. Participation in the more important industrial exhibitions attracted a considerable number of new customers. GWS Systems (UK)'s target for the near future is to further reinforce its position in the UK and Irish markets through an extensive marketing programme and a new product concept.



In the GWS Systems Workshop system all tools and materials are within easy reach.

GWS, INC.

There was a substantial increase in demand in North American and Canadian industrial-fittings markets, which boosted GWS Inc.'s market share and extended its customer base. GWS Inc. further reinforced its position among the leading suppliers of industrial systems despite fierce competition. Turnover met target and amounted to FIM 21.8m. Due to more effective marketing and new markets GWS Inc.'s operations are expected to continue their positive development.



GWS Pikval Oy is a full-service supplier of fittings for department stores, shops and other public facilities. The company's main strengths are in projects know-how and combining materials. The main market areas are Finland, Russia and the Baltic countries.



Juhani Markkanen

Domestic demand for shopfittings improved on the previous year. Developments in the main export markets were also favourable. 1996 was a successful year for GWS Pikval Oy in many respects. Turnover grew by over 26.3% as compared to the previous year, amounting to FIM 69.5m. Operating profit also rose to a good level. The strategic decision to focus on more demanding interior and fittings targets, the effort to build up customer relations and investment in personnel have proved to be the correct solution with the result that the company's targets have been achieved above expectations.

Manufacture of metal products was developed during the year to become more flexible and customer-oriented. Continuous improvement in operations was attained in all areas of production.

Several new fittings were employed at the Akateeminen bookstore in Tapiola.

The needs of the Helsinki International School's multi-purpose hall were also taken into account in the design of fittings. The GWS Pikval interior package can be transformed into a hall for festive occasions or an auditorium according to need.



The major domestic shopfitting projects for the year include renovations in various Oy Stockmann Ab departments stores, Sokos Jyväskylä, Citymarket Hämeenlinna, Prisma Kuopio and Akateeminen Bookstore Tapiola. The largest export projects were Kaubamaja Tallin and the Passage department store in St. Petersburg.

Demand for public-facility fittings stayed at the level of the previous year. The most important projects were the International School in Helsinki and the Palosaari Laboratory in Vaasa.



Kaubamaja in Tallinn was one of GWS Pikval's largest export projects.

GWS PIKVAL OY

	Change			
	1996	1995	FIMm	%
Turnover	70	55	15	26.3
as % of the Group	7	6		
Investments	6	1	5	
Staff, persons	101	100	1	1
Profitability				
• good				
• will remain good				



The GWS Plastic Packaging Group is the largest domestic manufacturer of blow-moulded plastic bottles and canisters for the food, beverage and technochemical industries and also oil companies. The Plastic Packaging Group uses the latest production technology to meet customer requirements in its operations and is an active participant in the solution of the sector's environmental issues.

THE KLAUKKALA PLANT



Risto Summa

The Klaukkala plant's turnover amounted to FIM 46.8m, down on the previous year. Operating profit also did not meet target. Targets were not attained due to the continued slowdown in demand in domestic markets and exports. Market trends had been predicted and an extensive reorganisation programme was implemented during the year. The development measures carried out proved successful in the conditions governing demand during the

first half year, but the exceptional drop in sales during the remainder of the year resulted in a weaker than expected development of profit.

Deliveries of packaging and closures to the food industry rose to the planned level. In the whole sector, however, there was a falling trend as compared to the previous year. The predicted effects of EU membership and other factors on a packaging industry mainly focused on domestic markets were borne out by developments in demand. Difficulties for the food industry were further compounded by an exceptionally cold beginning to the summer, which especially affected demand for fruit-juice packaging.

Demand for technochemical packaging did not meet target, which was due to harder competition and the partial failure to realise export efforts by both customers and the plant.

A delivery contract was won in international competition to supply Nordic Shell companies with car-chemical and motor-oil packag-

There was greater use of canisters as a packaging for windscreen cleaning fluids.

ing. Due to demand for this packaging the entire sector grew substantially but not, however, completely in accordance with expectations.

Investments amounted to FIM 2.4m and were mainly aimed at quality productivity capacity in production, energy saving projects and airconditioning in the production facilities. Product development and even a reorientation are a necessary developmental trend in present market conditions.

The GWS Plastic Packaging Group was incorporated under the name GWS Plast Oy on 1 January 1997.



Seamless cooperation between the packer and packaging manufacturer ensures a high-quality product and consumer satisfaction.

THE PLASTIC PACKAGING GROUP

	Change			
	1996	1995*	FIMm	%
Turnover	47	72	-25	-34.7
as % of the Group	5	9		
Investments	2	1		
Staff, persons	114	155		-41
Profitability				
• fair				
• improving				

* including the Pori plant sold off in 1995



PLANT-001
WATER TANK



GWS Finncont Oy is one of the leading manufacturers of metal and plastic IBCs (Intermediate Bulk Containers) in Europe. IBCs are an environment-friendly logistics solution. GWS Finncont also manufactures ecotechnical waste sorting and recycling products. The company's main markets are the Nordic countries, the UK, Belgium and Holland.



