



GWE

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Review by the Chief Executive

The company's 129th year of operations was very good in terms of its result. The Group's net profit almost trebled in comparison to the previous year. In addition to a good operating profit part of last year's result was generated by substantial profits on the sale of shares.

Even though we have decreased our shareholding in Perlos over the past years, the company continues to be of great significance to the GWS Group. Well over half the company's assets continue to consist of Perlos shares, while the share in Perlos' profit was even more important than this to GWS last year. The year 2004 was an outstanding year for Perlos. The company's turnover rose by 24 per cent and return on capital was 30 per cent. Perlos' future also looks good. Operational seasonality together with the risks involved, however, has returned to slightly impair the company's opening months of the year.

Our other associated company, Kyro, did not meet its targets mainly due to the weak dollar, but it nevertheless attained the good level of profit of the previous year. We consider Kyro to be a good company. In its main field of operations the company is clearly the market leader worldwide.

GWS Systems' result considerably improved last year, which in turn enabled GWS to dispose of the company through an MBO. GWS remained with a 20 per cent shareholding and financial responsibility. We believe that Systems will manage to fulfil its commitments due to a positive profit trend. I wish the new firm owners all success in the future.

GWS Pikval returned to the ranks of profit-making firms after several difficult years. I believe that Pikval will maintain its good level of profit this year as well, even though such projects as last year's Moscow Mega will not support this year's business activities.

At the beginning of 2005 we concluded the long negotiated deal on the purchase of shares in Detection Technology Oy. GWS's stake in this growth company is some 25 per cent. The company designs, manufactures and markets X-ray detectors for computed tomography (CT) scanners and security check equipment. Together with the other shareholders we shall endeavour to see to the continuation of the company's profitable growth.

We have commissioned an update of the share value of GWS shares as at 31.12.2004. According to the calculations made by Pro Value the GWS share value at the time was EUR 89.5 per share. As a result of good profit and realization of assets the Group balance sheet is strong. The equity ratio of 62.8% provides good financial prerequisites for the company's development but also the possibility to conduct a policy embracing steadily growing dividends.

The prerequisites for a good profit are in place for the present year as well. We shall continue to follow a strategy of developing the Group towards a structure where each associated company and subsidiary is in a strong position in the market and possesses a good level of international competitiveness.

I would like to thank GWS staff and shareholders as well as all other business associates for the past year and their contribution to the success of the company.



Heikki Mairinoja
Chief Executive



The Year 2004 in Brief

- Consolidated turnover of EUR 29.6m dropped by 17.9% mainly due to changes in Group structure
- The profit of the associated company, the Perlos Corporation, grew considerably on the previous year; the Kyro Corporation also continued to attain good profitability
- The subsidiary, GWS Pikval Oy, clearly improved its operating profit year-on-year, achieving good profitability
- Consolidated profit before extraordinary items amounted to EUR 38.6m (previous year EUR 13.5m); EUR 24.4m of the profit was generated by sales of shares (previous year EUR 4.6m); the share of the profit of the associated company, Perlos, also grew by EUR 6.2m
- Group ratio of shareholders' equity to balance sheet total rose to 62.8% (previous year 48.9%)
- During 2004 the Group sold shares in the Perlos Corporation to the value of EUR 29.6m; at yearend the Group's stake in the Perlos Corporation was some 29% and in the Kyro Corporation about 21%
- During 2004 the Group sold off an 80% shareholding in GWS Systems Oy
- Isto Hantila, M.Sc. (Eng.), became President and CEO of the Perlos Corporation on 1.1.2004
- Sami Kähärä, M.Soc.Sci, became Managing Director of GWS Pikval Oy on 1.3.2004

Key Figures

EUR m (unless otherwise indicated)	2004	2003	2002
Turnover	29.6	36.1	40.0
Operating profit	42.0	16.6	15.2
as % of turnover	141.7	46.0	37.9
Profit before extraordinary items	38.6	13.5	12.4
as % of turnover	130.4	37.4	31.0
Shareholders' equity	104.7	75.8	70.8
Equity ratio	%	62.8	48.9
GWS stake in Perlos Corporation market capitalisation	181.6	116.3	116.4
GWS stake in Kyro Corporation market capitalisation	68.7	64.2	52.7
Liabilities (gross)	61.4	78.4	92.5
Interest-bearing net debt	33.8	63.4	68.9
Net investments	-38.2	-2.3	-4.7
Return on equity (ROE)	%	42.8	19.0
Return on investment (ROI)	%	27.4	11.1
Equity per share	EUR	38.78	28.07
Staff (average)	persons	142	364
		450	

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

MANAGEMENT

Parent Company

Heikki Mairinoja, CEO
Pekka Soveri, Vice President
Risto Summa, Director Business
Development
Ari Saarenmaa, Business Controller

Associated Companies

Perlos Corporation
Isto Hantila, President and CEO
Kyro Corporation
Pentti Yliheljo, President and CEO

