Annual Report 2002

GWS

Contents

Review by the Chief Executive

2002 was a difficult year for most GWS business sectors and the financial results set for the year were not met. Consolidated net profit of EUR 9.3m can, however, be considered reasonable and above all it is positive that debt-bearing net liabilities have decreased.

GWS' strategy is based on the vision defined by the Board of Directors. This states that GWS is a growing and profitable family company, operating in the industrial sector, which hedges its risks. GWS is thus a multisector company. We have also set the criteria, which units belonging to the GWS Group must fulfil. A strong position in the market is one of the factors that comprise the basic prerequisites for profitable business.

Last year especially demonstrated that Group structure is not yet satisfactory. GWS continues to be overdependent on the volatile telecoms business. The greatest disappointment of 2002 was the sharp decline in profit by the Perlos Corporation. Perlos has promptly embarked on actions to improve the cost structure of the company. When one further notes that demand for Perlos' products and services is buoyant at the moment, I am optimistic with regard to this year's development.

Both business sectors in the Kyro Corporation, Glass Technology and Energy, have been able to achieve better than expected results. The present year is challenging for Kyro. The company will have to cope with incorporating a very large overseas corporate acquisition into the Glass Technology sector.

GWS Systems Oy was in a difficult situation in the market for the entire year, because exports did not take off. Exports are basically focused on the telecommunications and electronics industries, which are not investing at the moment. Systems' staff has come to terms with a difficult year characterised by adjustment activities and the company is seeking out new, export-related modes of operation for its entire product range.

GWS Pikval Oy has a strong position in the market in Finland and the company also has the reputation of being a quality supplier in Nordic countries and above all in Russia. The latter half of the year showed that the company is capable of utilising this position to achieve profitable growth in a cost-effective manner in its business.

We have an interesting year ahead, containing great uncertainty, yet also certainly offering opportunities as well. I believe that GWS is well equipped to face the present year and will continue to push forward in accordance with strategy towards the Group's vision.

I would like to thank our customers, our staff, our shareholders and other business associates for the past year.

Heikki Mairinoja
Chief Executive

The year 2002 in brief

- consolidated turnover of EUR 40.0m was 36.3% down mainly due to the sale of GWS Finncont Oy and the difficult international market situation of GWS Systems
- the result of the associated company, the Perlos Corporation, did not meet expectations; on the other hand, the Kyro Corporation continued to attain good profitability
- financial results for the subsidiaries, GWS Systems and GWS Pikval, did not attain the targets set for the year but were nevertheless better than for the previous year
- consolidated profit before extraordinary items amounted to EUR 12.4m (previous year EUR 18.7m); the sale of Perlos shares accounted for a substantial part of the profit; profit was impaired by the write-down charged to demolition of the Nurmijärvi real estate amounting to EUR 3.2m
- ratio of shareholders' equity to balance sheet total rose to 43.2% (previous year 40.0%)
- the Group sold shares in the Perlos Corporation totalling EUR 10.6m and acquired shares in the Kyro Corporation to the value of EUR 1.6m. The Group's stake in the Perlos Corporation at the end of the year amounted to approximately 37% and to 21% in the Kyro Corporation.

Key figures

	2002	2001	2000
Turnover, EUR m	40.0	62.9	81.4
Plan depreciation, EUR m	3.1	4.5	3.6
Operating profit, EUR m	15.2	20.9	30.5
as % of turnover	37.9	33.2	37.4
Profit before extraordinary items, EUR m	12.4	18.7	30.5
Profit before appropriations and taxes, EUR m	8.5	18.5	28.4
as % of turnover	21.3	29.5	34.9
Shareholders' equity, EUR m	70.8	65.7	79.9
as % of balance sheet total	43.2	40.0	70.1
GWS stake in Perlos Corporation market capitalisation, EUR m	116.4	238.7	446.6
GWS stake in Kyro Corporation market capitalisation, EUR m	52.7	44.8	-
Liabilities (gross), EUR m	92.5	97.7	33.2
Investments, EUR m	-4.7	45.2	2.0
as % of turnover	-	71.9	2.4
Staff, persons	450	640	660

Board of Directors, Board of Management and Auditors

BOARD OF DIRECTORS

Klaus Sohlberg, Chairman, Consul, B.Sc.(Econ.)

Heikki Tulenheimo, Vice Chairman, M.Sc.(Eng.)

Jan Hasselblatt, M.Sc.(Econ.)

Kari O. Sohlberg, Counsellor of Mining, M.Sc.(Econ.)*

Kari Stadigh, M.Sc.(Eng.),M.Sc.(Econ.)

Teppo Taberman, M.Sc.(Econ.)

Tiina Tallberg, M.Sc.(Econ.)

Juhani Virkkunen, B.LL*

* term of office expiring

Members of GWS Board of Directors: from left to right, Jan Hasselblatt, Juhani Virkkunen, Kari Stadigh, Kari O. Sohlberg, Tiina Sohlberg, Teppo Taberman, Klaus Sohlberg (Chairman) and Heikki Tulenheimo (Vice Chairman).