Hans Johanson

GWS Finncont Oy is one of the leading manufacturers of metal and plastic IBCs (Intermediate Bulk Containers) in Europe. IBCs are an environmentfriendly logistics solution. GWS Finncont also manufactures ecotechnical waste sorting and recycling products. The company's main markets are the Nordic countries, the UK, Belgium and Holland.

GWS Finncont's turnover amounted to FIM 41.5m, 18.2% up

on the previous year. Both the IBC and rotation-moulding business continued to develop according to plan. Upgrading operations and investment in machinery to improve both manufacturing capacity and quality have also enabled a financially successful year. Turnover and operating profit targets were exceeded. Operating profit was good.

The upswing in the growth of IBC business operations slowed down in existing markets in Nordic countries and Central Europe. The key areas in developing business comprised boosting operations in the markets and researching new markets. Exports represent 63% of IBCs. Developments in the UK market were positive. In addition to surveying new markets a major investment project was started to raise welding capacity and the level of production technology, which will be put into operation in the middle of 1997.

The rapid growth in the rotation-moulding business continued. Upgrading operations was focused on developing production processes, tool design and quality. A plan to increase manufacturing capacity and production space was implemented during the year. Investments aimed at developing production amounted to FIM 1 m.

The GWS Container Group was incorporated under the name GWS Finncont Oy on 1 January 1996.

IBC's reinforced their position in the markets of Central Europe and the UK.



The Molok submerged collection system for waste is being exported to over ten countries at present.

The Tara Lahti is Säkkiväline's new composter whose excellent insulation properties and optimal use of inside space through its inner lid revolutionises year-round composting.



GWS FINNCONT OY

	Change			
	1996	1995	FIMm	%
Turnover	42	36	6	16.7
as % of the Group	4	5		
Investments	1	2	-1	
Staff, persons	64	60	4	6.7
Profitability				
• good				
• will remain good				

THE BOARD'S REPORT FOR 1996

GWS celebrated its 120th anniversary on 6 February. 1996 was Oy G.W. Sohlberg Ab's 88th financial year and 121st year of operations.

On a resolution passed by the General Meeting the nominal value of shares was changed from FIM 400 to FIM 40 (split shares) with each of the existing 400-mark shares corresponding in value to ten 40-mark shares. In addition, the company's shares were transferred to a book-entry securities scheme.

GENERAL DEVELOPMENTS

The recovery in the Finnish economy continued in 1996. Total output increased by 2.5% over the previous year. Consumer prices were on average 0.5% up on the previous year. Unemployment stood at 16.4% on average for the year. Production in the manufacturing industry rose by 3% and in the metal industry by about 6%. The volume of visible exports increased by some 2% and imports by around 4%. The balance of trade showed a surplus of FIM 23bn. Investment increased by some 6% on the previous year.

THE GROUP STRUCTURE

A letter of intent was signed between GWS and Scandinavian Equity Partners Ltd (SEP) concerning the shareholding arrangements of GWS Perlos Oy on 30.10.1996. The contract was put into effect on 31.12.1996 with GWS Perlos Oy's operations being transferred to the newly formed Perlos Oy. GWS and SEP are equal shareholders each with a 50% stake in the new company. At the beginning of the accounting period the operations of the GWS container group, based in Virrat, were incorporated under the name GWS Finncont Oy. The shares owned by Oy G.W. Sohlberg Ab in GWS Metallipakkaus Oy and Turenko Oy were sold off during the accounting period. The operations of the GWS plastic packaging group, based in Klaukkala, were transferred from the Parent Company to GWS Plast Oy, established on 1.1.1997. The consolidated accounts have been drawn up using the acquisition accounting method.

TURNOVER

The Group turnover rose to FIM 993.9m, growing by 21% as compared to the previous year. Especially large growth was achieved by GWS Perlos Oy (30%), GWS Pikval Oy (26.3%) and GWS Finncont Oy (20.2%). Direct exports and overseas operations totalled FIM 535.1m, representing 53.8% of the Group turnover. The turnover of the Parent Company, amounting to FIM 49.7m, only comprised that of the Klaukkala plant.

FINANCIAL RESULT

In 1996 the Group's financial result continued to improve. Profit before extraordinary items, allocations and taxes grew by 37.4% to FIM 85.2m.

The Group's extraordinary income and expenditure were exceptionally large. Extraordinary income was particularly increased by the sale of GWS Perlos Oy's operations to Perlos Oy and extraordinary expenditure by changes in the valuation of fixed assets carried out during the financial year. Profit before allocations and taxes amounted to FIM 524.7m and taxes to FIM 226.2m.

Profit showed positive developments especially in GWS Pikval Oy, GWS Finncont Oy and GWS Perlos Oy.

