

Annual Report 2005

GWS



Contents

- 3 The Year 2005 in Brief
- 3 Key Figures
- 4 Review by the Chief Executive
- 5 The Board of Directors,
Board of Management and Auditors
- 5 GWS Group
- 6 Kyro
- 8 Perlos
- 10 Detection Technology
- 12 Report by the Board of Directors for 2005
- 14 Income Statement
- 15 Balance Sheet
- 17 Source and Application of Funds
- 18 Group Supplementary Information
- 25 Auditors' Report
- 26 Calculation Formulas for Key Figures
- 26 Share Price Trends
- 27 Group Addresses

The Year 2005 in Brief

- Consolidated turnover of EUR 14.2m fell by 52% mainly due to changes in the Group structure.
- The turnover of the associated company, the Kyro Corporation, grew by some 15% on the previous year and profitability remained good.
- The turnover of the associated company, the Perlos Corporation, grew considerably on the previous year, but profitability was much weaker.
- The associated company, Detection Technology, Inc., continued to attain buoyant growth and profitability remained good.
- Consolidated profit before extraordinary items fell from the that of the previous year to EUR 4.6m (previous year EUR 38.6m); profit was especially affected by the decrease of some 86% in the share of the Perlos Corporation profit; profit for the previous year also included substantial profits on the sale of shares.
- Group ratio of shareholders' equity to the balance sheet total remained good at 53.7% (previous year 62.8%).
- During 2005 the Group acquired shares in the Kyro Corporation to the value of EUR 42.8m; the Group's stake in the Kyro Corporation at yearend was about 33% and in the Perlos Corporation about 29%.
- During 2005 the Group acquired a stake of some 26% in Detection Technology, Inc.; after the review period shareholding was increased to about 61%.
- During 2005 the Group sold off 90% of GWS Pikval Oy stock.

Key Figures

EUR m (unless otherwise indicated)	2005	2004	2003
Turnover	14.2	29.6	36.1
Operating profit	6.9	42.0	16.6
as % of turnover	48.9	141.7	46.0
Profit before extraordinary items	4.6	38.6	13.5
as % of turnover	32.3	130.4	37.4
Shareholders' equity	99.7	104.7	75.8
Equity ratio	% 53.7	62.8	48.9
GWS stake in Perlos Corporation market capitalisation	138.1	181.6	116.3
GWS stake in Kyro Corporation market capitalisation	106.6	68.7	64.2
Liabilities	85.2	61.4	78.4
Interest-bearing net debt	77.1	33.8	63.4
Net investments	35.6	-38.2	-2.3
Return on equity (ROE)	% 4.6	42.8	19.0
Return on investment (ROI)	% 4.0	27.4	11.1
Equity per share	EUR 36.93	38.78	28.07
GWS imputed share value / Pro Value	EUR as at 31.12 69.50	89.50	-
Staff (average)	persons 16	142	364

Review by the Chief Executive

The past year marked GWS's 130th year of operations.

The GWS Group's financial result was modest even though it moved into profit during the latter half of the year. The marked weakening in Perlos' profit for last year was also evident in GWS's profit.

Restructuring of GWS progressed in line with strategy with several significant steps being taken. GWS increased its shareholding in Kyro to 33 per cent and at the moment is the second major owner of the company. The second significant organisational measure was taken with GWS investing in a new growth company, Detection Technology, Inc. (DT), through the acquisition of some 26 per cent of the company's shares at the beginning of 2005.

Detection Technology is a firm manufacturing X-ray sensors and related control systems, whose main customers comprise large international manufacturers of medical imaging equipment and security screening scanners. The aim of DT is to continue as a rapidly growing, profitable firm now and in the future. In the beginning of 2006 GWS increased its stake in DT to some 61 per cent, thus making it a GWS Group company.

In December GWS sold off the majority shareholding in GWS Pikval to new business owners through an MBO. This formed the final act in a process, through which GWS has divested its packaging and fittings division companies. GWS Finncont, GWS Systems and GWS Pikval were divested following the same procedure through the sale of a significant stake to the firms' respective executive management. I wish the new owners all success in their business.

GWS is at present the main owner of three highly international firms that operate in growing market areas. The firms also have a strong position in the market, so there are good grounds for financial success.

Development of GWS does not stop here. My successor, Andreas Tallberg, is joining the company in autumn 2006. I believe that, while following GWS traditions, he will formulate his own strategic aims concerning the direction the GWS Group's development will take in the future.

I would like to thank the company staff and shareholders as well as other business associates for the fine cooperation achieved.



A handwritten signature in dark ink, appearing to read 'Heikki Mairinoja'. The signature is fluid and cursive, written in a professional style.

Heikki Mairinoja
Chief Executive

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.)
Tiina Tallberg, M.Sc. (Econ.)
Juhani Virkkunen, B.LL
Tuomo Vähäpassi, Attorney at Law

MANAGEMENT

Parent Company

Heikki Mairinoja, CEO
Ari Saarenmaa, CFO (from 1.12.2005)
Pekka Soveri, Vice President (up to 30.11.2005)
Risto Summa, Director Business Development
(up to 31.8.2005)