MANAGEMENT

Parent Company

Heikki Mairinoja, CEO

Pekka Soveri, Vice President, CEO 1.7.-31.12.2002

Risto Summa, Director Business Development

Ari Saarenmaa, Business Controller

Associated Companies

PERLOS CORPORATION

Timo Leinilä, President and CEO

Heikki Mairinoja, President and CEO 1.7.-31.12.2002

KYRO CORPORATION

Pentti Yliheljo, President and CEO

Subsidiaries

GWS SYSTEMS OY

Heikki Hildén, Managing Director

GWS PIKVAL OY

Juhani Markkanen, Managing Director

AUDITORS

Ernst & Young Oy, C.A.Corporation

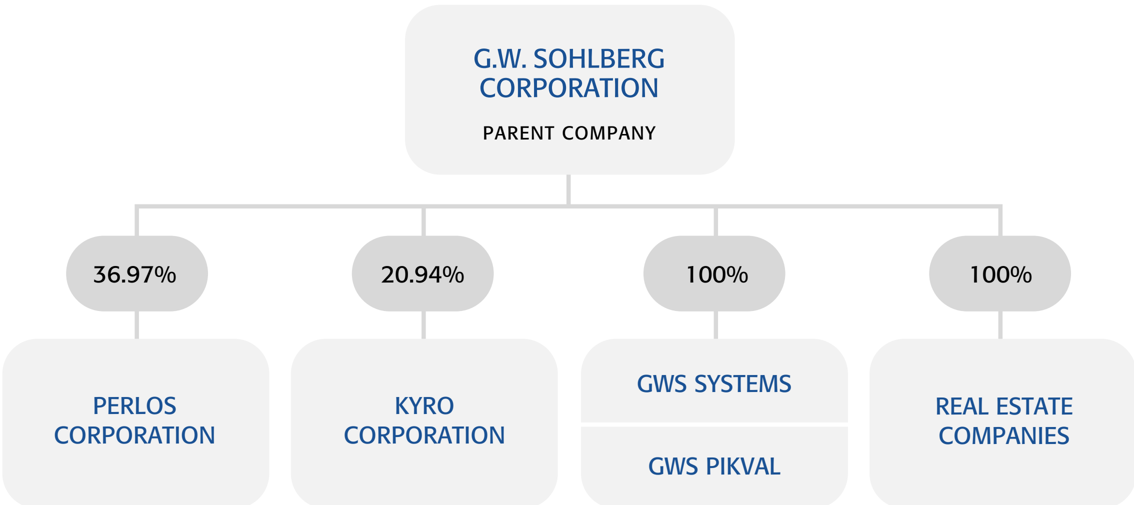
Pekka Luoma, C.A.
Responsible Auditor

Harri Pärssinen, C.A.

DEPUTY AUDITOR

Erkka Talvinko, C.A.

GWS Group



Perlos Corporation

Perlos is a global supplier to the mobile-phone and pharmaceutical industries. The company manufactures such products as mechanical plastic and metal parts for mobile phones, moulds, antennas, connectors, asthma inhalers and various dosing devices used in birth control and cancer treatment. The Group has operations in Brazil, the UK, China, Malaysia, Sweden, Singapore, Finland, Hungary and the USA.

Perlos' turnover decreased in 2002 to EUR 364.6m (2001 EUR 431.6m) mainly for two reasons impacting on the beginning of the year. Several major projects concerning mobile-phone products were subject to unforeseen changes, beyond the company's control. In addition, Perlos' customer base decreased during the latter part of 2001 as a result of reorganisations occurring in the field.

Consolidated operating profit decreased in 2002 to EUR 1.4m (EUR 53.2m), representing 0.4% of turnover (12.3%).

During 2002 Perlos and Aspocomp Group Oyj agreed to set up a joint R&D company. The new company was called Asperation Oy with ownership equally divided between Aspocomp Group Oyj and the Perlos Corporation. In summer 2002 Perlos signed an agreement with Etteplan Oyj to establish a joint venture, which received the name, EPE Design Oy. Perlos and Etteplan both own a 50% stake in the new company.

The Group's gross investments amounted to EUR 40.9m (EUR 37.3m), representing 11.2% of turnover (8.6%). They were mainly focused on plant extensions and investments in painting lines at several plants.

In the beginning of the year Perlos founded a subsidiary in the Brazilian free trade area of Manaus. The new company, Perlos Ltda, manufactures components and makes sub-assemblies predominantly for mobile-phone and electronics firms located in Brazil.

Early in the year manufacture of pharmaceutical products was also started at the production plant in Sunderland, UK, with part of the plant converted to closed environment facilities. During the summer Perlos' Hungarian subsidiary, Perlos Precision Plastics Moulding Limited Liability Company, started expansion of its plant in Komárom, Hungary.

The business activities of Moteco Telecommunication Equipment Co.Ltd, located in Beijing, China, were merged with Perlos (Guangzhou) Engineering Plastics Co.Ltd's operations during the summer. The manufacture of mobile-phone antennas was transferred to Perlos' Guangzhou plant at the end of the year.

In December Perlos announced the establishment of new production facilities in China. The plant will be located on a leased site in the Beijing Economic and Technological Area near the Xingwang Industrial Park.

Perlos Group staff in 2002 averaged 3,641 employees (3,583).

Turnover in the Telecommunications and Electronics Industry customer sector is expected to grow more rapidly than in worldwide mobile-phone markets in 2003 due to the deployment of the new production facilities and new accounts. Turnover in the Pharmaceutical Industry customer sector is expected to grow in line with that of the industry.

The first quarter of 2003 is estimated to show a loss and profitability is expected to improve towards the end of the year. Earnings per share for the year are forecast to improve on the previous year.

	2002	2001	CHANGE	%
Turnover, EUR m	364.6	431.6	-67	-16
Investments, EUR m	40.9	37.3	3.6	10
Staff, persons	3641	3538	103	3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Kyro Corporation

The Kyro Corporation's business sectors in 2002 were safety-glass technology and energy. The Safety Glass Technology sector comprises the Tamglass Group and Uniglass Engineering Oy. The Energy sector comprises Kyro Power Oy.

The Kyro Group's turnover for 2002 amounted to EUR 144.3m (2001 EUR 147.0m). Consolidated operating profit totalled EUR 18.7m (EUR 17.2m), representing 13.0% of turnover (11.7%). Operating profit was improved by the exceptionally good result attained by both business sectors in the final quarter. The Group's financial situation was good.

The Kyro Corporation acquired the entire shareholding of Uniglass Engineering Oy in April 2002. Uniglass Engineering Oy manufactures and sells tempering ovens for flat glass, thus supplementing the product range offered by the Safety Glass Techmology business sector. In November 2002 Tamglass Ltd. Oy acquired a 70% stake in Finton Parvekejärjestelmät Oy, suppliers of glazing for balconies and building exteriors. In addition Tamglass Ltd. Oy acquired a 70% stake in Suomen Lämpölasi Oy, manufacturers of insulation-glass elements, at the beginning of 2003.

In January 2003 the Kyro Corporation acquired the entire shareholding of Z.Bavelloni Immobiliare S.p.A. and Glasto Holding B.V.. Z.Bavelloni manufactures machines and tools for the glass and stone processing industries. The company has a 30% market share in its main customer sectors. Glasto is an international group of sales and service companies, which mainly deals in Z.Bavelloni machines and tools.

As a result of these acquisitions Kyro's glass technology sector has grown to become the largest supplier of machines and tools to the glass processing industry. In addition, the Group's business activities have extended into machinery for the stone processing industry. Kyro's glass and stone technology sector uses the name, Glaston Technologies.

Turnover for the Safety Glass Technology business sector in 2002 amounted to EUR 117.8m (EUR 120.9m). The sector's operating profit came to EUR 15.4m (EUR 15.2m). Operating profit was excellent in the final quarter due to the profitability attained by the machine facilities in Finland, Brazil and China. The orderbook on 31.12.2002 was good despite high end-of-year delivery volumes.

Uncertainty in the world economy delayed investment decisions in 2002 mainly in Europe and the USA. Demand for safety-glass machinery in the USA, however, recovered in the latter part of the year. In Asia demand grew considerably over the previous year.