Subsidiary

GWS Pikval Oy
Sami Kähärä, Managing Director

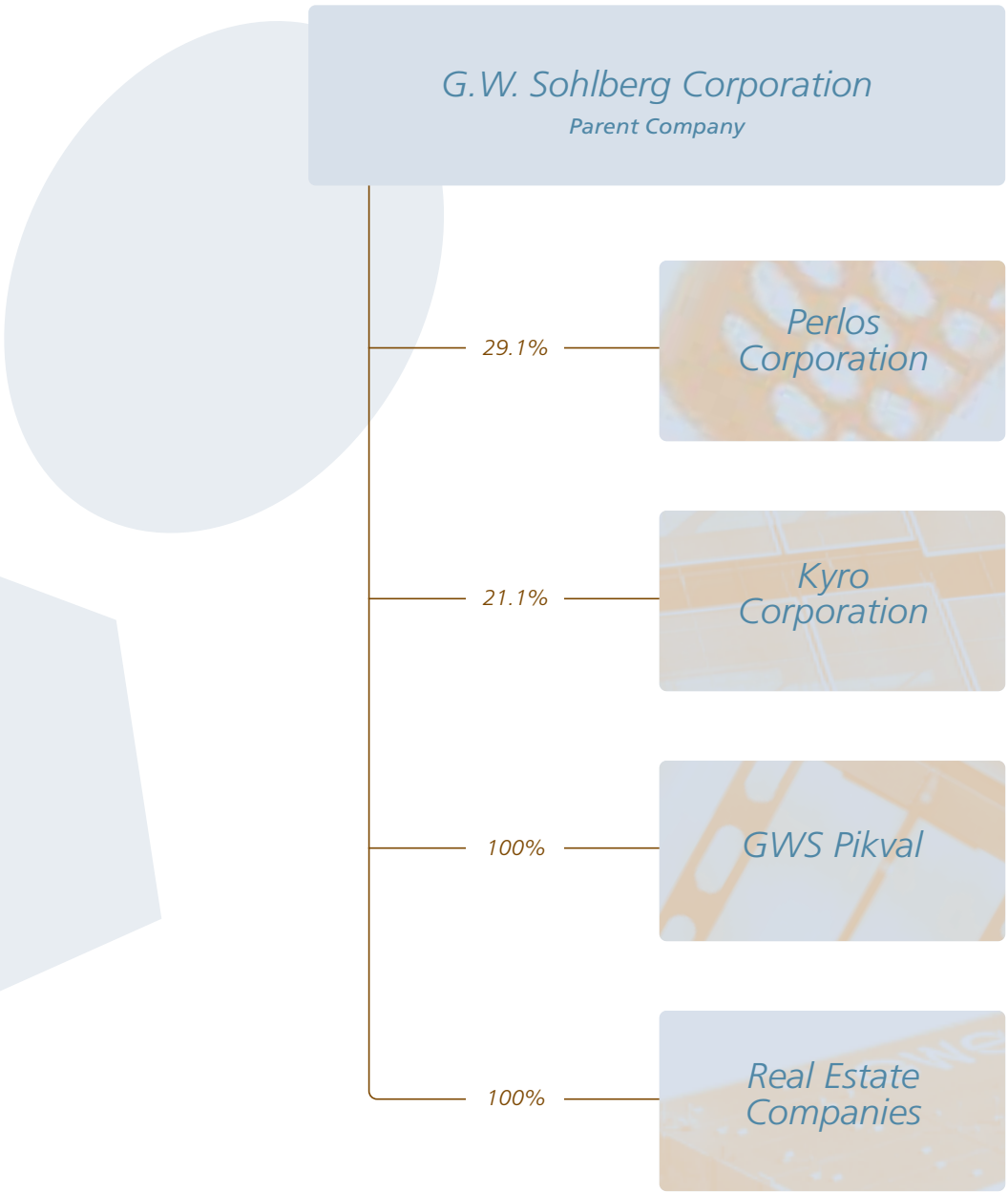
AUDITORS

Ernst & Young Oy, C.A. Corporation
Pekka Luoma, C.A.,
Responsible Auditor
Harri Pärssinen, C.A.

DEPUTY AUDITOR

Arto Tenhula, C.A.

GWS Group



Associated Company

Perlos



The Perlos Corporation is a global supplier of technical parts for the telecommunications, health-care and electronics industries. The company is focused on the design, manufacture and assembly of high quality, precision-made electronic and mechanical modules. The company has operations in Finland, Brazil, the UK, Japan, China, Sweden, Singapore, Taiwan, Hungary and the USA.

The year 2004 was on the whole a very strong year for Perlos with the company attaining its set targets. Turnover grew by 24% totalling EUR 561.6m (EUR 452.3m in 2003).

Profitability grew despite tough competition. Operating profit for 2004 increased to EUR 77.1m from the previous year's figure of EUR 17.3m, representing 13.7% of turnover (3.8%). Profit for 2004 was no longer impaired by amortisation of goodwill of EUR 22.6m, which had weakened profitability in previous years.

Net profit for the accounting period was EUR 55.1m (EUR 8.6m), which is 9.8% of turnover (1.9%). Cash flow from operations before investments improved on the previous year, amounting to EUR 97.1m (EUR 47.7m). Cash flow after investments also clearly improved at EUR 38.7m (-EUR 2.6m).

The Group's gross investment for 2004 totalled EUR 59.6m (EUR 50.7m), amounting to 10.6% of turnover (11.2%). The major investments comprised plant extensions in Komárom and Manaus, an extension of the Lehmonharju plant paint shop, machinery and equipment investments at the Beijing plant and general production-boosting investments.

The extended part of the Komárom plant is on schedule to be ready for production in the first quarter of 2005. The Reynosa plant in Mexico is expected to be in operation at the end of 2005.

The Group's financial position has remained good. Liquid assets at the end of the review period amounted to EUR 52.0m (EUR 15.4m). Group net gearing was 0.31 (0.63), while the equity ratio was 45.8% (43.2%).

In 2004 the Perlos Group employed 5,494 people on average (4,437). Staff working in Europe numbered 3,957 (3,284), in Asia 1,560 (1,006) and in North and South America 600 (367). The number of staff increased during the year by 1460 employees. Isto Hantila, M.Sc.(Eng.), became President and CEO of Perlos on 1.1.2004.

During 2005 a new plant will be established in the XingWang industrial park in Beijing. The plant is scheduled to be operational in spring 2006. In addition, a new plant will be built near the Guangzhou facilities, which is anticipated to be in operation early 2006.