INVESTMENTS

Operative net investments by the Group, excluding the effects of the Perlos deal, amounted to FIM 84.8m, which is 8.5% of the turnover. The major part of investments was directed at expanding the manufacturing operations of GWS Perlos Oy and GWS Perlos (Texas) Inc. The Group's data networks were developed with ADP applications and hardware being renewed.

FINANCE

The Group's financial figures have showed a marked improvement over the previous year. The Group's total liabilities dropped by FIM 159m, and represented 60.8% of the turnover. Interest bearing liabilities decreased by FIM 326.2m to FIM 295.3m. At the same time the Group's cash assets came to FIM 625.3m, which is FIM 330m more than interest-bearing liabilities. The ratio of shareholders' equity to the balance sheet total for the Group rose from 19.1% for the previous year to 39.2%.

PERSONNEL AND PAYROLL

The Group had an average staff of 1,768 (1995 1,569), of which 145 (1995 245) were employed in the Parent Company. Salaries, wages and directors' emoluments for the Group were as follows:

	1996 FIMk	1995 FIMk
Members of the Board and Managing Directors	6,449	4,869
of which directors' emoluments	840	115
Other staff	239,493	203,174
Total	245,942	208,043

Salaries, wages and directors' emoluments for the Parent Company were as follows:

	1996 FIMk	1995 FIMk
Members of the Board and Managing Director	1,611	2,036
of which directors' emoluments	150	40
Other staff	20,655	29,302
Total	22,266	31,338

PROSPECTS FOR THE FUTURE

The year 1997 has started positively and operations are expected to develop in line with targets.

From 1.1.1997 the Parent Company no longer has industrial operations and functions as the provider of the Group's centralised services.

THE BOARD'S PROPOSAL FOR THE DISPOSAL OF EARNINGS

Group unrestricted equity FIM 284,502k
Parent Company unrestricted equity FIM 593,686k

The Board recommends that the above mentioned earnings be allocated as follows:

– distributed as dividend at FIM 25 per share, of which FIM 8 was normal dividend and FIM 17 bonus dividend	FIM 67,500k
– deposited in the account for accumulated profit from previous years	FIM 526,186k
	FIM 593,686k

INCOME STATEMENT 1.1.- 31.12.(FIM k)

GROUP				PARENT COMPANY				
31.12.1996	%	31.12.1995	%		31.12.1996	%	31.12.1995	%
993 922	(100)	821 271	(100)	Turnover	49 707	(100)	107 853	(100)
-754 083		-606 985		Purchasing and manufacturing expenditure	-51 729		-100 528	
239 839	(24.1)	214 286	(26.1)	Gross operating margin	-2 022	(-4.1)	7 325	(6.8)
-61 899		-60 341		Sales and marketing expenditure	-2 745		-7 867	
-53 760		-43 848		Administration expenditure	-29 806		-22 861	
-8 885		-8 479		Other operating expenditure	-888		-969	
12 396		11 997		Other operating income	6 684		7 058	
-		1 309		Share in associated company profits	-		-	
-2 011		-2 804		Depreciation of Group goodwill	-		-	
-114 159		-102 166		Total	-26 755		-24 639	
125 680	(12.6)	112 120	(13.6)	Operating profit/loss	-28 777	(-57.9)	-17 314	(-16.0)
				Financial income and expenditure				
327		122		Dividend income	432		144	
186		1 530		Interest income on long-term investments	12 889		13 150	
1 375		5 981		Other financial income	1 240		5 742	
-42 165		-48 034		Interest expenditure	-26 965		-37 087	
-180		-9 676		Other financial expenditure	-4 971		-8 001	
-40 457		-50 077		Total	-17 375		-26 052	
85 223	(8.6)	62 043	(7.5)	Profit/loss before extraordinary items, allocations and taxes	-46 152	(-92.8)	-43 366	(-40.2)
				Extraordinary income and expenditure				
587 493		5 116		Extraordinary income	928 448		126 987	
-148 030		-4 846		Extraordinary expenditure	-126 363		-6 846	
439 463		270		Total	802 085		120 141	
524 686	(52.8)	62 313	(7.6)	Profit before allocations and taxes	755 933		76 775	(71.2)
-58 163		-5 335		Difference in depreciation increase	-58 088		-15 144	
-348		99		Voluntary reserves increase/decrease	-		-	
-226 207		-4 568		Direct taxes	-225 259		-5 066	
239 968	(24.1)	52 509	(6.4)	Net profit for the year	472 586		56 565	(52.4)

BALANCE SHEET 31.12. (FIM k)