The high utilisation rate of production capacity at glass processing companies underlines the importance of preventive maintenance and increases demand for maintenance services and spare parts. Sales of maintenance services, accessories and used machinery by Tamglass grew considerably over the previous year.

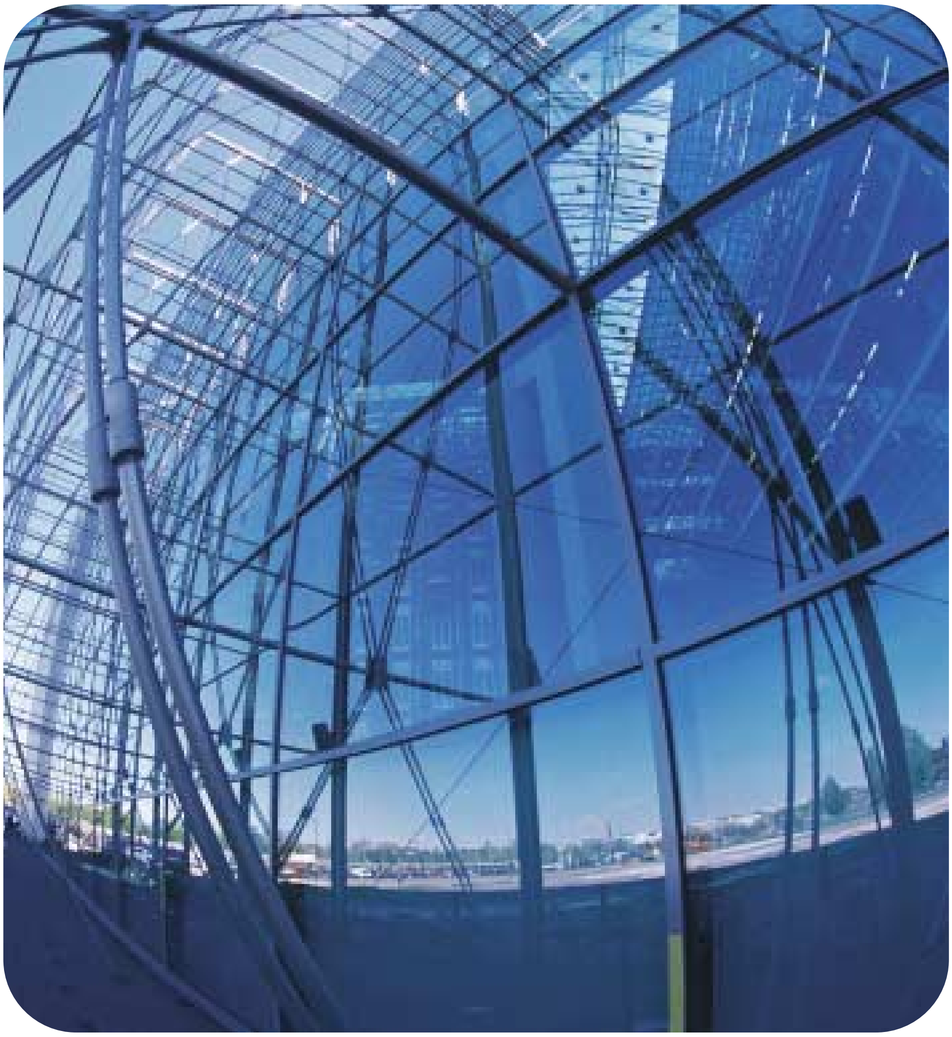
Kyro Power's turnover in 2002 amounted to EUR 26.3m (EUR 25.7m). Operating profit improved on the previous year, totalling EUR 5.5m (EUR 5.2m). The power plants operated without disruptions in 2002.

Group investment totalled EUR 6.8m (EUR 3.5m). R&D expenditure for 2002 was EUR 6.6m (EUR 7.4m). The Kyro Group had 531 (460) employees at the end of accounting period with 161 (158) employed overseas. Average staff during the accounting period amounted to 536 (471).

The starting point for the Kyro Group and its business sectors is good for 2003. Long-term growth in the market for glass-processing machinery is estimated to continue. Kyro's Glass and Stone Technolgy sector, Glaston Technologies, is worldwide market leader in its field. Kyro Power's turnover and operating profit are also estimated to attain a similar level in 2003 to the previous year.

Kyro's turnover will grow vigorously due to acquisitions already made. Provided that the general economic situation does not weaken, profitability of the Kyro Group is estimated to be at a good level in 2003.

	2002	2001	CHANGE	%
Turnover, EUR m	144.3	147.0	-2.7	-2
Investments, EUR m	6.8	3.5	3.3	94
Staff, persons	536	471	65	14



GWS Systems

GWS Systems manufactures industrial workstations and Sovella shelving systems. Product development, manufacturing and marketing are based in Jyväskylä. GWS Systems' sales companies operate in the USA, France, Sweden and Germany. In addition the parent company has sales offices in the UK and China. Overseas activities generate almost half the turnover.

The year 2002 did not go according to plan for the GWS Systems Group. Demand remained at a low level especially in the US, German and Swedish markets and weakened considerably in France and Finland. The reason for this was the long ongoing slump in investment in the telecommunications and other electronics industries.

Workshop and especially Sovella product lines did well in 2002. The success of the Concept product line was smaller than expected. In exports the USA was most below targets.

Targets for turnover and operating profit were not met. The GWS Systems Group turnover amounted to EUR 21.8m (2001 EUR 33.7m). The FPS business was sold off on 1 April 2002. Due to low demand operating profit was negative despite major reorganisations. Loss was made mainly by the overseas sales companies where readjustments were not implemented in line with the drop in volume.

Development measures aimed at reinforcing future operations continued. An ISEQ (Improvements of Systems, Efficiency and Quality) programme was introduced. The first phase of an automated storage and manufacturing system based on FMS was implemented in 2002, while the renewal project for the Workshop product line progressed on schedule.

Finding new customers for the Concept product line in the laboratory segment (GWS Visio) was started up in the USA. Market research was carried out and the first pilot deals were achieved during 2002.

Investments implemented amounted to EUR 1.8m mainly focusing on production equipment. Expenditure on R&D activities came to EUR 0.4m.

GWS Systems' staff numbered on average 265 (347). Of this figure 42 were employed by the overseas sales companies.

Industrial investment was very low for the entire year in GWS Systems' most important export markets. The company is, therefore, continuing to apply stringent cost control and also profit control of the sales companies. At the same time sales activities are focused on finding new distribution channels for Workshop, Sovella and GWS Visio product lines in export markets.