Growth in the mobile-phone market is expected to continue in 2005. In the healthcare sector the most important markets to Perlos are forecasted to continue with an annual growth rate of some 10%.

Perlos forecasts that the full-year turnover of the Telecommunications and Electronics business sector will grow in line with volume growth in the mobile-phone handset market.

The turnover of the Healthcare business sector is forecasted to grow considerably at a greater pace than market growth in the industry.

The year 2005 is expected to be heavily weighted towards the end of the year in terms of turnover and profit.

The aim of Perlos is to increase turnover in the coming years at least in line with volume growth in the mobile-phone handset market. The long-term target for operating profit is around 10% of turnover and for return on investment (ROI) over 20%. In addition the long-term target is to attain positive cash flow after investments.

	2004	2003	Change	%
Turnover, EUR m	561.6	452.3	109.3	24
Operating profit, EUR m	77.1	17.3	59.8	346
Investments, EUR m	59.6	50.7	8.9	18
Staff, persons	5,494	4,437	1,057	24

Associated Company

Kyro



The Kyro Corporation is a growing, financially sound, global, technological concern. Its business sectors are Glaston Technologies and Energy. Glaston Technologies comprises the global Glass Machinery Group, which is worldwide market leader in glass processing machinery, and the Glass Processing Group, which focuses on markets in Finland and neighbouring countries. Kyro's second business sector is Energy, which operates the electricity and heat generating plants belonging to Kyro Power Oy.

The Kyro Group's turnover for 2004 was EUR 231.7m (EUR 226.7m). The strong euro throughout the year had a negative effect on turnover and profitability. Consolidated operating profit before amortisation of goodwill amounted to EUR 21.8m (EUR 22.9m), representing 9.4% of turnover (10.1%). Operating profit was weakened by the strength of the euro and by investments carried out by Glaston Technologies in Bavelloni's new plant in Brazil and in the development of a sales and service network.

Profit before taxes amounted to EUR 21.0m (EUR 20.4m), representing 9.1% of turnover (9.0%). Net profit for the year was EUR 11.6m (EUR 12.2m).

The Group order book rose to EUR 86.7m (EUR 81.4m) due to good business success in the final quarter. The order book of the main business sector, Glaston Technologies, grew, amounting to EUR 62.2m (EUR 58.8m) on 31.12.2004. Growth on the previous year was 5.8%.

The Group's financial position was good. Equity ratio stood at 62.6% (58.6%). Cash flow from operations during the review period was EUR 13.4m (EUR 19.6m). Investments made by the Kyro Group totalled EUR 4.6m (EUR 62.7m). They mainly comprised new production lines for glass processing and maintenance investments.

The Kyro Group had on average 1,175 employees (1,150). Staff numbers have been increased by the start-up of the Bavelloni plant in Brazil and the new sales offices jointly belonging to Tamglass and Bavelloni in Shanghai and Moscow.

Glaston Technologies' turnover for the review period came to EUR 203.3m (EUR 198.4m). Operating profit before amortisation of goodwill amounted to EUR 19.7m (EUR 19.7m), representing 9.7% of turnover (9.9%). Operating profit was EUR 17.5m (EUR 17.6m).

Glaston's Glass Machinery Group improved its efficiency and productivity. Tamglass increased its volume and profit. Regional machine manufacture at Tamglass has been structured to hedge against currency fluctuations, which compensated for the impact on profit of the euro strengthening throughout 2004. Profitability also improved due to successful products and more efficient logistics. Bavelloni's turnover grew, but profitability suffered from the high exchange rate of the euro.

Glaston Technologies' order book rose to EUR 62.2m (EUR 58.8m) due to December's record level in volume worth EUR 27.7m. In addition, Glaston Technologies' maintenance business achieved strong growth. Demand for machine options particularly increased, as did service agreement activities. Demand for second-hand machinery also grew.

Turnover of the Energy business sector amounted to EUR 28.4m (EUR 28.3m) for the period under review. Operating profit came to EUR 5.7m (EUR 5.6m). Kyro Power's order book at yearend totalled EUR 24.5m (EUR 22.6m). The price level in the electricity market remained good, although it dropped when the water situation improved towards the end of the year. On the whole, the market price was much more stable than during previous years.

The Kyro Group's basic structure for 2005 is good. Glaston Technologies is the technological and market leader in a growing business area. Its order and offer books are at a good level. Kyro Power's business activities are stable and profitable.

Kyro aims to improve its turnover and profit by utilising its position in the market and by boosting its operations through synergy benefits.

The strength of the euro and a weakness in demand for glass processing machinery in Central Europe are the most significant risk factors that may slow growth in the Kyro Group's turnover and profitability during the current accounting period.

	2004	2003	Change	%
Turnover, EUR m	231.7	226.7	5.0	2
Operating profit, EUR m	18.9	19.8	-0.9	-5
Investments, EUR m	4.6	62.7	-58.1	-93
Staff, persons	1,175	1,150	25	2

Subsidiary

GWS Pikval



GWS Pikval is a full-service supplier of fittings for department stores, retail outlets and other public facilities. The company's strengths are in project management and combining different fitting materials. The plant is based in Vaajakoski in the Rural District of Jyväskylä. The company's operations cover the main customers' market areas, which are Finland, Sweden, the Baltic countries and Russia.

GWS Pikval's turnover for 2004 was on target at EUR 19.3m, representing a growth of about 15% on the previous year (EUR 16.8m).

Shopfitting activities clearly exceeded targets at home and in Russia. Targets were also met in Sweden and the Baltic countries. Exports accounted for some 29% of turnover. The year was a disappointment in the public-facility fitting sector, falling over one-third short of set targets.

Operating profit was well above target at EUR 1.2m (EUR 0.0m). The background to the improvement in profit comprises the reorganisations already started at the end of 2003 in overseas operations in Russia and Poland, in attaining greater efficiencies in purchasing and in the organisational changes carried out in the firm.

