GWS

Annual Report 2006

Contents

The Year 2006 in Brief

- **Consolidated turnover of EUR 4.6m fell by some 68 per cent mainly due to changes in the Group structure.**
- **The turnover of the associated company, the Kyro Corporation, was at the level of the previous year and profitability also remained good.**
- **The turnover of the associated company, the Perlos Corporation, grew by some 10 per cent on the previous year, but profitability was much weaker.**
- **Growth in the turnover of the subsidiary, Detection Technology, Inc., stopped and the result showed a clear loss.**
- **Consolidated profit before extraordinary items turned to loss and was EUR -17.2m (previous year EUR 4.6m); profit was adversely affected especially by the loss-making share of the Perlos Corporation profit and the loss-making share of the Detection Technology Group profit.**
- **Group ratio of shareholders' equity to the balance sheet total remained satisfactory at 34.6 per cent (previous year 53.7%); net debt grew to EUR 110.8m up from EUR 77.1m of the previous year.**
- **The Group's stake in the Kyro Corporation at yearend was about 33 per cent and in the Perlos Corporation some 29 per cent.**
- **The Group acquired a further stake of about 35 per cent in Detection Technology, Inc. during 2006 and now owns some 61 per cent of the company.**
- **Matti Virtanen started as the Perlos Corporation's President and CEO on 1.12.2006, Mika Seitovirta started as the Kyro Corporation's President and CEO on 1.1.2007 and Mika Niemi started as Detection Technology, Inc.'s President and CEO on 8.11.2006.**

Key Figures

EUR m (unless otherwise indicated)		2006	2005	2004
Turnover		4.6	14.2	29.6
Operating profit		-13.2	6.9	42.0
as % of turnover		-	48.9	141.7
Profit before extraordinary items		-17.2	4.6	38.6
as % of turnover		-	32.3	130.4
Shareholders' equity		71.9	99.7	104.7
Equity ratio	%	34.6	53.7	62.8
GWS stake in Perlos Corporation market value		54.1	138.1	181.6
GWS stake in Kyro Corporation market value		109.0	106.6	68.7
Liabilities (gross)		135.2	85.2	61.4
Interest-bearing net debt		110.8	77.1	33.8
Net investments		12.1	35.6	-38.2
Return on equity (ROE)	%	-20.1	4.6	42.8
Return on investment (ROI)	%	-6.8	4.0	27.4
Equity per share	EUR	26.63	36.93	38.78
Staff (average)	persons	150	16	142

Review by the Chief Executive

When I took over the helm of GWS on 15 February, 2007, I had had five and a half months to observe, learn and draw conclusions about this company, its current state, its risks and opportunities. I have liked a lot of what I have seen but unfortunately disliked more.

GWS is going through a very difficult phase. It has however had several such difficult stages during its 131 year old history and my main priority for the coming years is to reposition the company so it can withstand the challenges in its trading environment while at the same time provide opportunities for stable and profitable growth.

2006 saw a very strong global economy with stock markets surging and record profits being posted throughout the world.

Of the core GWS holdings only Kyro could benefit from the strong economy and provide its shareholders with satisfactory returns. Kyro is and remains a core strategic asset for GWS and we will continue to support the company and its management to the best of our abilities.

Perlos' development in 2006 was both unfortunate and unsatisfactory. The bankruptcy of one of Perlos' largest customers, BenQ, had a huge negative effect also on GWS´s result. In January 2007 Perlos announced a massive restructuring package with a dramatic impact on the company's employees, many of whom have been GWS Group employees in the past. Sad but unavoidable!

In April, 2006, GWS increased its stake in Detection Technology (DT) to 61.4%. Enthusiasm and positive expectations turned into dismay and disappointment when the true state of DT's administration and operations gradually surfaced in the latter half of the year. After several corrective measures we should now have the necessary foundation in place for a healthy and growing business. DT's technology is perceived best in class, let us make sure the same can be said about its business.