	2002	2001	CHANGE	%
Turnover, EUR m	21,8	33,7	-11,9	-35
as % of Group	56	54		
Investments, EUR m	1,8	1,3	0,5	38
Staff, persons	265	347	-82	-24




GWS Pikval

GWS Pikval is a full-service supplier of fittings for department stores, shops and public facilities. The company's strengths are in project management and combining different fittings materials. The plant is based in Vaajakoski. The main market areas are Finland, Russia, Sweden, the Baltic countries, Poland and Norway.

Retailer investment activity remained high in Finland in 2002. Sales targets were not met, however, in all markets with the result that GWS Pikval's turnover was slightly below the company's target for the year.

Turnover for the year amounted to EUR 17.4m, a little below that of the previous year. Operating profit improved over the previous year especially during the second half of the year due to adjustment measures undertaken and was almost at a satisfactory level.

Major domestic fittings projects included Sokos department stores in Jyväskylä and Kuopio, J.Kärkkäinen in Ylivieska, the Akateeminen Kirjakauppa bookstore in Helsinki and refurbishing sales outlets on the Silja Line ferries, Opera, Serenade and Europa, which was a new market breakthrough. The company also fitted sales outlets on the Tallink Line's Romantika.

Export of shopfittings grew by 40% on the previous year. The largest export customer was the Clas Ohlson AB hardware chain, as was the case for the previous year, which opened five new stores with one of them in Helsinki. In Moscow GWS Pikval started cooperation with the Moskovskii Dom Knigi, fitting the largest bookstore in the city.

Another major customer in Russia was the traditional department store, GUM, where Pikval fitted a cosmetics store. New shopfitting projects are in progress in GUM at the beginning of 2003. Pikval's regular customers, the clothing chains, Holding Center and Jean Symphony, have also increased their volumes. The largest projects in Estonia were Prismat Mustamäki and Kristine Tallina.

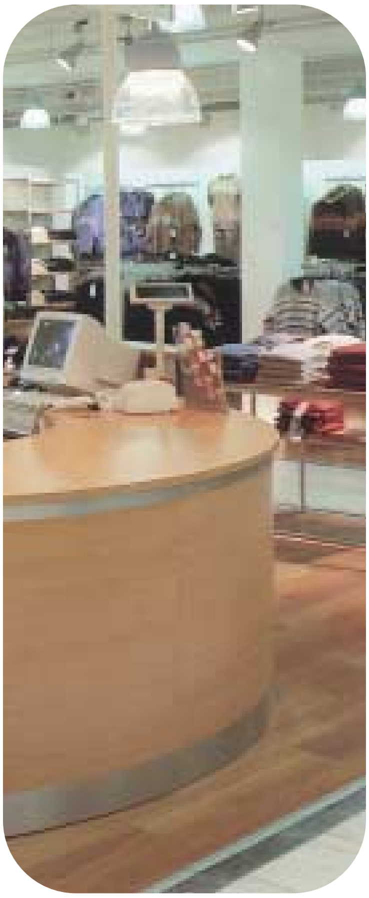
GWS Pikval's subsidiary in Poland did not attain sales or profit targets during its second year of operations. Turnover in 2002 was EUR 0.3m. The largest customers were the cigarette manufacturer, Philip Morris; Poland's largest household appliance retail chain, Euro-net; the gift retail chain, Cartoon Planet, and the youth fashion retailers, Lee Cooper. In 2003 sales are expected to grow considerably and profitability to improve.

Total investments for 2002 by GWS Pikval amounted to EUR 0.4m. Development costs came to EUR 0.4m. Company staff numbered on average 135 in comparison to 147 during the previous year.

Prospects for 2003 in Finland are similar to those of the previous year. In Russia shopfitting markets are growing considerably, especially in the Moscow region. GWS Pikval is expected to maintain its position in domestic markets. Meeting turnover and profit targets, however, will depend on success in export markets as well as on managing to achieve cost-effectiveness in the company's operations.

	2002	2001	CHANGE	%
Turnover, EUR m	17.4	18.8	-1.4	-7
as % of Group	44	30		
Investments, EUR m	0.4	1.0	-0.6	-60
Staff, persons	135	147	-12	-8



Report by the G.W. Sohlberg Corporation's Board of Directors for 2002

2002 was the G.W. Sohlberg Corporation's 94th financial year and 127th year of operations.

GROUP STRUCTURE

The entire business of GWS Finncont Oy was sold off at the beginning of the year to Almondera Oy (GWS Finncont Oy after changing its name). The G.W. Sohlberg Corporation subscribed to 19.9% of Almondera Oy shares. GWS Systems Oy's FPS business was also sold off at the beginning of the year with the G.W. Sohlberg Corporation subscribing to 750,000 shares in Flexlink Ab in connection with the deal.

The G.W. Sohlberg Corporation's commitments to EQT Finland BV and ADR-Haanpää Oy's shares held by the company, numbering 78,594 shares, were transferred to Finvest Oyj (at present Amanda Capital Oyj) by subscribing to 9,407,000 shares in the company in connection with raising Finnvest Oyj's share capital.

The Group's parent company has operated as a provider of central services to the Group.

TURNOVER

Consolidated turnover amounted to EUR 40.0m. Turnover fell by EUR 22.9m, or by 36.3% (previous year decrease of 22.8%). Since GWS Finncont Oy and the FPS business are not included in turnover for 2001, the comparable drop in turnover without the omitted operations was 25.3%. The largest decrease in turnover was posted by the GWS Systems Group at 35.3%. This was mainly due to the long-term slump in investment by the telecommunications and other electronics industries especially in export markets as well as to divesting the FPS unit.

Direct exports and overseas operations together accounted for EUR 15.1m, which represents 37.6% of consolidated turnover.

FINANCIAL RESULTS

The financial results for the Group and its subsidiaries did not meet set targets and were down on the previous year. Profit before extraordinary items amounted to EUR 12.4m (EUR 18.7m).

The write-down attributable to the demolition of buildings belonging to Kiinteistö Oy Punamullantie 2 (Nurmijärvi) impaired the Group's result by some EUR 3.2m.

The share of the Kyro Corporation's profit for the accounting period 2002 amounted to EUR 1.6m (EUR 0.4m). The GWS Group's share of the Perlos Corporation's profit for the accounting period 2002 came to EUR 7.8m (EUR 25.6m).

INVESTMENTS

The Group's investments in machinery and equipment amounted to EUR 2.4m, representing 6.0% of turnover. The largest industrial investment in 2002 was on the first phase of GWS Systems' automated storage and manufacturing system totalling EUR 1.7m.

The G.W. Sohlberg Corporation sold 1,118,000 shares in the Perlos Corporation in 2002. Proceeds on the sale of the shares totalled EUR 10.6m. In addition, the company bought shares in the Kyro Corporation to the value of EUR 1.6m.