GROUP				PARENT COMPANY					
31.12.1996	%	31.12.1995	%	ASSETS		31.12.1996	%	31.12.1995	%
				FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS					
74		253		Intangible assets					
696		967		Intangible rights	2			-	
-		6 409		Goodwill	696			967	
1 131		1 995		Group goodwill	-			-	
28		274		Other long-term expenditure	742			1 618	
1 929	(0.2)	9 898	(1.0)	Advances	-			-	
				Intangible assets total		1 440	(0.1)	2 585	(0.3)
				Tangible assets					
62 462		65 661		Land and installation charges	8 125			8 097	
173 208		287 086		Buildings and constructions	58 762			46 251	
34 070		260 835		Machinery and equipment	11 727			73 778	
1 375		1 297		Other tangible assets	880			554	
10 992		2 035		Advances and purchases in progress	6 119			3	
282 107	(26.7)	616 914	(64.8)	Tangible assets total		85 613	(6.3)	128 683	(16.8)
				FIXED ASSET SECURITIES AND OTHER LONG-TERM INVESTMENTS					
-		-		Shares in subsidiaries	238 491			269 017	
-		2 912		Shares in associated companies	212 500			1 000	
10 792		16 255		Shares and holdings	9 713			14 845	
767		30 383		Long-term loans receivable	192 712			290 532	
11 559	(1.1)	49 550	(5.2)	Fixed assets securities and other long-term investments total		653 416	(48.2)	575 394	(75.2)
				INVENTORIES AND FINANCIAL ASSETS					
10 141		31 702		Inventories					
6 844		22 930		Materials and supplies	1 147			3 250	
24 128		28 379		Work in progress	510			1 997	
-		5 237		Finished products	2 355			1 431	
				Advances	-			-	
41 113	(3.9)	88 248	(9.3)	Inventories total		4 012	(0.3)	6 678	(0.9)
				RECEIVABLES					
68 731		131 690		Accounts receivable	9 852			21 009	
8 127		11 223		Loans receivable	158			11 153	
7 936		18 600		Prepaid expenses and accrued income	2 367			3 040	
9 348		14 104		Other receivables	35 560			13 896	
94 142	(8.9)	175 617	(18.5)	Receivables total		47 937	(3.5)	49 098	(6.4)
625 346	(59.2)	11 595	(1.2)	Cash and bank accounts		562 670	(41.6)	2 703	(0.4)
1 056 196	(100)	951 822	(100)	Assets total		1 355 088	(100)	765 141	(100)

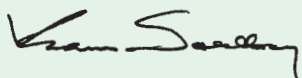
BALANCE SHEET 31.12. (FIM k)

GROUP				PARENT COMPANY				
31.12.1996	%	31.12.1995	%	LIABILITIES	31.12.1996	%	31.12.1995	%
				SHAREHOLDERS' EQUITY				
108 000		108 000		Restricted equity	108 000		108 000	
7 000		7 000		Share capital	4 000		4 000	
14 245		14 200		Revaluation reserve	14 175		14 175	
				Other restricted equity				
129 245	(12.3)	129 200	(13.6)	Restricted equity total	126 175	(9.3)	126 175	(16.5)
				Unrestricted equity				
44 534		259		Accumulated profit/loss from	121 099		79 654	
239 968		52 509		previous years	472 586		56 565	
				Net profit for the year				
284 502	(26.9)	52 768	(5.5)	Unrestricted equity total	593 685	(43.8)	136 219	(17.8)
413 747	(39.2)	181 968	(19.1)	Shareholders' equity total	719 860	(53.1)	262 394	(34.3)
				RESERVES				
32 992	(3.1)	-		Accumulated difference in depreciation	18 046	(1.3)	-	
398		86		Voluntary reserves	-		-	
4 350	(0.4)	6 082	(0.6)	Other reserves	4 350	(0.4)	5 844	(0.8)
				Compulsory reserves				
				LIABILITIES				
132 343		241 563		Long-term liabilities				
35 269		163 278		Loans from financial institutions	129 292		132 259	
71		85		Loans from pension institutions	35 270		129 033	
				Other long term loans	774		805	
167 683	(15.9)	404 926	(42.6)	Long-term loans total	165 336	(12.2)	262 097	(34.2)
				Short-term liabilities				
34 463		207 016		Loans from financial institutions	28 362		188 709	
93 161		9 734		Loans from pension institutions	93 043		7 025	
200		11 911		Advances	125		63	
25 770		49 018		Accounts payable	9 471		12 069	
260 582		66 527		Accrued liabilities and prepaid income	244 932		17 389	
22 850		14 554		Other short-term liabilities	71 563		9 551	
437 026	(41.4)	358 760	(37.7)	Short-term liabilities total	447 496	(33.0)	234 806	(30.7)
604 709	(57.3)	763 686	(80.3)	Liabilities total	612 832	(45.2)	496 903	(64.9)
1 056 196	(100)	951 822	(100)	SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES TOTAL	1 355 088	(100)	765 141	(100)

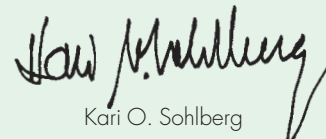
SOURCE AND APPLICATION OF FUNDS (FIM m)