With only six people on its payroll GWS has become a smallish industrial holding company. Our long-term objective however is to identify and secure business opportunities that will provide healthy returns through active ownership and management.

And finally, some words of wisdom I frequently remind my children of: *"The only place where success comes before work is in the dictionary!"*

Accordingly, 2007 will be a year of hard work hopefully followed by some success.

Andreas Tallberg
Chief Executive

Board of Directors, 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.)
Tua-Maria Lidman, 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.)
Tuomo Vähäpassi, Attorney at Law

Management

Parent Company

Andreas Tallberg, CEO (from 15.2.2007)
Heikki Mairinoja, CEO (up to 15.2.2007)
Ari Saarenmaa, CFO

Auditors

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

Arto Tenhula, C.A.

Deputy Auditor

Pekka Hietala, C.A.

Associated Companies

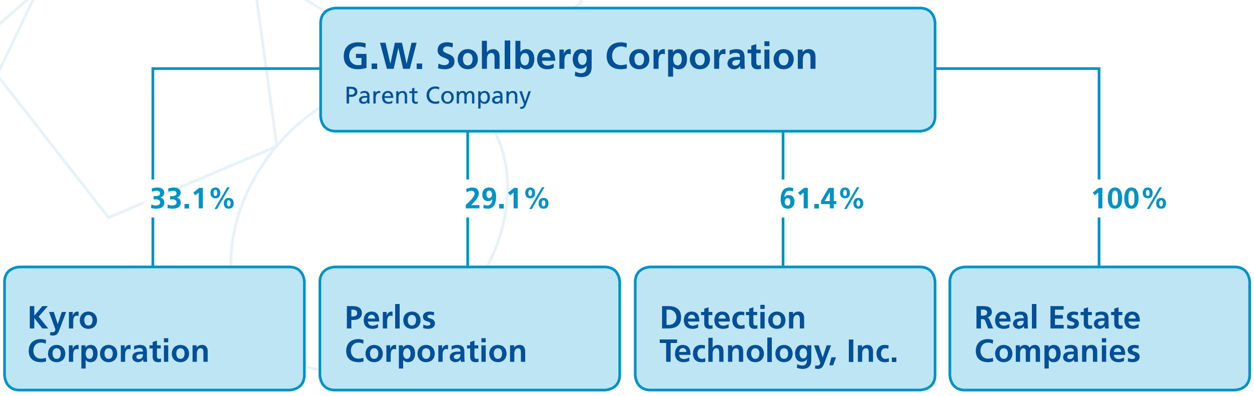
Kyro Corporation
Mika Seitovirta, President and CEO

Perlos Corporation
Matti Virtanen, President and CEO

Subsidiary

Detection Technology, Inc.
Mika Niemi, President and CEO

GWS Group



Associated Company

Kyro

Kyro's business sectors are Glaston Technologies and Energy. The main business sector, Glaston Technologies, consists of the Glass Machinery Group and Tamglass Glass Processing Ltd. The Glass Machinery Group is global market leader in glass processing machinery. Tamglass Glass Processing focuses on markets in Finland and neighbouring countries and is the leading full supplier 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 Oy.

The Kyro Group's turnover in 2006 amounted to EUR 268.9 million (EUR 266.7m). The Group's comparable operating profit was EUR 22.0 million (EUR 23.0m). This represented 8.2 per cent (8.6%) of turnover. Comparable operating profit does not include the non-recurring items totalling EUR 5.6 million recognised for 2006 for efficiency programmes, but it consists of EUR 1.3 million for restructuring of the Glass Processing Group and EUR 4.0 million for the efficiency programme at Bavelloni.

Comparable profit before taxes amounted to EUR 22.3 million (EUR 21.9m). Taking into account recognised non-recurring items, profit before taxes came to EUR 16.7 million (EUR 34.2m). Net profit for the year was EUR 12.1 million (EUR 22.4m). Return on investment was 12.1 per cent (26.1%). The Group's order book on 31 December 2006 stood at EUR 127.5 million (EUR 140.7m).