During the year the company sold the Klaukkala factory site belonging to GWS Plast Oy as well as office real estate located in Wilrijk, Belgium.

Group subsidiaries invested EUR 0.8m in R&D activities focused mainly on product development.

FINANCING

Consolidated liabilities amounted to EUR 92.5m (EUR 97.7m), of which EUR 81.7m (EUR 87.9m) was interesting-bearing. At the same time the Group had cash assets of EUR 12.8m (EUR 4.5m).

The ratio of shareholders' equity to the balance sheet total was 43.2% (40.0%). The value of shares in the associated company, the Perlos Corporation, in the Group balance sheet was EUR 46.1m and in the associated company, the Kyro Corporation, EUR 44.7m.

STAFF

Group staff numbered on average 450 (640) with 31 (35) in the parent company.

ASSOCIATED COMPANIES

The G.W. Sohlberg Corporation's stake in the associated company, the Perlos Corporation, decreased from 38.90% at the end of the previous year to 36.97% due to a share sell-off, the annulment of Perlos' own shares and implementation of the options programme. The stake in the Kyro Corporation rose at the turn of the year from 20.25% to 20.94%.

The associated companies, the Perlos Corporation and the Kyro Corporation, together with their subsidiaries are included in the consolidated accounts using the equity accounting method, whereby the companies' figures for turnover and other such items are not included in the consolidated accounts except for share of the associated companies' profits recorded in the income statement and shares in associated companies recorded in the balance sheet.

The Perlos Corporation had a turnover of EUR 364.6m. This marks a drop on the previous year of EUR 67.0m, about 15.5%. The drop in turnover was due to unforeseen changes beyond Perlos' control occurring in several major mobile-phone projects and a decrease in Perlos' customer base resulting from reorganisations in the field. Operating profit before amortisation of goodwill was EUR 24.0m, representing 6.6% of turnover. The G.W. Sohlberg Corporation's dividend income from the Perlos Corporation was EUR 5.1m.

The Kyro Corporation had a turnover of EUR 144.3m. The drop on the previous year was EUR 2.7m, about 1.8%. The Safety Glass Technology business sector's turnover fell by 2.6%. On the other hand, the Energy business sector's turnover rose slightly. Operating profit amounted to EUR 18.7m, which represents 13.0% of turnover. The G.W. Sohlberg Corporation's dividend income from the Kyro Corporation was EUR 2.8m.

PROSPECTS FOR 2003

The Group's growth prospects for 2003 will follow trends in the world economy and in the telecoms markets. The economy is not forecast to recover much during the present year. This will require a partial reorientation of the subsidiaries' operations and a continuation of their ongoing efficiency measures in production.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISPOSAL OF EARNINGS

	EUR k
Group disposable unrestricted shareholders' equity	47,632
Parent company disposable unrestricted shareholders' equity	37,874

The board proposes that the disposable assets be allocated as follows:

- distributed as dividend to shareholders at EUR 1.67 per share	4,509
- deposited in shareholders' equity	33,365
	37,874

Espoo, 5 March 2003

Klaus Sohlberg
Chairman

Heikki Tulenheimo
Vice Chairman

Jan Hasselblatt

Kari O. Sohlberg

Kari Stadigh

Teppo Taberman

Tiina Tallberg

Juhani Virkkunen

Heikki Mairinoja
CEO

Income Statement 1.1.-31.12.

EUR k	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
TURNOVER	40,041	62,891	1,127	1,923
Change in inventories of finished products and WIP	28	-1,677	-	-
Manufacture for own use	45	514	-	-
Share of associated companies' profits	9,883	25,977	-	-
Other operating income	10,831	3,686	12,329	3,725
Materials and services				
Materials, supplies and goods				
Purchases during accounting period	-15,199	-24,155	-	-
Change in inventories	-455	-657	-	-
External services	-530	-1,133	-	-
Materials and services total	**-16,184**	**-25,945**	**-**	**-**
Staff expenditure				
Wages, salaries and fees	-12,285	-19,044	-1,584	-2,063
Staff social expenditure				
Pension costs	-2,232	-3,864	-571	-1,295
Other staff expenditure	-1,440	-2,179	-117	-165
Staff expenditure total	**-15,957**	**-25,087**	**-2,272**	**-3,523**
Depreciations and write-downs				
Depreciation according to plan	-3,096	-4,521	-409	-444
Depreciation total	**-3,096**	**-4,521**	**-409**	**-444**
Other operating expenditure	**-10,434**	**-14,941**	**-3,621**	**-4,661**
OPERATING PROFIT	**15,157**	**20,897**	**7,154**	**-2,980**
Financial income and expenditure				
Long-term investment income from other Group companies	-	-	1,777	224
Income from stake in associated companies	-	-	11,174	5,771
Long-term investment income from other companies	115	53	115	76
Other interest and financial income from Group companies	-	-	695	775
Other interest and financial income from other companies	879	735	824	643
Write-down refunds	711	-	711	-
Interest expenditure and other financial expenditure to Group companies	-	-	-147	-108
Interest expenditure and other financial expenditure to other companies	-4,426	-3,017	-4,334	-2,971
Financial income and expenditure total	**-2,721**	**-2,229**	**10,815**	**4,410**
PROFIT BEFORE EXTRAORDINARY ITEMS	**12,436**	**18,668**	**17,969**	**1,430**
Extraordinary items				
Extraordinary income	395	141	585	141
Extraordinary expenditure	-4,313	-266	-4,698	-265
Extraordinary items total	**-3,918**	**-125**	**-4,113**	**-124**
PROFIT BEFORE APPROPRIATIONS AND TAXES	**8,518**	**18,543**	**13,856**	**1,306**
Difference in depreciation decrease	**-**	**-**	**82**	**216**
Income tax	**777**	**2,053**	**-3,284**	**11**
NET PROFIT FOR THE YEAR	**9,295**	**20,596**	**10,654**	**1,533**

Balance Sheet 31.12.