Associated Companies

Kyro Corporation
Pentti Yliheljjo, President and CEO

Perlos Corporation
Isto Hantila, President and CEO

Detection Technology, Inc.
Mikko Nuutinen, President and CEO

AUDITORS

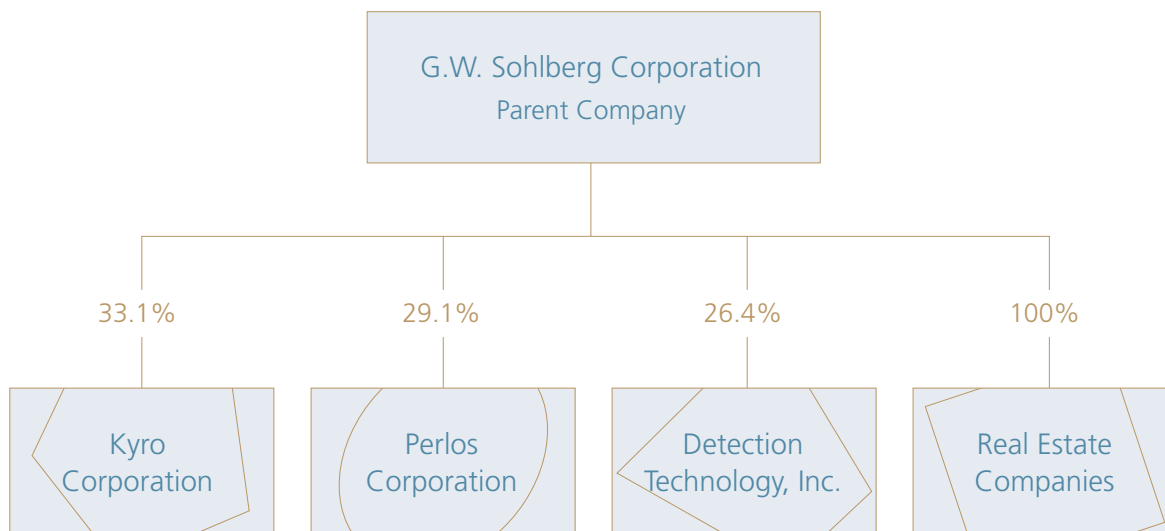
Ernst & Young Oy, C.A. Corporation
Pekka Luoma, C.A., Responsible Auditor

Harri Pärssinen, C.A.

DEPUTY AUDITOR

Arto Tenhula, C.A.

GWS Group





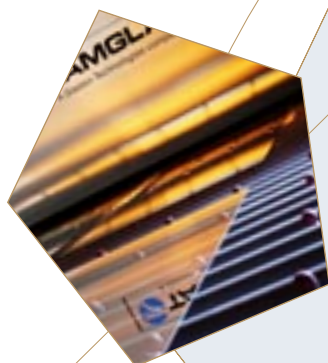
Associated Company **Kyro**

The Kyro Corporation's business sectors are Glaston Technologies and Energy. The main business sector, Glaston Technologies, consists of the Glass Machinery Group and the Glass Processing Group. The Glass Machinery Group is global market leader in glass processing machinery. The Glass Processing Group focuses on markets in Finland and neighbouring countries and is the leading full supplier of architectural glass products in Finland. Kyro's second business sector is Energy, comprising the electricity and heat generating gas-fired combi power plant of Kyro Power.

The Kyro Group's turnover in 2005 amounted to EUR 266.7 million (EUR 231.4m), 15% up on the previous year. The Group's operating profit was EUR 35.5 million (EUR 20.5m). Growth on the previous year was 74% with operating profit representing 13.3% (8.8%) of turnover. Comparable operating profit, not including sales profit, came to EUR 23.0 million (EUR 20.5m), marking a growth of 12.2% or 8.6% (8.8%) of turnover.

The Group's profitability was affected by operational development projects carried out. The most significant of these were the development of Glaston Technologies' operations and network, centralising the Group's financial administration, the development of IT systems and the extensions of production and expansion of business activities in China and Brazil. The cost of these development measures were concentrated on 2005 with an improvement in profit expected in 2006 and beyond.

The main business sector, Glaston Technologies,



	2005	2004	Change	%
Turnover, EUR m	266.7	231.4	35.3	15
Operating profit, EUR m	35.5	20.5	15.0	74
Investments, EUR m	11.4	6.8	4.6	68
Staff, persons	1,218	1,175	43	4

consists of the Glass Machinery Group and the Glass Processing Group. The Glass Machinery Group's turnover rose noticeably on the previous year due to a good market situation with profitability also improving due to a growth in volume. The consistently strong euro caused price pressure for both customer and seller outside the euro zone, weakening volume and profitability.

The Glass Processing Group's turnover was slightly up on the previous year, but profitability was weak. The weak profitability of the group's insulating glass and especially the balcony glass business was mainly due to a changed competitive situation.

The Energy business sector's hydropower and heat distribution operations were sold off for EUR 26.8 million in December 2005. The profit before taxes, booked to the sales, totalled EUR 12.5 million.

The Kyro Group's net profit for the year amounted to EUR 22.4 million (EUR 14.7m) with return on investment at 21.7 per cent (15.7%). The Group order book at yearend 2005 was EUR 140.7 million (EUR 135.5m).

The Group's financial position was very good. Equity ratio at yearend was 64.4 per cent (59.3%). Cash flow from operations was EUR 22.6 million (EUR 15.7m) for the review period. The Group's liquid assets at yearend amounted to EUR 26.3 million (EUR 11.5m) and interest-bearing net debt to EUR -24.7 million (EUR 8.7m).

The Kyro Group's investments totalled EUR 11.4 million (EUR 6.8m). Investments included, among other things, the Glass Processing Group's new insulating glass production line and other glass processing machinery, the construction of Glaston Technologies' new production facility in China, product development capitalisation under IFRS and routine replacement and maintenance items.

The Kyro Group had on average 1,218 (1,175) employees during the year. The growth in staff was modest. It was mainly due to an increase in product development staff and the establishment of new service and maintenance points.

The Kyro Group's basic situation for 2006 is sound. The most extensive customer-service network and most comprehensive range of products together with the One-Stop-Partner concept provide Glaston Technologies with good opportunities to meet customer requirements. The main business sector, Glaston Technologies, is a technology and market leader in a growing business area, and its order and offer books are at a good level at the beginning of the year.

Kyro aims to increase its turnover and comparable operating profit by strengthening its position in the market and upgrading its operations. Kyro's financial position is excellent and the company intends to use the capital released from the Energy business sector to make possible corporate acquisitions in line with strategy.



Associated Company **Perlos**

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

Perlos attained turnover targets for 2005. Turnover amounted to EUR 666.8 million (EUR 561.6m), 19% up on 2004. Operating profit for 2005 was EUR 13.3 million (EUR 87.6m), representing 2.0% (15.6%) of turnover. Operating profit, not including the one-off expenditure charged to winding down the Ylöjärvi plant, came to EUR 25.6 million, representing 3.8% of turnover.