The below-target sales made by the Polish subsidiary and the poor profitability during its entire operating period resulted in winding down the company during the year as planned.

The company's strategy, reset during the spring of 2004, is based on customer-oriented product development, cost-effective production and extending the network of partnerships in sales and production. Efforts in the public-facility sector are being boosted.

The starting points for 2005 are challenging, as there are no major projects in exports such as last year's Moscow Mega. Investments made by customers are increasingly being directed abroad. At the same time foreign firms are coming to Finland with their own concepts.

The sharp rise in the price of steel that took place during 2004 is impacting on profitability throughout the entire sector. On the other hand, there are encouragingly new deals that have arisen in the public-facility fitting sector where developments look most promising.

Investment was low at EUR 0.1m (EUR 0.2m) due to a revision in strategy. EUR 0.5m (EUR 0.4m) was invested in R&D.

Company staff numbered 122 (123) on average.

Managing Director Juhani Markkanen retired on 29 February 2004 in line with GWS retirement regulations. Sami Kähärä became Managing Director on 1 March 2004.

	2004	2003	Change	%
Turnover, EUR m	19.3	16.8	2.5	15
Operating profit, EUR m	1.2	0.0	1.2	-
Investments, EUR m	0.1	0.2	-0.1	-50
Staff, persons	122	123	-1	-1

Report by the G.W. Sohlberg Corporation's Board of Directors for 2004

2004 was the G.W. Sohlberg Corporation's 96th financial year and 129th year of operations.

Group Structure

The G.W. Sohlberg Corporation's stake in the Perlos Corporation fell further from 34.44% held at the end of the previous year to 29.06%. The stake in the Kyro Corporation rose from 20.48% held at the turn of the previous year to 21.13%.

The entire shareholding of GWS Systems Oy was sold off during the financial year to Sovella Oy, with the G.W. Sohlberg Corporation subscribing for 19.9% of the latter's shares.

The G.W. Sohlberg Corporation sold off its 3.2% shareholding in Amanda Capital Oy during the financial year.

The subsidiaries, GWS Plast Oy and Ahventien Plastiikki Oy (former GWS Finncont Oy), were wound up during the accounting period through voluntary liquidation.

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

Turnover

Consolidated turnover amounted to EUR 29.6m (EUR 36.1m). Turnover declined by EUR 6.5m, or 17.9% (previous year 9.8%). Since GWS Systems' turnover was fully included in the turnover for 2003, comparable turnover without the omitted operations rose by 15.6%. GWS Pikval increased its turnover especially at home and in Russia.

Direct exports and overseas operations together accounted for EUR 11.6m, representing 39.0% of consolidated turnover.

Financial Result

The Group's financial result exceeded set targets and was up on the previous year. Profit before extraordinary items amounted to EUR 38.6m (EUR 13.5m). The result was boosted by an increase of some 46% in the share of the associated companies' profits as compared to the previous year and by profits on the sale of shares.

GWS Pikval's operating profit, including subsidiaries, improved considerably from the level of the previous year to EUR 1.2m (EUR 0.0m). Operating profit met the target set for the year.

The share of the Perlos Corporation's profit for the accounting period 2004 amounted to EUR 17.4m (EUR 11.2m). The share of the Kyro Corporation's profit for the accounting period 2004 was EUR 1.5m (EUR 1.7m).

Investments

The G.W. Sohlberg Corporation disposed of 2,945,000 shares in the Perlos Corporation during 2004. Income on the sales of the shares totalled a sales price of EUR 29.6m. In addition, 1,706,900 shares in the Kyro Corporation to the value of EUR 13.4m were sold off.

The G.W. Sohlberg Corporation sold 6,743,000 shares in Amanda Capital Oy during the financial year. The sales reduced G.W. Sohlberg Corporation's shareholding to zero. Proceeds on the sales of the shares totalled a sales price of EUR 1.2m.

The profit gained by the Group from the sale of shares totalled EUR 24.4m (EUR 4.6m).

GWS Trade Oy purchased 3,925,100 shares in the Kyro Corporation's stock at the end of 2004. The purchase raised the Group's shareholding in the Kyro Corporation to 21.13%.

The revision of the subsidiaries' strategy restricted industrial investment to a minimum level. Consolidated investment in machinery and equipment came to EUR 0.1m, representing 0.3% of turnover (previous year EUR 0.4m, or 1.2% of turnover). Group net investment for 2004 amounted to -EUR 38.2m (-EUR 2.3m).

EUR 0.5m (EUR 0.7m) was invested in R&D activities by the subsidiaries mainly focused on product development.

Financing

Consolidated liabilities amounted to EUR 61.4m (EUR 78.4m), of which EUR 55.0m (EUR 69.3m) was interest-bearing. At the same time the Group had cash assets of EUR 21.2m (EUR 5.9m) so that consolidated net debt was EUR 33.8m (EUR 63.4m).

Consolidated ratio of shareholders' equity to the balance sheet total was 62.8% (48.9%). The value of shares in the associated company, the Perlos Corporation, entered in the Group balance sheet is EUR 56.5m (EUR 50.6m) and that of the associated company, the Kyro Corporation, EUR 48.9m (EUR 42.9m).

Staff

Group staff numbered on average 142 (364) with 20 (23) in the parent company. These figures do not include the staff of GWS Systems, sold off during the financial year.

Associated Companies

The G.W. Sohlberg Corporation's stake in the associated company, the Perlos Corporation, decreased from 34.44% held at the end of the previous year to 29.06%

due to a share sell-off and implementation of the options programme. The stake was also altered by the Perlos Corporation's annulment of its shares held in the company.