EUR k	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
ASSETS				
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS				
Intangible assets				
Other long-term expenditure	1,032	2,245	97	130
Advances	7	11	-	-
Intangible assets total	**1,039**	**2,256**	**97**	**130**
Tangible Assets				
Land and installation charges	9,404	9,661	489	521
Buildings and constructions	15,083	22,158	5,140	6,166
Machinery and equipment	8,462	11,048	552	729
Advances and purchases in progress	16	53	-	-
Tangible assets total	**32,965**	**42,920**	**6,181**	**7,416**
Investments				
Shares in Group companies	-	-	38,681	38,663
Receivables from Group companies	-	-	1,187	4,615
Shares in associated companies	90,777	89,951	72,071	72,043
Other shares and holdings	5,242	1,288	5,191	1,217
Other receivables	1,186	-	1,178	-
Investments total	**97,205**	**91,239**	**118,308**	**116,538**
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS TOTAL	**131,209**	**136,415**	**124,586**	**124,084**
INVENTORIES AND FINANCIAL ASSETS				
Inventories				
Materials and supplies	1,084	2,520	-	-
Work in progress	793	2,467	-	-
Other products/goods	3,822	4,708	-	-
Inventories total	**5,699**	**9,695**	**-**	**-**
Receivables				
Long-term				
Loans receivable	-	-	-	-
Other receivables	6	50	-	25
Prepaid expenditure and accrued income	-	2,509	-	2,508
Long-term receivables total	**6**	**2,559**	**-**	**2,533**
Short-term				
Accounts receivable	5,386	6,737	300	214
Receivables from Group companies	-	-	11,537	15,048
Receivables from associated companies	11	716	-	-
Loans receivable	14	-		
Other receivables	1,591	1,633	1,517	1,517
Prepaid expenditure and accrued income	7,191	1,888	6,407	239
Short-term receivables total	**14,193**	**10,974**	**19,761**	**17,018**
Receivables total	**14,199**	**13,533**	**19,761**	**19,551**
Cash and bank accounts	**12,811**	**4,507**	**11,773**	**3,433**
INVENTORIES AND FINANCIAL ASSETS TOTAL	**32,709**	**27,735**	**31,534**	**22,984**
ASSETS TOTAL	**163,918**	**164,150**	**156,120**	**147,068**

Balance Sheet 31.12.

EUR k	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
LIABILITIES				
SHAREHOLDERS'EQUITY				
Restricted equity				
Share capital	18,900	18,900	18,900	18,900
Revaluation reserve	168	168	168	168
Other restricted equity	1,705	1,705	1,649	1,649
Restricted equity total	**20,773**	**20,773**	**20,717**	**20,717**
Unrestricted equity				
Accumulated profit from previous years	40,688	24,293	27,220	29,737
Net profit for the year	**9,295**	**20,596**	**10,654**	**1,533**
Unrestricted equity total	**49,983**	**44,889**	**37,874**	**31,270**
SHAREHOLDERS' EQUITY TOTAL	70,756	65,662	58,591	51,987
ACCUMULATED APPROPRIATIONS				
Accumulated difference in depreciation	-	-	935	1,017
COMPULSORY RESERVES				
Other compulsory reserves	686	746	679	679
LIABILITIES				
Long-term				
Loans from financial institutions	58,146	61,217	58,145	61,217
Loans from pension institutions	793	1,443	793	1,442
Debt to Group companies	-	-	8	12
Deferred tax liabilities	1,706	2,056	-	-
Other long-term liabilities	300	363	292	352
Long-term liabilities total	**60,945**	**65,079**	**59,238**	**63,023**
Short-term				
Loans from financial institutions	21,796	24,476	21,772	24,440
Loans from pension institutions	650	771	650	771
Advances	632	47	-	-
Accounts payable	1,657	1,576	140	216
Debt to Group companies	-	-	9,891	3,899
Debt to associated companies	-	566	-	-
Other short-term liabilities	773	1,184	153	112
Accrued liabilities and prepaid income	6,023	4,043	4,071	924
Short-term liabilities total	**31,531**	**32,663**	**36,677**	**30,362**
LIABILITIES TOTAL	92,476	97,742	95,915	93,385
SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES TOTAL	163,918	164,150	156,120	147,068

Source and Application of Funds 31.12.

	Group		Parent Company	
EUR k	2002	2001	2002	2001
Cash from operations				
Operating profit/loss	15,157	20,897	7,155	-2,980
Adjustments to operating profit/loss	-5,367	3,030	-8,823	-276
Change in working capital	5,000	1,247	8,895	-1,868
Interest expenditure and costs	-4,426	-3,017	-4,481	-3,079
Dividends received	0	53	12,810	5,840
Interest income	1,554	822	2,486	1,648
Tax and tax rebates	427	1,668	-3,284	12
Net cash flow from operations	**12,345**	**24,700**	**14,758**	**-703**
Cash flow from investments				
Investments in tangible and intangible assets	-2,004	-3,758	-250	-338
Income on disposal of tangible and intangible assets	14,565	1,962	10,161	1,055
Investments in other investment items	-5,966	-65,327	-5,197	-42,960
Repayments of loans receivable	-	-	3,427	431
Net cash flow from investments	**6,595**	**-67,123**	**8,141**	**-41,812**
Cash flow from financing				
Short-term loans raised	22,446	25,247	22,422	25,211
Short-term loans repaid	-25,247	-9,505	-25,211	-9,471
Long-term loans raised	12,000	62,660	12,000	63,023
Long-term loans repaid	-15,785	-8,942	-15,785	-9,112
Dividends paid	-4,050	-34,966	-4,050	-34,966
Group contributions received and paid	-	-	-3,935	-
Net cash flow from financing	**-10,636**	**34,494**	**-14,559**	**34,685**
Change in liquid assets	8,304	-7,929	8,340	-7,830
Liquid assets 1.1.	4,507	12,436	3,433	11,263
Liquid assets 31.12.	**12,811**	**4,507**	**11,773**	**3,433**
Change in working capital				
Short-term operating receivables decrease (+)/increase (-)	-666	3,169	-210	-3,610
Inventories decrease (+)/increase (-)	3,996	2,598	-	-
Short-term debt increase (-)/decrease (-)	1,670	-4,520	9,105	1,742
	5,000	**1,247**	**8,895**	**-1,868**

G.W. Sohlberg Corporation
Group Supplementary Information

PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ACCOUNTS, VALUATION METHODS AND COMPARABILITY

CALCULATION PRINCIPLES FOR THE CONSOLIDATED ACCOUNTS

The consolidated accounts have been drawn up using the acquisition accounting method.

The price paid for the subsidiaries' shares in excess of shareholders' equity has partly been entered under fixed assets and partly under Group goodwill. The items entered under fixed assets are depreciated according to useful life. The goodwill part has been fully amortised.

INTRAGROUP TRANSACTIONS AND MARGINS

Intragroup transactions, unrealised margins on intragroup deliveries, intragroup receivables and payables have been eliminated.

EXCHANGE RATE AND TRANSLATION DIFFERENCES

The income statements of Group companies in Sweden, the USA and Poland have been translated into euros using the average rates of exchange for the last date of the twelve months presented. Balance sheets have been translated using the average exchange rate at the balance sheet date.

The translation differences due to fluctuations in exchange rates arising in the elimination of mutual shareholding have been entered under unrestricted shareholders' equity.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Group companies' receivables and payables denominated in foreign currency have been translated into euros using the average exchange rate at the balance sheet date.