GROUP			PARENT COMPANY	
1996	1995		1996	1995
		SOURCE OF FUNDS		
240.0	52.5	Income financing	472.6	56.6
214.7	52.0	Net profit	66.0	26.0
-	-	Depreciation	-	2.0
31.6	-2.1	Write-down on real estate	56.7	-1.3
-	-	Change in compulsory reserves	-	-
		Change in valuation items		
486.3	102.4	Income financing total	595.3	83.3
6.8	1.3	Change in shareholders' equity due to Group company disposals and translation adjustments	-	-
493.1	103.7		595.3	83.3
		APPLICATION OF FUNDS		
-166.1	64.6	Change in fixed assets and other long-term investments	140.0	51.1
237.2	-80.2	Change in long-term liabilities	96.8	-52.8
15.1	17.3	Distribution of dividends	15.1	17.3
406.9	102.0	Change in net working capital	343.4	67.7
493.1	103.7		595.3	83.3
		CHANGE IN NET WORKING CAPITAL		
41.1	88.2	Inventories	4.0	6.7
94.1	175.6	Receivables	47.9	49.1
625.3	11.6	Cash and bank accounts	562.7	2.7
-437.0	-358.8	Short-term liabilities	-447.5	-234.8
323.5	-83.4		167.1	-176.3
-83.4	-185.4	Net working capital 1.1	-176.3	-244.0
323.5	-83.4	Net working capital 31.12	167.1	-176.3

Espoo, 13.3.1997


Klaus Sohlberg


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Heikki Tulenheimo


Kauko Pihlava


Rolf Hasselblatt


Teppo Taberman

Principles for the preparation of the consolidated accounts, valuation methods and comparability 1996

- The consolidated accounts have been drawn up using the acquisition accounting method.
- The price paid for the shares of subsidiaries in excess of shareholders' equity is partly presented under fixed assets and partly under Group goodwill. The items for buildings and machinery and equipment are depreciated on a five year schedule. Goodwill has been fully depreciated during the accounting period.
- Intragroup transactions, unrealized margins on intragroup deliveries, intragroup receivables and payables have been eliminated.
- The figures for the 1995 balance sheet include the GWS Perlos Group companies, whereas those for 1996 do not, as the companies were sold off on 31.12.1996 to the new associated company, Perlos Oy. Perlos Oy has been included in the Group accounts using the equity accounting method. GWS Group companies have been included in the income statement for both years.
- Goodwill transferred in connection with the establishment of Perlos Oy is included the group internal margin of FIM 398.3m, of which FIM 212.5m has been eliminated against the acquisition cost of shares in Perlos Oy. The remainder of the internal margin will be eliminated from Perlos Oy's accumulated profits.
- The figures for the accounts of foreign subsidiaries have been translated into Finnish marks using the official average exchange rate of the Bank of Finland at the balance sheet date. The translation differences in eliminating the shareholders' equity of the foreign subsidiaries has been entered under unrestricted shareholders' equity.
- Inventories are presented according to the FIFO principle at acquisition cost or at the lower replacement cost or probable market price. Purchasing and manufacturing variable and fixed costs for those companies where their level has been significant have been capitalized under inventories' purchasing expenditure.
- Receivables and payables denominated in foreign currency have been translated into Finnish marks using the average exchange rates quoted by the Bank of Finland at the balance sheet date.
- The company's pension liability of FIM 12.9m was transferred to a pension insurance company at the end of 1996. This has been recorded under extraordinary expenditure. The pension fund's liability deficit of FIM 1.6m has been entered under extraordinary expenditure and compulsory reserves.

Supplementary information on the income statement and balance sheet

1. Turnover by business sector and market area

	1996	1995
	FIMk	FIMk
Turnover by business sector:		
Technical plastics and connectors	647,140	482,164
Industrial systems	187,839	178,069
Packaging	90,792	107,581
Interior fittings	68,151	53,457
Total	<u>993,922</u>	<u>821,271</u>
Turnover by market area:		
Finland	463,47	4443,392
Other Nordic countries	171,431	142,075
Other Europe	247,091	180,638

USA	71,888	39,956
Other countries	40,038	15,210
Total	<u>993,922</u>	<u>821,271</u>

2. Staff costs and fringe benefits

Wages and salaries	245,942	208,043
Pensions costs	60,244	35,785
Other statutory staff costs	21,736	23,118
Total	<u>327,922</u>	<u>266,946</u>
Fringe benefits	5,354	4,370
Total	<u>333,276</u>	<u>271,316</u>

3. Depreciation

Depreciation according to plan		
Intangible rights	61	150
Group goodwill	2,011	2,804
Goodwill	271	390
Other long-term expenditure	1,119	878
Buildings and constructions	9,891	9,307
Machinery and equipment	35,824	32,537
Other tangible assets	711	600
Depreciation according to plan total	<u>49,888</u>	<u>46,666</u>