The Group's stake in the Kyro Corporation dropped during the first quarter of the accounting period from 20.48% held at the turn of the previous year to 16.18%. After the purchase of stock made during the final quarter of the accounting period the stake in the Kyro Corporation amounts to 21.13%.

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, which means that the companies' figures for turnover and other such items are not included in the consolidated accounts except for the share of the associated companies' profits recorded in the income statement and shares in associated companies recorded in the balance sheet.

The Perlos Corporation's turnover amounted to EUR 561.6m (EUR 452.3m). Growth on the previous year was EUR 109.3m, or some 24.2%. Turnover grew steadily throughout the whole of 2004 except for the end of the final quarter. Profitability also showed a positive development despite fierce competition. Operating profit rose to EUR 77.1m (EUR 17.3m), representing 13.7% of turnover (3.8%). Profit for 2004 was no longer impaired by amortisation of goodwill amounting to EUR 22.6m in 2003, included in the figure for previous years. The G.W. Sohlberg Corporation's dividend income from the Perlos Corporation was EUR 1.8m (EUR 4.3m).

The Kyro Corporation had a turnover of EUR 231.7m (EUR 226.7m). Growth on the previous year was EUR 5.0m, or about 2.2%. Growth in the turnover of the Glaston Technologies business was slowed by

the continuously strong euro. Turnover of the Energy business sector remained at the level of the previous year. Operating profit before goodwill amortisation amounted to EUR 21.8m (EUR 22.9m), representing 9.4% of turnover (10.1%). The G.W. Sohlberg Corporation's dividend income from the Kyro Corporation was EUR 2.6m (EUR 2.5m).

After the review period the Group has acquired a stake of some 25 per cent in Detection Technology Oy.

Prospects for 2005

Growth in Perlos' turnover is expected to continue. The year 2005 is expected to be heavily weighted towards the end of the year in terms of turnover and profit.

Kyro aims to improve its turnover and profit by utilising its strong position in the market and by boosting its operations through synergy benefits. Kyro's Glaston Technologies business sector will continue to be hampered by the weak dollar.

GWS Pikval's result for 2005 will remain at the level of the previous year.

Detection Technology is expected to continue its rapid growth and maintain profitability.

The Board's Proposal for the Disposal of Earnings

	EUR k
Group disposable unrestricted shareholders' equity	82,566
Parent company disposable unrestricted shareholders' equity	46,237

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

Distributed as dividend to shareholders at EUR 4.00 per share	10,800
Deposited in the shareholders' equity	35,437
	46,237

Espoo, 3 March 2005

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		Parent Company	
	2004	2003	2004	2003
TURNOVER	29,638	36,117	495	740
Change in inventories of finished products and WIP	-181	287	-	-
Manufacture for own use	7	22	-	-
Share of associated companies' profits	18,851	12,882	-	-
Other operating income	26,356	7,058	32,682	8,521
Materials and services				
Materials, supplies and goods				
Purchases during accounting period	-12,485	-14,260	-	-
Change in inventories	255	104	-	-
External services	-670	-396	-	-
Materials and services total	-12,900	-14,552	-	-
Staff expenditure				
Wages, salaries and fees	-8,184	-10,888	-1,471	-1,391
Staff social expenditure				
Pension costs	-1,486	-1,991	-449	-514
Other staff expenditure	-823	-1,002	-105	-72
Staff expenditure total	-10,493	-13,881	-2,025	-1,977
Depreciations and write-downs				
Depreciation according to plan	-1,997	-2,636	-336	-340
Exceptional write-down of inventories	-1,040	-	-1,040	-
Depreciation total	-3,037	-2,636	-1,376	-340
Other operating expenditure	-6,256	-8,700	-2,497	-3,379
OPERATING PROFIT	41,985	16,597	27,279	3,565
Financial income and expenditure				
Long-term investment income from Group companies	-	-	-	31
Income from stake in associated companies	-	-	6,170	9,470
Long-term investment income from other companies	81	95	114	95
Other interest and financial income from Group companies	-	-	171	306
Other interest and financial income from other companies	478	635	441	621
Write-down of fixed asset investments	-1,090	-	-1,117	-
Interest expenditure and other financial expenditure to Group companies	-	-	-52	-131
Interest expenditure and other financial expenditure to other companies	-2,818	-3,852	-2,780	-3,610
Financial income and expenditure total	-3,349	-3,122	2,947	6,782
PROFIT BEFORE EXTRAORDINARY ITEMS	38,636	13,475	30,226	10,347
Extraordinary items				
Extraordinary income	-	-	536	-
Extraordinary expenditure	-401	-276	-8,594	-1,901
Extraordinary items total	-401	-276	-8,058	-1,901
PROFIT BEFORE APPROPRIATIONS AND TAXES	38,235	13,199	22,168	8,446
Difference in depreciation increase/decrease	-	-	-4	20
Income tax	-24	453	-2,052	-2,427
NET PROFIT FOR THE YEAR	38,211	13,652	20,112	6,039