Profitability was weakened in comparison to the previous year by the low capacity utilisation rate and tough price competition during the beginning of the year, and the one-off write-downs in connection with the Ylöjärvi plant closure and the loss-making operations of the Texas plant during the last quarter of the year.

Net profit for the year amounted to EUR 8.3 million (EUR 63.0m), representing 1.2% (11.2%) of turnover. Cash flow from operations came to EUR 19.3 million (EUR 95.3m). Cash flow after investments was EUR -84.0



	2005	2004	Change	%
Turnover, EUR m	666.8	561.6	105.2	19
Operating profit, EUR m	13.3	87.6	-74.3	-85
Investments, EUR m	101.8	59.6	42.2	71
Staff, persons	7,116	5,494	1,622	30

million (EUR 37.0m).

Of consolidated turnover, 54% (68%) was generated in Europe and 25% (17%) in North and South America. Asia accounted for 21% (15%) of turnover. The Perlos Group's four largest customers in 2005, accounting for 90% of turnover, were Nokia, BenQ Mobile, Research in Motion (RIM) and AstraZeneca.

Consolidated gross investment in 2005 totalled EUR 101.8 million (EUR 59.6m), representing 15.3% (10.6%) of turnover. The major investments comprised expenditure for the establishment of the plant in Mexico, plant extensions in Hungary and Beijing, the acquisition of the CIM Group and new production technology.

The Group's liquid assets at the end of the review period amounted to EUR 26.4 million (EUR 52.1m). The Group's net gearing was 0.87 (0.39) and its equity ratio stood at 34.7% (43.6%). Interest-bearing net debt at the end of the accounting period amounted to EUR 162.8 million (EUR 68.2m).

The Perlos Group employed on average 7,116 persons (5,494) in 2005, amounting to 10,066 (6,523) including outsourcing.

Volume growth for 2006 in the global mobile-phone market is expected to be in the range of 10 per cent. Markets in the health-care sector, significant to Perlos,

are forecast to grow at an annual rate of about 5–6%.

Perlos believes the company will attain its long-term growth target for turnover in 2006 thanks to growth in the markets, greater diversification in the technical structure of mobile phones, and the company's good position in the market.

Growth in turnover for the present year is expected to be at least in line with volume growth in the mobile phone market. Comparable profit is forecast to be up on the previous year, but return on investment is expected to fall short of the long-term target.

Perlos is increasing manufacturing capacity in growing markets in line with demand and has decided to establish a new plant in Chennai, India. In the initial phase factory space will be about 15,000 square metres and is expected to be in operation at the beginning of 2007.

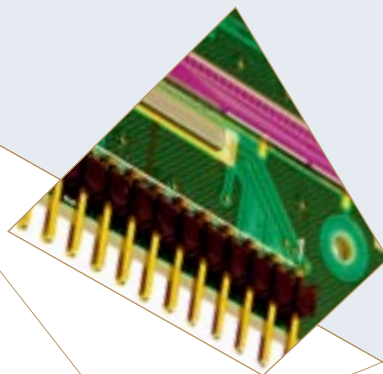
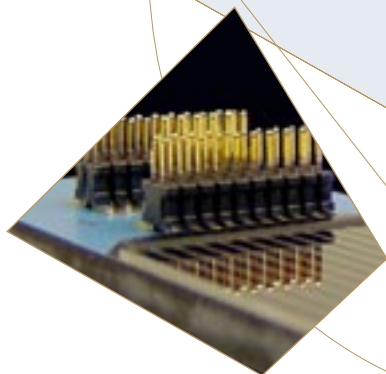


Associated Company **Detection Technology**

Detection Technology is a globally operating microelectronics company, which designs, manufactures and markets X-ray sensors and related control systems. The company's main customers comprise international firms, manufacturing medical imaging equipment and security screening devices. The company has operations in Finland, Hong Kong, China and the USA.

The turnover of Detection Technology (DT) for 2005 was the highest in the company's history. Turnover amounted to EUR 13.0 million (EUR 10.1m), about 29 per cent up on the previous year. During the accounting period DT reached the production phase of several projects in the Medical Imaging and Security and Safety Imaging business sectors. During 2005 the company had orders from several new significant customers and has vigorously increased market share.

Of DT's turnover, 94 per cent (90%) is generated outside Finland. About 80 per cent of turnover for 2005 was from old customers and 20 per cent from new.



	2005	2004	Change	%
Turnover, EUR m	13.0	10.1	2.9	29
Operating profit, EUR m	2.0	1.3	0.7	54
Investments, EUR m	4.2	1.4	2.8	200
Staff, persons	88	58	30	52

Correspondingly, about 70 per cent of turnover came from products in full production and about 30 per cent from projects in the product development and new product introduction phases.

Operating profit for 2005 amounted to EUR 2.0 million (EUR 1.3m), representing 15.2% of turnover (13.3%). Operating profit was adversely affected by a large write-down of inventories.

Net profit for the year came to EUR 1.3 million (EUR 0.4m), representing 10.2% (3.9%) of turnover. Cash flow from operations amounted to EUR 1.4 million (EUR -0.2m). Cash flow after investments came to EUR -2.8 million (EUR -1.6m).

Consolidated gross investment for 2005 totalled approximately EUR 4.2 million (EUR 1.4m), representing 32.2% (15.9%) of turnover. The largest investment for the year was starting up module production in China. In addition, the company extensively invested in product development programmes.

Consolidated liquid assets at the end of the review period amounted to EUR 1.6 million (EUR 1.2m) and interest-bearing liabilities together with capital loans came to EUR 9.1 million (EUR 9.3m). The Group equity ratio was 43.5% (35.5%). At the end of the accounting period interest-bearing net debt totalled EUR 7.5 million (EUR 8.1m).

DT staff in 2005 numbered on average 88 (58) employees.