Depreciation on extraordinary expenditure

Buildings	50,000	-
Group goodwill	4,664	-
Shares	51,948	-
Total	<u>106,612</u>	-

Difference in depreciation increase	58,163	5,335
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Book depreciation	<u>214,663</u>	<u>52,001</u>
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The periods for depreciation according to plan are as follows:

Intangible rights	10 years
Group goodwill	5 years
Goodwill	5 years
Other long-term expenditure	3-10 years
Buildings	40 years
Constructions	10 years
Machinery and equipment	5-10 years
Other tangible assets	5 years

Depreciation by activity:

Purchasing and manufacturing	39,951	35,613
Sales and marketing	907	680
Administration	2,880	2,457
Other operating depreciation	4,138	5,112
Group goodwill	2,011	2,804
Depreciation according to plan total	<u>49,888</u>	<u>46,666</u>
Extraordinary depreciation(including extraordinary expenditure)	106,612	-
Difference in depreciation increase	58,163	5,335
Book depreciation total	<u>214,663</u>	<u>52,001</u>

4. Intangible and tangible rights (supplement p.31)

5. Tax value of fixed assets		
Land	26,995	27,605
Buildings	64,272	117,691
Shares and holdings	6,866	12,788
6. Shares and holding (supplement p.32)		
7. Receivables from associated companies	7,917	-
8. Extraordinary income and expenditure		
Extraordinary income comprises income from the sale of a subsidiary's business activities to an associated company.		
Extraordinary expenditure comprises changes in the values of property and costs connected with the sale of Group business units.		
9. Loans to management and owners		
loans to company and Group company managing directors and board members	597	618
loans to company's Group company shareholders (per Joint Stock Co. Act 11:7:2)	336	367
	<u>933</u>	<u>985</u>
Terms of loan: Loans to Group company board members and managing directors to be repaid by 31.12.2000 at +1.0% over Bank of Finland base rate.		
Pension commitments concerning board members and managing directors		
Retirement age of Chairman of Parent Company Board of Directors and domestic Group company managing directors is 60.		
10. Shareholders' equity		
Restricted		
Share capital 1.1 and 31.12	108,000	108,000
Revaluation reserve 1.1	7,000	0
Increase	-	11,000
Decrease	-	-4,000
Revaluation reserve 31.12	<u>7,000</u>	<u>7,000</u>
Other restricted shareholders' equity 1.1	14,200	14,175
Increase	45	25
Other restricted shareholders' equity 31.12	14,245	14,200
Restricted shareholders' equity total	<u>129,245</u>	<u>129,200</u>
Unrestricted shareholders' equity		
Accumulated profit/loss from previous years 1.1	259	-29,278
Net profit/loss 1995-1994	52,509	55,133
Changes due to disposals of Group companies and other changes	6,886	-1,316
Distributed dividends	-15,120	-17,280
Write-downs on real estate	-	-7,000
Profit from previous years 31.12	<u>44,534</u>	<u>259</u>
Net profit for the year	239,968	52,509
Unrestricted shareholders' equity total	284,502	52,768
Shareholders' equity total	<u>413,747</u>	<u>181,968</u>

11. Compulsory reserves and changes		
Balance sheet		
- Reserve for rental costs	750	750
- Reserve for guarantee expenses	2,049	3,590
- Reserve for pension costs	<u>1,551</u>	<u>1,742</u>
Total	<u>4,350</u>	<u>6,082</u>
12. Liabilities maturing in five years or more		
Loans from financial institutions	-	18,972
Loans from pension institutions	<u>22,066</u>	<u>113,360</u>
Total	<u>22,066</u>	<u>132,332</u>
13. Commitments		
Pledges and commitments		
A. Own debt		
Pledged shares	11,473	179,959
Mortgages		
on land and buildings	183,137	323,714
Company mortgages	<u>95,000</u>	<u>100,000</u>
	289,610	603,673
Pledged deposits and receivables	135,120	13,726
B. On behalf of others		
Guarantees		
for associated companies	59,848	1,368
For others' debt	<u>1,585</u>	<u>3,154</u>
	61,433	4,522
C. Leasing and instalment commitments		
Leasing commitments	17,185	46,686
Instalment commitments (incl. in balance sheet debits)	-	46,055
	<u>17,185</u>	<u>92,741</u>
D. Totals		
Pledged shares total	11,473	179,959
Mortgages total	278,137	423,714
Pledged deposits and receivables	135,120	13,726
Guarantees total	61,433	4,522
Leasing and instalment commitments total.	<u>17,185</u>	<u>92,741</u>
	503,348	714,662
14. Other commitments		
Group companies' pension commitments	-	20,569
Pension Fund liability deficit (entered under compulsory reserves 1996)	-	2,506

- Unpledged commitments on certain real estate properties owned by Group companies.
- Commitment that the real estate at Terbenhofdreef 51-53, Wilrijk, Belgium, owned by Hansa-Mertens N.V., does not comprise a hazard to the environment. Belgian law and regulations are observed. This commitment is included in commitment pledge of FIM 9.0m above (included in item 13A).