Balance Sheet 31.12

EUR k	<i>Group</i>		<i>Parent Company</i>	
	2004	2003	2004	2003
ASSETS				
FIXED ASSETS				
Intangible assets				
Other long-term expenditure	510	792	19	53
Advances	-	6	-	-
Intangible assets total	510	798	19	53
Tangible assets				
Land and installation charges	9,411	9,372	489	489
Buildings and constructions	14,208	14,591	5,012	4,994
Machinery and equipment	2,807	6,977	399	536
Advances and purchases in progress	-	7	-	-
Tangible assets total	26,426	30,947	5,900	6,019
Investments				
Shares in Group companies	-	-	17,081	38,720
Receivables from Group companies	-	-	7	83
Shares in associated companies	105,441	93,556	57,276	69,790
Other shares and holdings	2,197	4,655	2,182	4,604
Other receivables	1,750	-	1,750	-
Investments total	109,388	98,211	78,296	113,197
FIXED ASSETS TOTAL	136,324	129,956	84,215	119,269
INVENTORIES				
Inventories				
Materials and supplies	326	1,098	-	-
Work in progress	462	702	-	-
Other products/goods	991	3,755	-	-
Inventories total	1,779	5,555	-	-
Receivables				
Short-term				
Accounts receivable	1,452	5,483	186	346
Receivables from Group companies	-	-	18,560	5,242
Receivables from associated companies	-	21	-	-
Loans receivable	-	11	-	-
Other receivables	480	1,564	478	1,517
Prepaid expenditure and accrued income	5,538	6,337	5,376	5,854
Short-term receivables total	7,470	13,416	24,600	12,959
Cash and bank accounts	21,230	5,869	21,196	5,143
INVENTORIES AND FINANCIAL ASSETS TOTAL	30,479	24,840	45,796	18,102
ASSETS TOTAL	166,803	154,796	130,011	137,371

Balance Sheet 31.12.

EUR k	<i>Group</i>		<i>Parent Company</i>	
	2004	2003	2004	2003
LIABILITIES				
SHAREHOLDERS' EQUITY				
Restricted equity				
Share capital	18,900	18,900	18,900	18,900
Revaluation reserve	168	168	168	168
Other restricted equity	1,649	1,705	1,649	1,649
Restricted equity total	20,717	20,773	20,717	20,717
Unrestricted equity				
Accumulated profit from previous years	45,791	41,336	26,125	29,314
Net profit for the year	38,211	13,652	20,112	6,039
Unrestricted equity total	84,002	54,988	46,237	35,353
SHAREHOLDERS' EQUITY TOTAL	104,719	75,761	66,954	56,070
ACCUMULATED APPROPRIATIONS				
Accumulated difference in depreciation	-	-	918	915
COMPULSORY RESERVES				
Other compulsory reserves	682	684	679	679
LIABILITIES				
Long-term				
Loans from financial institutions	43,516	31,171	43,516	31,171
Loans from pension institutions	-	264	-	265
Debt to Group companies	-	-	15	15
Deferred tax liabilities	1,338	1,526	-	-
Other long-term liabilities	205	269	190	254
Long-term liabilities total	45,059	33,230	43,721	31,705
Short-term liabilities				
Loans from financial institutions	11,055	37,107	11,055	37,071
Loans from pension institutions	264	529	264	529
Advances received	19	16	-	-
Accounts payable	685	1,609	101	62
Debt to Group companies	-	-	3,215	7,122
Debt to associated companies	-	2	-	-
Other short-term liabilities	575	822	176	205
Accrued liabilities and prepaid income	3,745	5,036	2,928	3,013
Short-term liabilities total	16,343	45,121	17,739	48,002
LIABILITIES TOTAL	61,402	78,351	61,460	79,707
SHAREHOLDERS' EQUITY, RESERVES AND LIABILITIES TOTAL				
	166,803	154,796	130,011	137,371

Source and Application of Funds 31.12.

EUR k	Group		Parent Company	
	2004	2003	2004	2003
Cash flow from operations				
Operating profit	41,985	16,597	27,279	3,565
Adjustments to operating profit/loss	-22,466	-1,940	-30,267	-5,022
Change in working capital	7,206	-704	-15,620	2,948
Interest expenditure and costs paid	-3,908	-3,852	-3,949	-3,740
Dividends received	-	-	6,170	9,470
Interest received	559	642	726	1,053
Tax and tax rebates	-212	273	-2,052	-2,428
Net cash flow from operations	23,164	11,016	-17,713	5,846
Cash flow from investments				
Investments in tangible and intangible assets	-402	-519	-183	-208
Income on disposal of tangible and intangible assets	27,274	4,440	56,162	8,092
Investments in other investment items	-11,177	-1,006	2,422	-39
Loans receivable/repayments	-	-	-1,674	2,282
Net cash flow from investments	15,695	2,915	56,727	10,127
Cash flow from financing				
Short-term loans raised	9,320	37,636	9,320	37,601
Short-term loans repaid	-36,800	-22,446	-36,800	-22,422
Long-term loans raised	25,600	5,000	25,600	5,000
Long-term loans repaid	-12,384	-32,504	-12,384	-32,533
Dividends paid	-9,234	-8,559	-9,234	-8,559
Group contributions received and paid	-	-	537	-1,690
Net cash flow from financing	-23,498	-20,873	-22,961	-22,603
Change in liquid assets	15,361	-6,942	16,053	-6,630
Liquid assets 1.1.	5,869	12,811	5,143	11,773
Liquid assets 31.12.	21,230	5,869	21,196	5,143
Change in working capital				
Short-term operating receivables decrease (+) / increase (-)	5,891	783	-11,636	6,802
Inventories decrease (+) / increase (-)	3,776	144	-	-
Short-term debt decrease (-) / increase (+)	-2,461	-1,631	-3,984	-3,854
Change in working capital	7,206	-704	-15,620	2,948

Group Supplementary Information

Principles for the Preparation, Valuation Methods and the Comparability of the Consolidated Accounts

Calculation Principles for the Consolidated Accounts

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

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

Intragroup Business Transactions and Margins

Intragroup business 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 rate of exchange for the accounting period and the balance sheets using the average rate of exchange at the balance sheet date.

Translation differences due to exchange rate fluctuations 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 Group Structure

Shareholding in GWS Systems Oy was divested during the accounting period. The share transaction income (loss) has been entered under extraordinary expenditure. The income statement items for GWS Systems Oy and its sales companies are included in the profit for the year for six months.

GWS Plast Oy and Ahventien Plastiikki Oy (former GWS Finncont Oy) have been wound up during the accounting period.