The GWS Group became a shareholder in DT in spring 2005 with the purchase of about 26 per cent of the company stock. After the accounting period GWS has acquired a further stake in DT of some 35 per cent by purchasing shares held by the capital investment firm, 3i, and its stake is 61.37 per cent at present.

Markets for medical imaging equipment and security screening devices are expected to grow at an annual rate of some ten per cent. As X-ray sensors needed for the new devices will grow at a greater pace, annual growth in the X-ray sensor market is forecast to be about 15 per cent. DT's turnover is expected to increase vigorously and profitability from operations to remain good.

Report by the G.W. Sohlberg Corporation's Board of Directors for 2005

2005 was the G.W. Sohlberg Corporation's 97th financial year and 130th year of operations.

Group Structure

The G.W. Sohlberg Corporation's stake in the associated company, the Perlos Corporation, rose from 29.06%, held at the end of the previous year, to 29.14%. The stake was raised by the Perlos Corporation's invalidation of company shares in spring 2005. Shareholding in the Kyro Corporation rose through a share purchase in the spring from the 21.13% held of the turn of the year to 33.10%.

GWS Invest Oy acquired a 26.37% stake in Detection Technology, Inc. through a share purchase carried out in spring 2005.

The entire shareholding in GWS Pikval Oy was sold off during the financial year to R-Laatikko 904 Oy (Pikval Oy not registered) with the G.W. Sohlberg Corporation subscribing to 10.1 per cent of the company's stock. The G.W. Sohlberg Corporation also sold off its 3.0 per cent stake in Flexlink AB of Sweden during the financial year.

The Polish subsidiary, GWS Pikval Sp.zo.o., owned by GWS Pikval Oy, was 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 14.2 million (EUR 29.6m). The nine-month share in GWS Pikval's turnover has been reported in the turnover. Turnover fell by EUR 15.4 million, or 52.2%, from the previous year (previous year decrease of 17.9%).

The Group's turnover figures for 2004 and 2005 are not comparable, as GWS Pikval's turnover is included for the full year in 2004, as is the six-month share in GWS Systems, turnover.

Direct exports and overseas operations together accounted for EUR 1.8 million, or 12.9%, of consolidated turnover.

Financial position and result

The Group's financial result fell short of set targets and was down on the previous year. Profit before extraordinary items came to EUR 4.6 million (EUR 38.6m). Profit was weakened by the decrease of some 86% in the share of the profit of Perlos as compared to the previous year. Profit for 2004 also included substantial profits on the sale of shares.

The operating profit of GWS Pikval and its subsidiaries stayed at the level of the previous year at about EUR 0.6 million. The operating profit met targets. The figures for GWS Pikval are included in those of the Group for nine months.

The share of the profit of the Perlos Corporation for the accounting period 2005 amounted to EUR 2.4 million (EUR 17.4m). The share of the profit of the Kyro Corporation was EUR 5.2 million (EUR 1.5m). The share of the profit of Detection Technology, Inc. is included in consolidated profit from 1.4.2005. The share of the profit of the company for the accounting period 2005 came to EUR 0.0 million. The Group's return on equity (ROE) was 4.6 per cent (42.8%) and return on investment (ROI) 4.0 per cent (27.4%).

Investments

The G.W. Sohlberg Corporation sold 750,000 shares in Flexlink AB during the accounting period. The sales reduced the G.W. Sohlberg Corporation's shareholding to zero. EUR 2.6 million was made on the sale of the shares. Profits on the sale of the shares by the Group totalled EUR 0.8 million (EUR 24.4m).

GWS Trade Oy purchased 9,500,000 shares in the Kyro Corporation in May 2005. The purchase raised the Group's stake in the Kyro Corporation to 33.10 per cent. GWS Invest Oy acquired 107,820 shares in Detection Technology, Inc. during the accounting period. The Group's shareholding in the company was 26.37 per cent at the end of the accounting period.

The G.W. Sohlberg Corporation sold industrial real estate in Keljonkangas, Jyväskylä, in summer 2005. A sales profit of EUR 0.7 million was booked for the sale.

A revision of the subsidiaries' strategy limited industrial investments to a minimum. The Group's investment in machinery and equipment came to EUR 0.1 million (EUR 0.1 million) mainly concentrated on GWS Pikval. Group net investment for 2005 was EUR 35.6 million (-EUR 38.2 million).

EUR 0.3 million (EUR 0.5m) was invested in the R&D activities of Group subsidiaries (GWS Pikval Oy), mainly focused on product development.

Financing

Consolidated liabilities amounted to EUR 85.2 million (EUR 61.4m), of which EUR 84.0 million (EUR 55.0m) was interest-bearing. At the same time the Group held cash assets of EUR 6.9 million (EUR 21.2m), so that consolidated interest-bearing net debt was EUR 77.1 million (EUR 33.8m).

The consolidated ratio of shareholders' equity to the balance sheet total, i.e. the equity ratio, was 53.7% (62.8%). The value of the shares in the associated company, the Perlos Corporation, entered in the Group balance sheet, is EUR 55.8 million (EUR 56.5m) and that of the associated company, the Kyro Corporation, EUR 95.7 million (EUR 48.7m) including an unamortized goodwill of EUR 46.4 million (EUR 20.2m).

The value of Detection Technology, Inc. shares, acquired during the accounting period, has been entered in the

Group balance sheet at EUR 4.1 million (EUR 0.0 million) including an unamortized goodwill of EUR 2.3 million.

Staff

Group staff numbered on average 16 (142). The figures for 2005 do not include the staff of GWS Pikval, sold off during the accounting period.

Associated Companies

The associated companies, the Kyro Corporation, the Perlos Corporation and Detection Technology, Inc., together with their subsidiaries have been entered using the equity accounting method. The share of the profits of the associated companies has been presented on its own row in the income statement and in the balance sheet under shares in associated companies.