CHANGES IN THE GROUP STRUCTURE

GWS Finncont Oy's business operations and GWS Systems Oy's FPS business have been sold off during the accounting period. Sales profit has been recorded under extraordinary income and expenditure.

ASSOCIATED COMPANIES

Associated companies including their subsidiaries have been entered using the equity accounting method.

PERLOS CORPORATION

The internal margin related to business transactions between the associated company and Group companies has been eliminated from the share of associated companies' profits. The value of the Group's shareholding of 36.97% at the share price of EUR 6.01, quoted on the final stock exchange day of trading, amounted to EUR 116.4m.

KYRO CORPORATION

Shares have been acquired in the Kyro Corporation in several instalments during the accounting period. At the end of the year the Group's shareholding stood at 20.94%. The amortisation period for goodwill is twenty years. The value of the Group's shareholding at the share price of EUR 6.34 quoted on the final stock exchange day of trading amounted to EUR 52.7m.

FIXED ASSETS

The balance sheet values of fixed assets are based on the original acquisition price less depreciation according to plan. Depreciation according to plan has been calculated on a straight-line basis on the useful economic life of the fixed assets. Land and buildings also include revaluations from previous years amounting to EUR 2.6m.

INVENTORIES

Inventories are presented at acquisition price or at the lower of replacement cost or probable market price. Purchasing and manufacturing variable costs have been capitalised under inventories.

CASH AND BANK ACCOUNTS

Cash and bank accounts include cash assets, bank accounts, deposits of under three months and other similar liquid assets.

ITEMS FROM PREVIOUS ACCOUNTING PERIODS

EUR k	2002	2001
Income tax		
Refunds from previous accounting periods	-	12
Tax from previous accounting period	-	26

SUPPLEMENTARY INFORMATION ON INCOME STATEMENT

1. Turnover by business sector and market area

	2002	2001
Turnover by business sector:		
Industrial fittings	21,607	33,661
Shop and public-facility fittings	17,656	18,635
Containers	778	10,595
Total	**40,041**	**62,891**
Turnover by market area:		
Finland	24,985	41,891
Other Nordic countries	3,352	5,637
Other Europe	8,951	11,792
USA and Canada	2,164	3,372
Other countries	589	199
Total	**40,041**	**62,891**

2. Other operating income

	2002	2001
Rental income	2,428	2,318
Profit on sale of fixed assets, grants etc.	8,403	1,368
Total	**10,831**	**3,686**

3. Depreciation according to plan

	2002	2001
Other long-term expenditure	511	764
Buildings and constructions	732	1,290
Machinery and equipment	1,853	2,467
Total	**3,096**	**4,521**

Depreciation according to plan has been calculated on a straight-line basis based on useful economic life at original acquisition price.

The periods for depreciation according to plan are as follows:	
Goodwill	10 years
Other long-term expenditure	2-10 years
Buildings	40 years
Constructions	10 years
Machinery and equipment	3-10 years

4. Other operating expenditure

Other operating expenditure comprises purchasing and manufacturing, sales and marketing and administration costs, excluding payroll costs.

5. Financial income and expenditure	2002	2001
Long-term investment income from other companies	115	53
Other interest and financial income from other companies	879	735
Write-down refunds	711	-
Interest expenditure and other financial expenditure to other companies	4,426	3,017
Total	**2,721**	**2,229**
6. Extraordinary income and expenditure		
Extraordinary income		
Sale of GWS Finncont Oy business	171	-
Sale of GWS Systems Oy's FPS business	199	-
Other	25	141
	395	**141**
Extraordinary expenditure		
Expenditure on sale of Group companies	179	266
Demolition of buildings of Kiinteistö Oy Punamullantie 2	3,232	-
Klaukkala real estate sales loss	868	-
Other	34	-
	4,313	**266**
7. Appropriations		
Distribution of decrease in difference in depreciation and change in voluntary reserves		
Decrease in deferred taxation (income tax)	-343	-385
In profit for the year	-842	-944
Difference in depreciation total	**-1,185**	**-1,329**

SUPPLEMENTARY INFORMATION ON BALANCE SHEET ASSETS

1. Revaluations

Fixed assets contain the following revaluations made during previous accounting periods:

	2002	2001
Land	235	235
Buildings	2,355	2,355
Total	**2,590**	**2,590**

In making the revaluations the going value of the assets has been found to be substantially higher than the original value at acquisition. Therefore, in compliance with the principles of conservatism, part of the difference between the going value and the book value has been entered during previous accounting periods as revaluation.

2. Prepaid expenses and accrued income

	2002	2001
Long-term		
Tax credit receivables	-	2,509
Total	-	**2,509**
Short-term		
Tax credit receivables	6,223	-
TEL pension receivables	369	936
R&D receivables	-	129
Other	599	823
Total	7,191	**1,888**

3. Fixed assets and other long-term investment

	Land	Buildings and constructions	Machinery and equipment	Acquisitions in progress	Shares in Group companies	Shares in associated companies	Other long-term expenditure
Acquisition cost 1.1.	9,426	41,712	22,968	53	89,951	1,288	5,177
Increases	0	406	2,341	23	2,605	4,867	77
Decreases	-257	-11,116	-6,830	-60	-1,779	-913	-1,498
Acquisition cost 31.12.	9,169	31,002	18,479	16	90,777	5,242	3,756
Accumulated depreciation 1.1.	0	-21,909	-11,920	0	0	0	-2,932
Less accumulated depreciation	0	4,367	3,756	0	0	0	726
Plan depreciation for period	0	-732	-1,853	0	0	0	-511
Write-downs	0	0	0	0	0	0	0
Accumulated depreciation 31.12.	0	-18,274	-10,017	0	0	0	-2,717
Revaluations	235	2,355	0	0	0	0	0
Balance sheet value 31.12.	**9,404**	**15,083**	**8,462**	**16**	**90,777**	**5,242**	**1,039**

	2002	2001
4. Undepreciated part of acquisition costs of machinery and equipment	5,797	5,935
5. Receivables from associated companies		
Short-term		
Accounts receivable	11	716

SUPPLEMENTARY INFORMATION ON BALANCE SHEET LIABILITIES

1. Shareholders' equity

1.1. Restricted
Share capital

	2002	2001
Parent company shares are divided as follows:		
Common 900,000 (one share/one vote) 1.1.	6,300	6,300
31.12.	6,300	6,300
Preferred 1,800,000 (ten shares/one vote) 1.1.	12,600	12,600
31.12.	12,600	12,600
Share capital total	18,900	**18,900**

Total number of shares 2.7m at a nominal value of EUR 7 per share.