NOTES TO CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

Further notes concerning the income statement and balance sheet are hereby presented in addition to the supplementary information on the presentation and valuation methods of the official consolidated accounts.

The consolidated accounts include the following firms:

Oy G.W. Sohlberg Ab (Parent Company)
 GWS Tarkkuusmuovi Oy (GWS Perlos Oy)
 Perlos Ltd, UK
 GWS Perlos Holding Inc., USA
 GWS Perlos (Texas) Inc., USA
 GWS Systems Oy
 G.W. Sohlberg GmbH, Germany
 GWS Industries S.A., France
 GWS Industri AB, Sweden
 GWS, Inc., USA
 GWS Pikval Oy
 GWS Finncont Oy
 GWS-Kiinteistö Oy
 Kiinteistö Oy Työnjohtajankatu 1
 Kiinteistö Oy Menotie 1
 Kiinteistö Oy Punamullantie 1
 Asunto Oy Helsingin Ehrensvärdintie 25
 Asunto Oy Niittysaarentie 7
 Pakopaikka Oy
 Associated company:
 Perlos Oy, (50%)

Income Statement:

- The income statement figures include the GWS Perlos Group for both years.
- The turnover of FIM 993.9m is FIM 172.6m, or 21%, up on the previous year.
- Purchasing and manufacturing expenditure comprises purchases of raw materials, change in inventories, purchasing and manufacturing wages and salaries inclusive of fringe benefits, other purchasing and manufacturing expenditure and depreciation according to plan charged to these activities. Purchasing and manufacturing expenditure amounts to 75.9% of the turnover with the corresponding figure for the previous year at 73.9%.
- The gross margin of FIM 239.8m is 24.1% of the turnover as opposed to 26.1% for the previous year.
- Sales and marketing expenditure comprises sales and marketing wages and salaries inclusive of fringe benefits, other sales and marketing expenditure such as travel and entertainment expenses, car expenses, advertising expenditure etc., as well as depreciation according to plan mainly on office machinery and equipment. Sales and marketing expenditure amounted to 6.2% of the turnover against 7.3% for the previous year.
- Administrative expenditure covers expenditure charged to the Group companies' management and financial administration and Group head office staff and other costs. Depreciation according to plan charged to their respective activities has been included in these costs. Administrative expenditure is FIM 10m higher in the income statement for 1996 than that of 1995. These figures are, however, not entirely comparable, as some FIM 5m entered in administrative expenditure for 1996 has been entered under other operating expenditure in 1995. The ratio of this expenditure to turnover is 5.4% with 5.3% for the previous year.

- Other operating expenditure and income mainly comprise the expenditure and income on rental activities and the proceeds on the sale of fixed assets.
- The operating profit of FIM 125.7m is FIM 13.6m, or 12.1%, up on the previous year. Operating profit amounts to 12.6% of the turnover against 13.6% for the previous year.
- Financial income and expenditure amounts to 4.1% of the turnover as opposed to 6.1% for the previous year.
- Profit before extraordinary items, allocations and taxes amounts to FIM 85.2m against FIM 62m for the previous year. Growth is 37.4%.
- Profit before allocations and taxes amounts to FIM 524.7m against FIM 62.3m for the previous year.
- The increase in the difference in depreciation, amounting to FIM 58.2m, means that the income statement includes FIM 58.2m of underdepreciation from previous years and overdepreciation for the accounting period in addition to depreciation according to plan. After this entry the Group has cumulative overdepreciation of FIM 33m.
- Direct taxes comprise taxes payable by the Parent Company during 1996 amounting to FIM 226.2m.

Balance Sheet:

- Great changes have occurred in the balance sheet figures compared to the previous year. The figures for 1995 include the GWS Perlos Group companies as subsidiaries. The figures for 1996, however, do not include the GWS Perlos Group, as it was sold off on 31.12.1996 to the newly established associated company, Perlos Oy. Perlos Oy is connected to the Group using the equity accounting method, which means that the shares in the associated company are included in the balance sheet under the heading "Shares in associated companies". The value of the shares has been eliminated against intragroup proceeds on sale of business operations so that their book value stands at FIM 0.
- Fixed assets and other long-term investments:
 Investments in fixed assets for 1996 amount to FIM 84.8m, which is 8.5% of the turnover. The book values in the balance sheet are booked after depreciation according to plan. Cumulative difference in depreciation of some FIM 33m is entered on the liabilities side of the balance sheet. The Parent Company accounts for FIM 18m of this amount, GWS Pikval about FIM 1m, GWS Finncont FIM 3m and the real estate companies FIM 11m. The difference in depreciation mainly comprises the difference attributable to buildings. The negative difference in depreciation from previous years on machinery and equipment has been entered in the income statement as an increase in the difference in depreciation. Cash and bank accounts mainly comprise short-term bank deposits.
- Group unrestricted equity has risen from the previous year's figure of FIM 52.8m to FIM 284.5m. Shareholders' equity, amounting to FIM 413.7m, is 39.2% of the balance sheet total against 19.1% for the previous year. Shareholders' equity plus accumulated difference in depreciation of FIM 33m amounts to 42.3% of the balance sheet total.
- Liabilities have decreased by FIM 159m from the previous year. Interest-bearing liabilities have decreased by FIM 326.2m. The ratio of liabilities to turnover is 60.8%, whereas it stood at 93% for the previous year. Relative debt has also improved. Liabilities and reserves amount to 60.8% of the balance sheet total as opposed to 80.9% for the previous year.