The turnover of the Kyro Group amounted to EUR 266.7 million (EUR 231.4m) under IFRS. Growth on the previous year was EUR 35.3 million, or about 15.3 per cent. Consolidated operating profit was EUR 35.5 million (EUR 20.5m), representing 13.3 per cent (8.8%) of turnover. The operating profit includes the profit of EUR 12.5 million on the sale of the hydropower and district heating distribution operations of the Energy business sector. The group's profitability was adversely affected by a number of operational development projects carried out. The GWS Group's dividend income from the Kyro Corporation was EUR 1.2 million (EUR 2.6m).

The turnover of the Perlos Group totalled EUR 666.8 million (EUR 561.6m) under IFRS. Growth on the previous year was EUR 105.2 million, or about 18.7 per cent. Both turnover and profit were concentrated on the final part of the year. Operating profit amounted to EUR 13.3 million (EUR 87.6m), representing 2.0 per cent (15.6%) of turnover. Profitability was weakened in comparison with the previous year by the low capacity utilisation rate and tough price competition during the beginning of the year, the one-off write-downs in connection with the Ylöjärvi plant closure, and the loss-making operations of the Texas plant during the last quarter of the year. The G.W. Sohlberg Corporation's dividend income from the Perlos Corporation was EUR 3.1 million (EUR 1.8m).

The turnover of the Detection Technology Group amounted to EUR 13.0 million (EUR 10.1m). Growth on the previous year was about EUR 2.9 million, or 29.0 per cent. Consolidated operating profit under FAS was EUR 2.0 million (EUR 1.3m), representing 15.2 per cent of turnover. Profit was negatively affected by the write-down

of about EUR 1.1 million on inventory. The company did not distribute dividends during 2005.

After the review period the GWS Group has acquired a further stake of some 35 per cent in Detection Technology, Inc. and at present holds 61.37 per cent of the company's stock.

Risk

The greatest risk to the maintenance of the GWS Group's profitability and solidity consists in the large fluctuations in Perlos' profits. Forecasting in this entire business area is poor. Detection Technology as a growth company also contains high risk.

The Group has hedged risks by focusing on a limited number of firms, at least medium-sized, with good profitability and a leading position in their respective markets.

Prospects for 2006

Kyro aims to increase its turnover and comparable operating profit by strengthening its position in the market and upgrading its operations. Kyro's financial position is excellent and the company aims to use the capital released from the Energy business sector on possible corporate acquisitions in line with strategy.

Perlos believes it will attain its long term growth target for turnover in 2006. Turnover is expected to be at least in line with the volume growth of the mobile-phone market. Comparable profit is forecast to increase on the previous year.

Detection Technology is expected to continue its vigorous growth and to further maintain good profitability in its business activities.

The Board's Proposal for the Disposal of Earnings

	EUR k
Group disposable unrestricted	
shareholders' equity	79,003
Parent company disposable	
unrestricted shareholders' equity	39,305
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	28,505
	39,305

Espoo, 2 March 2006

Klaus Sohlberg
Chairman

Heikki Tulenheimo
Vice Chairman

Jan Hasselblatt

Kari O. Sohlberg

Kari Stadigh

Tiina Tallberg

Juhani Virkkunen

Tuomo Vähäpassi

Heikki Mairinoja
CEO

Income Statement 1.1.–31.12.

EUR k	Note	Group		Parent Company	
		2005	2004	2005	2004
TURNOVER	1.1.	14,166	29,638	247	495
Change in inventories of finished products and WIP		362	-181	-	-
Manufacture for own use		5	7	-	-
Share of associated companies' profits		7,595	18,851	-	-
Other operating income	1.2.	2,686	26,356	2,635	32,682
Materials and services					
Materials, supplies and goods					
Purchases during accounting period		-7,351	-12,485	-	-
Change in inventories		19	255	-	-
External services		-441	-670	-	-
Materials and services total		-7,773	-12,900	-	-
Staff expenditure					
Wages, salaries and fees		-3,858	-8,184	-1,264	-1,471
Staff social expenditure					
Pension costs		-658	-1,486	-216	-449
Other staff social expenditure		-328	-823	-87	-105
Staff social expenditure total	1.3.	-4,844	-10,493	-1,567	-2,025
Depreciations and write-downs					
Depreciation according to plan		-1,099	-1,997	-170	-336
Exceptional write-down of inventories		-	-1,040	-	-1,040
Depreciations total	1.4.	-1,099	-3,037	-170	-1,376
Other operating expenditure	1.5.	-4,164	-6,256	-3,242	-2,497
OPERATING PROFIT		6,934	41,985	-2,097	27,279
Financial income and expenditure					
Income from stake in associated companies		-	-	3,982	6,170
Long-term investment income from other companies		185	81	185	114
Other interest and financial income from Group companies		-	-	1,314	171
Other interest and financial income from other companies		441	478	439	441
Write-down of fixed asset investments		-	-1,090	-	-1,117
Interest expenditure and other financial expenditure to Group companies		-	-	-48	-52
Interest expenditure and other financial expenditure to other companies		-2,981	-2,818	-2,979	-2,780
Financial income and expenditure total		-2,355	-3,349	2,893	2,947
PROFIT BEFORE EXTRAORDINARY ITEMS		4,579	38,636	796	30,226
Extraordinary items					
Extraordinary income		2,998	-	5,132	536
Extraordinary expenditure		-133	-401	-2	-8,594
Extraordinary items total	1.6.	2,865	-401	5,130	-8,058
PROFIT BEFORE APPROPRIATIONS AND TAXES		7,444	38,235	5,926	22,168
Difference in depreciation decrease/increase		-	-	680	-4
Income tax	1.7.	141	-24	-316	-2,052
NET PROFIT FOR THE YEAR		7,585	38,211	6,290	20,112

Balance sheet 31.12.