Associated Companies

The associated companies together with their subsidiaries have been entered using the equity accounting method.

The Perlos Corporation

During the accounting period a total of 2,945,000 shares in the Perlos Corporation were sold off in several tranches. The intercompany margin arising from business transactions between the associated company and Group companies has been eliminated from the share of associated company's profits.

The value of the Group's shareholding of 29.06% at the share price of EUR 11.77 per share, quoted on the stock exchange closing day of trading for the year, amounted to EUR 181.6m.

The Kyro Corporation

During the accounting period a total of 1,706,900 shares in the Kyro Corporation were sold off in several tranches. Correspondingly, at the end of the year a total of 3,925,100 Kyro Corporation shares were purchased in several tranches. At the end of 2004 the Group's stake was 21.13%. The amortisation period for goodwill is 20 years.

The value of the Group's shareholding at the share price of EUR 4.10 per share, quoted on the stock exchange closing day of trading for the year, amounted to EUR 68.7m.

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 from 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.

Supplementary Information on Income Statement

2004

2003

EUR k unless otherwise indicated

1. Turnover by business sector and market area*Turnover by business sector:*

Industrial fittings	10,151	19,261
Shop and public-facility fittings	19,487	16,856
Total	29,638	36,117

Turnover by business area:

Finland	18,071	22,478
Other Nordic countries	2,064	3,499
Other Europe	8,140	8,064
USA and Canada	1,060	1,596
Other countries	303	480
Total	29,638	36,117

2. Other operating income

Rental income	1,727	2,484
Profit on sale of fixed assets, grants etc.	24,629	4,574
Total	26,356	7,058

3. Depreciation according to plan

Other long-term expenditure	229	320
Buildings and constructions	542	536
Machinery and equipment	1,226	1,780
Total	1,997	2,636

Write-down of fixed asset investments	1,040	-
Depreciation total	3,037	2,636

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

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 **2004** **2003**

Other operating expenditure comprises purchasing and manufacturing, sales and marketing and administration costs not including payroll costs.

5. Extraordinary income and expenditure

Extraordinary expenditure

Expenditure on sale of Group companies	78	210
Kiinteistö Oy Punamullantie 2 demolition loss	6	56
Sale of GWS Systems	279	-
Other	38	10
Total	401	276

6. Appropriations

Break-down of difference in depreciation decrease and change in voluntary reserves

Deferred taxation decrease (income tax)	-188	-184
Profit for the Year	-461	-450
Difference in depreciation total	-649	-634

Supplementary Information on Balance Sheet Assets

1. Revaluations

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

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 of the 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

Short-term

Tax credit receivables	5,138	5,709
VAT receivable	111	-
TEL pension receivables	21	237
Other	268	391
Total	5,538	6,337

3. Fixed assets and other long-term investment

	Land	Buildings and constructions	Machinery and equipment	Acquisitions in progress	Shares in associated companies	Other shares and holdings	Other long-term expenditure
Acquisition cost 1.1.	9,137	31,040	18,374	7	93,556	4,655	3,842
Increase	43	200	95	-	34,926	139	78
Decrease	-4	-68	-11,589	-7	-23,041	-2,597	-1,275
Acquisition cost 31.12.	9,176	31,172	6,880	-	105,441	2,197	2,645
Accumulated depreciation 1.1.	-	-18,804	-11,397	-	-	-	-3,050
Decrease accumulated depreciation	-	27	8,551	-	-	-	1,144
Plan depreciation for accounting period	-	-542	-1,227	-	-	-	-229
Revaluations	-	-	-	-	-	-	-
Accumulated depreciation 31.12.	-	-19,319	-4,073	-	-	-	-2,135
Revaluations	235	2,355	-	-	-	-	-
Balance sheet value 31.12.	9,411	14,208	2,807	-	105,441	2,197	510

4. Undepreciated part of acquisition costs of machinery and equipment **1,856** 5,023

5. Receivables from associated companies

Short-term

Accounts receivable

- 21

Supplementary Information on Balance Sheet Liabilities

1. Shareholders' equity

1.1. Restricted equity

Share capital

Parent company shares are divided as follows:

Common shares 900,000 (one share/one vote) 31.12.	6,300	6,300
Preference shares 1,800,000 (ten shares/one vote) 31.12.	12,600	12,600
Share capital total	18,900	18,900

Shares total 2.7m at a nominal value of EUR 7.0 per share.

Preference shares are entitled to a dividend of eight per cent from net profit for the year, after which common shares are entitled to a dividend of up to eight per cent. If there is a distribution of dividend above this amount, each share is entitled to the same amount. (Articles of Association §15)

	2004	2003
Revaluation reserve	168	168
Other restricted shareholders' equity	1,649	1,705
Restricted total	20,717	20,773

Other restricted shareholders' equity mainly comprises the premium reserve.

1.2. Unrestricted shareholders' equity

Accumulated profit from previous years 1.1.	54,988	49,983
Distributed dividend 2003/2002	-9,234	-8,559
Unclaimed dividend over five years old	5	-
Eliminations and translations	32	-88
Accumulated profit from previous years 31.12.	45,791	41,336
Net profit for the year	38,211	13,652
Unrestricted total	84,002	54,988

Shareholders' equity total	104,719	75,761
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Portion of accumulated depreciation difference under shareholders' equity	1,436	1,897
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Distributable funds from unrestricted shareholders' equity	82,566	53,091
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2. Compulsory reserves

Environmental liability reserve	477	477
Reserve for deferred rental costs	202	202
Other compulsory reserves	3	5
Total	682	684

The parent company has a commitment that the real estate, owned by Hansa-Mertens N.V. at Terbekenhofdreef 51-55, Wilrijk, Belgium, does not constitute an environmental hazard. Belgian law and regulations apply. To cover the commitment, an environmental liability reserve of EUR 0.5m has been made and entered under extraordinary expenditure in the accounts for 1997.