In evaluating liabilities one should note that the Group has liquid cash assets of FIM 625m, which means that there are no net liabilities.

Intangible and tangible assets (FIMk)	Intangible rights	Goodwill	Group goodwill	Other long-term expenditure	Advances (Intangibles)	Land	Buildings constructions real estate	Machinery and equipment	Other tangible assets	Advances and purchases in progress (tangibles)
Acquisition costs 1.1.1996	521	3,214	17,503	7,889	274	62,561	362,003	431,173	7,490	2,035
Increase 1.1.-31.12.1996	83	—	—	1,600	28	187	8,747	72,975	1,172	10,992
Decrease 1.1.-31.12.1996	-504	—	-1,522	-1,547	-274	-3,386	-105,857	-384,981	-5,238	-2,035
Acquisition costs 31.12.1996	100	3,214	15,981	7,942	28	59,362	264,893	119,167	3,424	10,992
Revaluations 1.1.1996	—	—	—	—	—	3,100	41,000	—	—	—
Revaluation increase 1.1.-31.12.1996	—	—	—	—	—	—	—	—	—	—
Reversed revaluations 1.1.-31.12.1996	—	—	—	—	—	—	-12,000	—	—	—
Accumulated plan depreciation	26	2,518	15,981	6,811	—	—	120,685	85,097	2,049	—
Book value 31.12.1996 after plan depreciation	74	696	—	1,131	28	62,462	173,208	34,070	1,375	10,992
Change in diff. in depreciation 1996	—	—	—	—	—	—	17,467	-75,630	—	—
Accumulated diff. in depreciation 31.12.1996	—	—	—	—	—	—	30,663	2,329	—	—

SHARES AND HOLDINGS OWNED BY THE GROUP WHERE THE GROUP HAS A SIGNIFICANT STAKE

	Group stake %	Group voting rights	Group stake in shareholders' equity FIM k	Shares/stake owned by the Group			Book value FIMk	Profit/loss in latest accounts FIMk
				Stake %	No.	Nom. value FIMk		
Associated companies								
Perlos Oy	50 %	50 %	212 500	50 %	8 500 000	85 000	0	—
Other shares and holdings								
Helsingin Puhelin Oy					57		107	
Merita Pankki Oy					250 819	3 750	4 768	
Kohdematkat Oy					50	50	250	
Oy Nordgolf Ab					3	75	101	
Pattistenrinne Asunto Oy					1	126	1 473	
Oy Pickala Golf Ab					2	20	109	
Vakuutusosakeyhtiö Sampo					11 217	224	2 338	
Keski-Suomen Puhelin Oy					50	11	166	
Suomen Arvopaperikeskus Oy					3		210	
							<u>9 522</u>	

AUDITORS' REPORT

To the shareholders of Oy G.W. Sohlberg Ab

We have examined the accounting records, the financial statements and administration of Oy G.W. Sohlberg Ab for the accounting period 1.1–31.12.1996. The financial statements presented by the Board of Directors and the Chief Executive comprise an account of the operations, the income statement and balance sheet of both the Group and Parent Company and supplementary information. On the basis of our examination we submit our report on the financial statements and administration.

The audit has been conducted in accordance with good auditing practice. The accounting records and principles employed in drawing up the financial statements and the contents and presentation of the financial statements have thus been examined to a sufficient extent to determine that the financial statements do not contain any essential errors or shortcomings. Examination of the administration shows that members of the Board of Directors and the Chief Executive have acted in accordance with the law as stipulated by the Joint Stock Companies Act.

We hereby submit that the financial statements showing a net profit of FIM 427,586,341.33 have been prepared in accordance with the Accounting Act and other rules and regulations governing their preparation. The financial statements give a true and fair view of the result of the operations and the financial position of the Group and the Parent Company in conformity with the Accounting Act. The financial statements and consolidated accounts can be adopted and the members of the Board of Directors and the Chief Executive be discharged from liability for the accounting period under review. The proposal by the Board of Directors for the disposal of shareholders' unrestricted equity as presented in the balance sheet is in conformity with the Joint Stock Companies Act.

Espoo, 21 March 1997

ARTHUR ANDERSEN KIHLMAN OY
Chartered Accountant Corporation


Kari Manner, C.A.


Jarmo Lohi, C.A.

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