EUR k	Note	Group 2005	2004	Parent Company 2005	2004
ASSETS					
FIXED ASSETS					
Intangible assets					
Other long-term expenditure		1	510	1	19
Intangible assets total		1	510	1	19
Tangible assets					
Land and installation charges	2.1.	8,928	9,411	6	489
Buildings and constructions	2.1.	8,770	14,208	3	5,012
Machinery and equipment		246	2,807	245	399
Tangible assets total		17,944	26,426	254	5,900
Investments					
Shares in Group companies		-	-	15,735	17,081
Receivables from Group companies		-	-	63,001	7
Shares in associated companies		155,726	105,441	57,276	57,276
Other shares and holdings		112	2,197	112	2,182
Other receivables		1,051	1,750	1,051	1,750
Investments total		156,889	109,388	137,175	78,296
FIXED ASSETS TOTAL	2.2.	174,834	136,324	137,430	84,215
INVENTORIES AND FINANCIAL ASSETS					
Inventories					
Materials and supplies		-	326	-	-
Work in progress		-	462	-	-
Other products/goods		-	991	-	-
Inventories total		-	1,779	-	-
Receivables					
Short-term					
Accounts receivable		173	1,452	174	186
Receivables from Group companies		-	-	2,015	18,560
Other receivables		520	480	520	478
Prepaid expenditure and accrued income	2.3.	3,221	5,538	3,217	5,376
Short-term receivables total		3,914	7,470	5,926	24,600
Cash and bank accounts		6,880	21,230	6,879	21,196
INVENTORIES AND FINANCIAL ASSETS TOTAL		10,794	30,479	12,805	45,796
ASSETS TOTAL		185,628	166,803	150,235	130,011

Balance sheet 31.12.

EUR k	Note	Group 2005	2004	Parent Company 2005	2004
LIABILITIES					
SHAREHOLDERS' EQUITY					
Restricted equity					
Share capital	3.1.	18,900	18,900	18,900	18,900
Revaluation reserve	3.2.	-	168	-	168
Other restricted equity	3.3.	1,649	1,649	1,649	1,649
Restricted equity total		20,549	20,717	20,549	20,717
Unrestricted equity					
Accumulated profit from previous years		71,614	45,791	33,015	26,125
Net profit for the year		7,585	38,211	6,290	20,112
Unrestricted equity total	3.4.	79,199	84,002	39,305	46,237
SHAREHOLDERS' EQUITY TOTAL		99,748	104,719	59,854	66,954
ACCUMULATED APPROPRIATIONS					
Accumulated difference in depreciation		-	-	239	918
COMPULSORY RESERVES					
Other compulsory reserves	3.5.	680	682	679	679
LIABILITIES					
Long-term					
Loans from financial institutions		53,158	43,516	53,158	43,516
Debt to Group companies		-	-	15	15
Deferred tax liabilities	3.6.	69	1,338	-	-
Other long-term liabilities		190	205	190	190
Long-term liabilities total		53,417	45,059	53,363	43,721
Short-term					
Loans from financial institutions		30,679	11,055	30,679	11,055
Loans from pension institutions		-	264	-	264
Advances received		-	19	-	-
Accounts payable		360	685	309	101
Debt to Group companies		-	-	4,410	3,215
Other short-term liabilities		100	575	58	176
Accrued liabilities and prepaid income	3.7.	644	3,745	644	2,928
Short-term liabilities total		31,783	16,343	36,100	17,739
LIABILITIES TOTAL		85,200	61,402	89,463	61,460
SHAREHOLDERS' EQUITY, APPROPRIATIONS, RESERVES AND LIABILITIES TOTAL					
		185,628	166,803	150,235	130,011

Source and Application of Funds 1.1.–31.12.

EUR k	Group		Parent Company	
	2005	2004	2005	2004
Cash flow from operations				
Operating profit	6,934	41,985	-2,097	27,279
Adjustments to operating profit ¹⁾	-7,260	-41,317	-594	-30,267
Change in working capital	1,436	7,206	17,682	-15,620
Interest expenditure and costs paid	-2,981	-3,908	-3,027	-3,949
Dividend received	-	-	3,982	6,170
Interest received	626	559	1,937	726
Tax and tax rebates	-316	-212	-316	-2,052
Net cash flow from operations	-1,561	4,313	17,567	-17,713
Cash flow from investments				
Investments in tangible and intangible assets	-49	-402	-6	-183
Income on disposal of tangible and intangible assets	8,980	27,274	12,287	56,162
Investments in other investment items	-39,906	7,674	-71	2,422
Loans receivable/repayments	-	-	-62,295	-1,674
Net cash flow from investments	-30,975	34,546	-50,085	56,727
Cash flow from financing				
Short-term loans raised	30,679	9,320	30,679	9,320
Short-term loans repaid	-11,320	-36,800	-11,320	-36,800
Long-term loans raised	28,505	25,600	28,505	25,600
Long-term loans repaid	-18,878	-12,384	-18,863	-12,384
Dividends paid	-10,800	-9,234	-10,800	-9,234
Group contributions received and paid	-	-	-	537
Net cash flow from financing	18,186	-23,498	18,201	-22,961
Change in liquid assets	-14,350	15,361	-14,317	16,053
Liquid assets 1.1.	21,230	5,869	21,196	5,143
Liquid assets 31.12.	6,880	21,230	6,879	21,196
Change in working capital				
Short-term operating receivables decrease (+) / increase (-)	3,578	5,891	18,674	-11,636
Inventories decrease (+) / increase (-)	1,779	3,776	-	-
Short-term debt decrease (-) / increase (+)	-3,921	-2,461	-992	-3,984
Change in working capital	1,436	7,206	17,682	-15,620

¹⁾ adjustments to operating profit include depreciations, share of profit of associated companies and other non-liquid items

Group Supplementary Information

Principles for the Preparation, Valuation 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 shareholders' equity has been entered partly under fixed assets and partly under Group goodwill. The items under fixed assets are depreciated according to useful 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 statement of the Group company in Poland has been translated into euros using the average exchange rate for the accounting period and the balance sheet using the average exchange rate at balance sheet date.

Translation differences due to differences in exchange rate fluctuations arising in the elimination of cross shareholdings have been entered under unrestricted shareholders' equity.