The reserve for deferred 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.

3. Liabilities maturing in over five years	-	555
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4. Accrued liabilities and prepaid income

Wages and salaries incl. social costs	1,234	1,933
Interest	390	325
Direct tax	2,098	2,475
Other	23	303
Total	3,745	5,036

5. Accumulated appropriations	2004	2003
<i>Accumulated depreciation difference</i>		
Deferred tax liability	587	775
Shareholders' equity	1,436	1,897
Total	2,023	2,672

6. Deferred tax liabilities

Appropriations	587	775
Revaluations	751	751
Total	1,338	1,526

Supplementary Information on Income Tax

Income tax on normal operations	298	-177
Income tax on extraordinary items	-116	-80
Tax rebates from previous accounting periods	-16	-
Tax from previous accounting periods	46	-12
Change in deferred tax liability	-188	-184
Total	24	-453

Pledges and Commitments

1. Loans with real estate mortgaged as collateral

Financial institutions	1,170	1,009
Mortgages	8,380	8,784

2. Loans with securities as collateral

Financial institutions	51,401	47,234
Book value of collateralised securities	34,159	35,605

3. Other commitments for own company

Deposits	202	1,119
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4. Other commitments

Guarantees to others	7	320
Rents	1,988	2,213

Supplementary Information on Staff and Company Officers

2004

2003

1. Average staff

(2004 does not include GWS Systems Group)

Wage earners	73	184
Salaried staff	69	180
Total	142	364

2. Directors' salaries and fees

(2004 does not include GWS Systems Group)

Parent company chairman of board and managing directors	563	696
Board members	98	126
Total	661	822

3. The retirement age for domestic Group companies' managing directors is 60.*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 Pikval Oy, Jyväskylä	100	100	1,810
GWS Pikval Sp. z o.o., Poland	100	100	-82
GWS Trade Oy, Helsinki	100	100	-20
Kiinteistö Oy Työnjohtajankatu 1, Helsinki	100	100	16,620
Kiinteistö Oy Punamullantie 2, Nurmijärvi	100	100	-589
As. Oy Helsingin Ehrensärdintie 25, Helsinki	100	100	3,728
Pakopaikka Oy, Helsinki	100	100	141

2. Other shares and holdings with significant Group stake

	Group stake %	Group voting rights %	Group share in equity capital EUR k	Shares/stake held by the Group			Book value EUR k
				Stake %	No.	Nom. value EUR k	
Associated companies							
Perlos Corporation	29.06	29.06	52,374	29.06	15,425,000	9,255	56,506
Kyro Corporation	21.13	21.13	27,575	21.13	16,766,100	2,051	48,935
Associated companies total							105,441
Other shares and holdings (over EUR 17k)							
Flexlink AB					750,000		2,000
Sovella Oy, (new)	19.86				139		139
Other shares							58
Other shares and holdings total							2,197
Investments total							107,638

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.-31.12.2004. 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 have thus been examined to a sufficient extent to determine that 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 Companies 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 results 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 Companies Act.

Helsinki, 11 March 2005

ERNST & YOUNG OY

C.A. Corporation

Pekka Luoma

C.A.

Harri Pärssinen

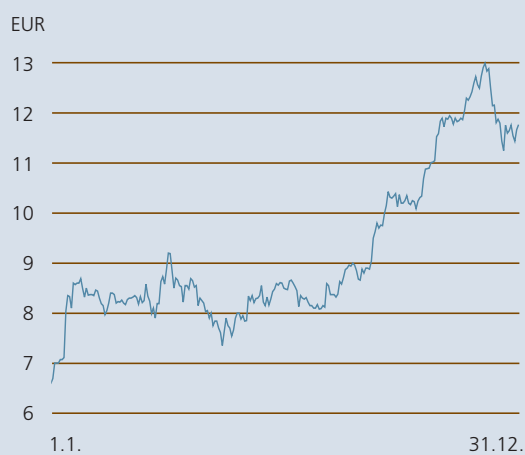
C.A.

Calculation Formulas for Key Indicators

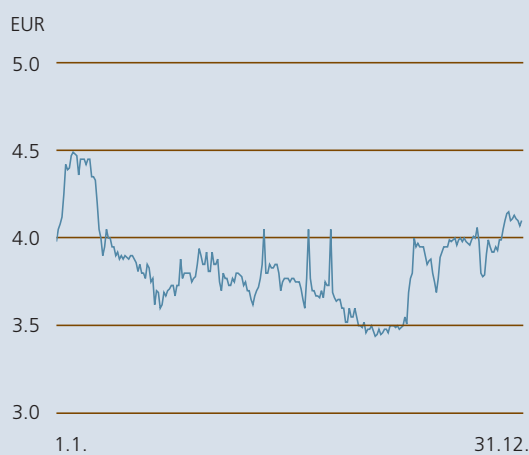
Interest-bearing net debt =	interest-bearing debt – interest-bearing receivables – cash and other liquid financial assets
Equity ratio, % =	$\frac{\text{shareholders' equity}}{\text{balance sheet total – advances received}} \times 100$
Return on equity, % (ROE) =	$\frac{\text{profit before extraordinary items}}{\text{shareholders' equity (average)}} \times 100$
Return on investment, % (ROI) =	$\frac{\text{profit before extraordinary items + interest expenditure and other financial expenditure}}{\text{balance sheet total – non-interest-bearing debt (average)}} \times 100$
Equity per share, EUR =	$\frac{\text{shareholders' equity}}{\text{yearend number of shares}}$

Share Price Trends

Perlos share price trend in 2004



Kyro share price trend in 2004



Source: HEX

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