	2002	2001
Preferred shares are entitled to a dividend of eight percent on net profit for the year, after which common shares are entitled to a dividend of up to eight percent. If there is a distribution of dividend above this, each share is entitled to the same amount. (Articles of Association §15)		
Revaluation reserve 1.1.	168	168
Revaluation reserve 31.12	**168**	**168**
Other restricted shareholders' equity 1.1.	1,705	1,705
Other restricted shareholders' equity 31.12.	**1,705**	**1,705**
Restricted total	**20,773**	**20,773**

Other restricted shareholders' equity mainly comprises the premium reserve.

1.2. Unrestricted shareholders' equity

	2002	2001
Accumulated profit from previous years 1.1.	44,889	59,172
Distributed dividend	-4,050	-34,966
Eliminations and translation differences	-151	87
Accumulated profit from previous years 31.12.	**40,688**	**24,293**
Net profit for the year	9,295	20,596
Unrestricted total	**49,983**	**44,889**
Shareholders' equity total	**70,756**	**65,662**
Book portion of accumulated depreciation difference	**2,351**	**3,199**
Distributable funds from unrestricted shareholders' equity	**47,632**	**41,690**

2. Compulsory reserves

	2002	2001
Guarantee reserve	-	67
Environment liability reserve	477	477
Reserve for rental costs	202	202
Other compulsory reserves	7	-
Total	**686**	**746**
Change in guarantee reserve entered in income statement		
External services (+cost/-income)	-33	-42
Other expenditure (+cost/-income)	-27	-42
Total	**-60**	**-84**

The parent company holds a commitment that the real estate at Terbekenhofdreef 51-53, Wilrijk, Belgium, does not constitute a hazard to the environment. Belgian law and regulations are observed. To cover the commitment, an environment liability reserve of EUR 0.5m has been made, which has been entered in the income statement for 1997 under extraordinary expenditure.

The reserve for rental costs has been entered under other operating expenditure for previous accounting periods. Change in other compulsory reserves has been entered under other operating expenditure.

	2002	2001
3. Liabilities maturing in over five years	**-**	**6,250**

4. Accrued liabilities and prepaid income	2002	2001
Wages and salaries incl. social costs	1,825	3,203
Interest	515	538
Income tax	3,299	-
Other	384	302
Total	**6,023**	**4,043**

5. Accumulated appropriations		
Accumulated depreciation difference		
Deferred tax liability	955	1,305
Shareholders' equity	2,351	3,199
Total	**3,306**	**4,504**

6. Deferred tax liabilities		
Appropriations	955	1,305
Revaluations	751	751
Total	**1,706**	**2,056**

7. Debt to associated company		
Short-term		
Prepaid advances	-	566
Accounts payable	-	-
Total	**-**	**566**

SUPPLEMENTARY INFORMATION ON INCOME TAX

Income tax on normal operations	724	-1,640
Income tax on extraordinary items	-1,136	-37
Tax rebates from previous accounting periods	-22	-16
Taxes b/f from previous accounting periods	-	26
Change in deferred tax liability	-343	-386
Total	**-777**	**-2,053**

SECURITIES AND COMMITMENTS

1. Loans with mortgage on real estate as collateral		
Financial institutions	3,027	6,726
Mortgages	18,471	22,997
2. Loans with securities as collateral		
Financial institutions	68,890	64,930
Book value of collateralised securities	61,531	46,433
3. Other commitments for own company		
Deposits	3,968	1,719
4. Other commitments		
Guarantee to others	563	523
Rents	2,438	2,880

SUPPLEMENTARY INFORMATION ON STAFF AND COMPANY OFFICERS

	2002	2001
1. Average staff		
Wage earners	223	353
Salaried staff	227	287
Total	**450**	**640**
2. Directors' salaries and fees		
Parent company chairman and managing directors	747	1,347
Board directors	103	89
Total	**850**	**1,436**

3. The retirement age for the chairman of the parent company board of directors and domestic Group managing directors is 60-65.

SHARES AND HOLDINGS IN OTHER COMPANIES

1. Shares and holdings

Group companies in consolidated accounts	Group stake %	Group voting rights %	Group share in equity capital EUR k
GWS Systems Oy, Jyväskylä	100	100	9,727
GWS Industri AB, Sweden	100	100	381
G.W. Sohlberg GmbH, Germany	100	100	261
GWS Industries SARL., France	100	100	127
GWS INC., USA	100	100	597
GWS Pikval Oy, Jyväskylä	100	100	2,022
GWS Pikval Sp. z o.o., Poland	100	100	-360
GWS Invest Oy, Virrat	100	100	1,682
GWS Plast Oy, Nurmijärvi	100	100	1,674
Kiinteistö Oy Työnjohtajankatu 1, Helsinki	100	100	14,271
Kiinteistö Oy Punamullantie 2, Nurmijärvi	100	100	-707
As Oy Helsingin Ehrensvärdintie 25, Helsinki	100	100	3,732
Pakopaikka Oy, Helsinki	100	100	90

2. Other shares and holdings with significant Group stake

	Group stake %	Group voting rights %	Group share in equity capital EUR k	Share/stakes owned by the Group: stake %	No.	Nom. value EUR k	Book value EUR k
Associated companies							
Perlos Corporation, Nurmijärvi	36.97	36.97	55,159	36.97	19,370,000	11,622	46,066
Kyro Corporation	20.94	20.94	28,709	20.94	8,307,200	1,329	44,711
Associated companies total							**90,777**
Other shares and holdings (over EUR 17k)							
Amanda Capital Oyj					9,407		1,693
Elisa Communications					8,550		18
GWS Finncont Oy					1,990		84
Yomi Oyj					3,000		24
Flexlink Ab					750,000		3,090
Oy Nordgolf Ab					3		17
Asunto Oy Pattistenrinne					1		248
Other shares							68
Other shares and holdings total							**5,242**
Investments total							**96,019**

Auditors' Report

TO THE SHAREHOLDERS OF THE G.W. SOHLBERG CORPORATION

We have examined the accounting records, the financial statements and the governance of the G.W. Sohlberg Corporation for the accounting period 1.1.-31.12.2002. 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 the Parent Company and supplementary information. On the basis of our examination we submit our report on the financial statements and governance.

The audit has been conducted in accordance with good auditing practice. The accounting records and principles employed in drawing up the financial statements do not contain any essential errors or shortcomings. Examination of governance shows that members of the Board of Directors and the Chief Executive have acted in accordance with the law as stated in the Joint Stock Company Act.

We hereby submit that the financial statements 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 discharged from liability for the accounting period under review. The proposal by the Board of Directors for the disposal of earnings is in accordance with the Joint Stock Company Act.

Helsinki, 14 March 2003

ERNST & YOUNG OY
C.A.Corporation

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