Items Denominated in Foreign Currencies

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

Changes in Group Structure

Shareholding in GWS Pikval Oy was sold off during the accounting period. The share transaction sales profit has been entered under extraordinary income. The income statement items for GWS Pikval Oy and its subsidiary are included in the profit for the year for nine months.

GWS Pikval Sp.zo.o. of Poland was wound up during the accounting period.

Associated Companies

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

The Kyro Corporation

During the accounting period a total of 9,500,000 shares in the Kyro Corporation were purchased. At the end of 2005 the Group's stake was 33.10%. The amortisation period for goodwill is 20 years.

The value of the Group's stake at the share price of EUR 4.06 per share, quoted on the stock exchange closing day of trading for the year, amounted to EUR 106.6 million.

The Perlos Corporation

The Group's stake in the Perlos Corporation has not changed during the accounting period. The value of the Group's stake of 29.14% at the share price of EUR 8.95 per share, quoted on the stock exchange closing day of trading for the year, amounted to EUR 138.1 million.

Detection Technology, Inc.

During the accounting period a total of 107,820 shares in Detection Technology, Inc. were purchased. At the end of 2005 the Group's stake was 26.37%. The amortisation period for goodwill is 20 years.

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.

Cash and Bank Accounts

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

Presentation of the Accounts

The accounts are presented in thousands of euros.

Supplementary Information on Income Statement

2005

2004

EUR k unless otherwise indicated

1. Turnover by Business Sector and Market Area

1.1. Turnover by business sector

Industrial fittings	-	10,151
Shop and public-facility fittings	14,166	19,487
Total	14,166	29,638

Turnover by market area

Finland	12,335	18,071
Other Nordic countries	1,072	2,064
Other Europe	759	8,140
USA and Canada	-	1,060
Other countries	-	303
Total	14,166	29,638

1.2. Other operating income

Rental income	1,829	1,727
Profit on sale of fixed assets, contributions etc.	857	24,629
Total	2,686	26,356

1.3. Supplementary information on staff and company officers

1.3.1. Average staff

(2005 does not include GWS Pikval Group, nor does 2004 GWS Systems Group)

Wage earners	-	73
Salaried staff	16	69
Total	16	142

1.3.2. Directors' salaries and fees

(2005 does not include GWS Pikval Group, nor does 2004 GWS Systems Group)

CEO and Deputy CEO	518	563
Board members	108	98
Total	626	661

1.3.3. The retirement age for the CEO is 60.

1.4. Depreciation according to plan and write-downs

Other long-term expenditure	136	229
Buildings and constructions	441	542
Machinery and equipment	522	1,226
Total	1,099	1,997

Extraordinary write-down of inventories	-	1,040
Depreciation according to plan and write-downs total	1,099	3,037

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:

	2005	2004
Goodwill	10 years	
Other long-term expenditure	2–10 years	
Buildings	40 years	
Constructions	10 years	
Machinery and equipment	3–10 years	

1.5. Other operating expenditure

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

1.6. Extraordinary income and expenditure

Extraordinary income

Sale of Jyväskylä real estate	665	-
Sale of GWS Pikval Oy shares	2,333	-
Extraordinary income total	2,998	-

Extraordinary expenditure

Expenditure on earlier sales of Group companies	-2	-78
Kiinteistö Oy Punamullantie 2 demolition loss	-34	-6
Sale of GWS Systems Oy	-	-279
GWS Pikval Sp.zo.o of Poland winding-up loss	-97	-
Other	-	-38
Extraordinary expenditure total	-133	-401

Extraordinary items total	2,865	-401
----------------------------------	--------------	-------------

1.7. Supplementary information on appropriations and income tax

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

Deferred taxation liability decrease (income tax)	457	188
Profit for the year	1,302	461
Change in difference in depreciation total	1,759	649

Income tax

Income tax on normal operations	745	-298
Income tax on extraordinary items	-745	116
Tax rebates from previous accounting periods	-	16
Tax from previous accounting periods	-316	-46
Change in deferred tax liability	457	188
Total	141	-24

2. Supplementary Information on Balance Sheet Assets

2005

2004

2.1. Revaluations

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

Land	-	235
Buildings	-	2,355
Total	-	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.

2.2. Intangible and tangible assets and other long-term investments

	Land	Buildings and constructions	Machinery and equipment	Shares in associated companies	Other shares and holdings	Other long-term expenditure
Acquisition cost 1.1.	9,176	31,172	6,880	105,441	2,181	2,645
Increase		27	15	50,285	71	6
Decrease	-248	-4,575	-6,530		-2,140	-2,156
Acquisition cost 31.12.	8,928	26,624	365	155,726	112	495
Accumulated depreciation 1.1.	-	-19,319	-4,073	-	-	-2,135
Accumulated depreciation decrease	-	1,906	4,476	-	-	1,777
Plan depreciation for accounting period	-	-441	-522	-	-	-136
Write-downs	-	-	-	-	-	-
Accumulated depreciation 31.12.	-	-17,854	-119	-	-	-494
Revaluations 1.1.	235	2,355	-	-	-	-
Cancelled revaluations	-235	-2,355	-	-	-	-
Balance sheet value 31.12.2005	8,928	8,770	246	155,726	112	1
Balance sheet value 31.12.2004	9,411	14,208	2,807	105,441	2,197	510

Undepreciated part of acquisition cost of machinery and equipment

246

1,856

2.3. Prepaid expenses and accrued income

Short-term

Tax credit receivables	2,724	5,138
Interest receivables	306	18
VAT receivables	139	111
TEL pension receivables	18	21
Other	34	250
Total	3,221	5,538

3. Supplementary information on Balance Sheet Liabilities	2005	2004
Shareholders' equity		
3.1. Restricted equity		
Share capital		
<i>Parent company shares are divided as follows:</i>		
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 7.00 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)		
3.2. Revaluation reserve	-	168
3.3. Other restricted shareholders' equity	1,649	1,649
Other restricted shareholders' equity comprises the premium reserve.		
Restricted equity total	20,549	20,717
3.4. Unrestricted equity		
Accumulated profit from previous years 1.1.	84,002	54,988
Distributed dividend 2004/2003	-10,800	-9,234
Unclaimed dividend over five years old	-	5
Cancelled revaluations and related deferred tax liability	-1,671	-
Eliminations and translation differences	83	32
Accumulated profit from previous years 31.12.	71,614	45,791
Net profit for the year	7,585	38,211
Unrestricted equity total	79,199	84,002
Shareholders' equity total	99,748	104,719
Portion of accumulated depreciation difference under shareholders' equity	196	1,436
Distributable funds from unrestricted shareholders' equity	79,003	82,566
3.5. Compulsory reserves		
Environmental liability reserve	478	478
Reserve for deferred rental costs	202	202
Other compulsory reserves	-	2
Total	680	682

The parent company has a commitment that the real estate, owned by Hansa-Mertens N.V. at Terbekenhofdreef 51–53, Wilrijk, Belgium, does not constitute an environmental hazard. To cover the commitment, an environmental liability reserve of EUR 0.5m was 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.

3.6. Accumulated appropriations

Accumulated difference in depreciation

	2005	2004
Deferred tax liability	69	587
Shareholders' equity	194	1,436
Total	263	2,023

Deferred tax liabilities

Appropriations	69	587
Revaluations	-	751
Total	69	1,338

3.7. Accrued liabilities and prepaid income

Unpaid wages and salaries incl. social costs	273	1,234
Interest	369	390
Direct tax	-	2,098
Other	2	23
Total	644	3,745

4. Pledges and Commitments

4.1. Loans with real estate mortgaged as collateral

Financial institutions	8,505	1,170
Mortgages	3,237	8,380

4.2. Loans with securities as collateral

Financial institutions	60,337	51,401
Book value of collateralised securities	62,848	34,159

4.3. Other pledges for own company

Deposits	202	202
----------	-----	-----

4.4. Other commitments

Guarantees to others	3	7
Rents	2,027	1,988

5. Shareholding in other companies

5.1. Shares and holdings

Group companies in consolidated accounts	Group stake %	Group voting rights %	Group stake in equity capital EUR k
GWS Trade Oy, Helsinki	100	100	58,118
GWS Invest Oy, Helsinki	100	100	3,912
GWS Assets Oy, Helsinki	100	100	7
Kiinteistö Oy Työnjohtajankatu 1, Helsinki	100	100	17,428
Kiinteistö Oy Punamullantie 2, Nurmijärvi	100	100	-589
As. Oy Helsingin Ehrensärdintie 25, Helsinki	100	100	3,730
Pakopaikka Oy, Helsinki	100	100	141

5.2. Other shares and holdings with significant Group stake

	Group stake %	Group voting rights %	Group stake in equity capital EUR k	Shares/stakes held by the Group			
				Stake %	No.	Nom. value EUR k	Book value EUR k
Associated companies							
Kyro Corporation	33.10	33.10	46,009	33.10	26,266,100	2,051	95,772
Perlos Corporation	29.14	29.14	58,841	29.14	15,425,000	9,255	55,838
Detection Technology, Inc.	26.37	26.37	2,086	26.37	107,820	18	4,116
Associated companies total							155,726
Other shares and holdings (over EUR 17 k)							
R-Laatikko 904 Oy	10.10	10.10			2,828		71
Other shares							41
Other shares and holdings total							112
Investments total							155,838

Auditors' Report

To the Shareholders of the G.W. Sohlberg Corporation

We have examined the accounting records, the financial statements, the report by the Board of Directors and the governance of the G.W. Sohlberg Corporation for the accounting period 1.1.–31.12.2005. The Board of Directors and the Chief Executive have prepared the report by the Board of Directors and the financial statements, which contain the balance sheet, the income statement, source and application of funds and supplementary information concerning both the Group and the Parent Company. On the basis of our examination we submit our report on the financial statements, the report by the Board of Directors and governance.

The audit has been conducted in accordance with good auditing practice. The accounting records and the principles, contents and method of presentation employed in drawing up the financial statements and report by the Board of Directors 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 has established 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 and report by the Board of Directors have been prepared in accordance with the Accounting Act and other rules and regulations governing their preparation. The financial statements and report by the Board of Directors give a true and fair view of the operations and the financial position of the Group and the Parent Company in compliance with the Accounting Act. The report by the Board of Directors is in conformity with the financial statements. 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, 10 March 2006

Ernst & Young Oy
C.A. Corporation

Pekka Luoma
C.A.

Harri Pärssinen
C.A.

Calculation Formulas for Key Figures

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) =	$\frac{\text{profit before extraordinary items – taxes}}{\text{shareholders' equity (average)}} \times 100$
Return on investment % (ROI) =	$\frac{\text{profit before extraordinary items + interest expenditure and other financial expenditure}}{\text{balance sheet total – non-interest-bearing liabilities (average)}} \times 100$
Equity per share, EUR =	$\frac{\text{shareholders' equity}}{\text{yearend number of shares}}$

Share Price Trends

Kyro share price trend in 2005



Perlos share price trend in 2005



Source: OMX Helsinki

Group Addresses

G.W. Sohlberg Corporation

Ahventie 4 B
P.O. Box 25
FI-2171 Espoo
FINLAND
tel. + 358 9 452 681
fax + 358 9 4128 855
www.gws.fi

Perlos Corporation

Äyritie 8 A
P.O. Box 178
FI-01511 Vantaa
FINLAND
tel. + 358 9 250 071
fax + 358 9 2500 7208
www.perlos.com

Associated Companies

Kyro Corporation

Vehmaistenkatu 5
P.O. Box 25
FI-33731 Tampere
FINLAND
tel. + 358 3 382 3111
fax + 358 3 382 3016
www.kyro.fi

Detection Technology, Inc.

Micropolis
FI-91100 Ii
FINLAND
tel. + 358 8 553 6600
fax + 358 8 553 6611
www.deetee.com