The Group's financial position is good. Equity ratio at year-end was 62.2 per cent (64.4%). The Group's liquid assets as at 31 December 2006 amounted to EUR 10.5 million (EUR 26.3m) and interest-bearing net debt to EUR -3.0 million (EUR -24.7m).

The Kyro Group's investments in 2006 totalled EUR 12.0 million (EUR 11.4m). The Group's staff numbered on average 1,264 (1,218) employees.

Glaston Technologies' turnover for January-December was EUR 234.7 million (EUR 238.9m). Comparable operating profit amounted to EUR 18.1 million (EUR 22.1m). Glaston received new machine orders totalling EUR 175.9 million (EUR 177.8m). The order book at yearend was EUR 111.2 million (EUR 108.8m).

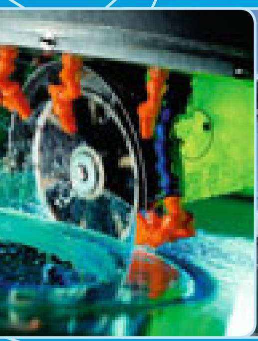
Sales of safety glass machinery were, as expected, strongest in the final quarter. However, deliveries of safety glass machines in terms of volume were down on the previous year, reducing the turnover and profitability of the Glass Machinery Group. Unanticipated costs arising from new products and product series weakened the profitability of the orders carried out by the Glass Machinery Group. Tamglass initiated a programme of measures, still ongoing, to enhance the efficiency of delivery processes in order to mimimise such costs in the future.

There was a slight rise in turnover on the previous year for Tamglass Glass Processing. Its profitability improved, but remained unsatisfactory. This was due in particular to problems in the delivery of raw glass occurring throughout Europe at the end of the year. A rise in the price of raw glass and uneven availability led to a rise in costs for Tamglass Glass Processing.

In 2006 there was a growth in the maintenance agreements, modernisations and accessories, and spare parts activities of the Glaston Technologies' maintenance and service business. The maintenance agreement book for safety glass machinery grew by 16 per cent. Growth in the maintenance and service business for pre-processing machinery was over 19 per cent.

The Energy business sector's turnover in 2006 amounted to EUR 34.1 million (EUR 27.6m). Comparable operating profit was EUR 6.5 million (EUR 6.4m). Both turnover and operating profit continued to be boosted largely by the rise in the price of energy. At the end of September Kyro signed an agreement with the M-Real Corporation whereby Kyro has the right to sell and M-Real the right to buy Kyro Power's gas-fired combi power plant and its associated business activities in the summer of 2007 on expiry of the present delivery contract. If the deal is realised, it will have no direct financial effect despite a positive non-recurring cash flow.

At the beginning of 2007 Glaston's order book is at a good level. Based on positive market prospects and savings made through the efficiency measures from the previous year, Kyro is again aiming to increase the turnover and comparable operating profit of its main business sector, Glaston, in 2007.



	2006	2005	Change	%
Turnover, EUR m	268.9	266.7	2.2	1
Operating profit, EUR m	22.0	23.0	-1.0	-4
Investments, EUR m	12.0	11.4	0.6	5
Staff, persons	1,264	1,218	46	4

Associated Company

Perlos

Perlos is a global design and manufacturing partner to the telecommunications and electronics industries. The company's service extends throughout the entire life-cycle of a product from industrial design to manufacture, logistics and new product versions. Perlos' production units are located in Asia, Europe and the Americas. The company is headquartered in Finland.

Perlos' turnover in 2006 amounted to EUR 673.6 million (EUR 614.0m). Operating profit before non-recurring items was EUR 10.7 million (EUR 21.2m) and after non-recurring items EUR -32.9 million (EUR 8.9m). The major non-recurring items, amounting to EUR 43.6 million, are related to write-downs in accounts receivable from Perlos' major customer, BenQ Mobile, and in inventories, and also to rationalisations in Perlos' operations in Finland and the USA.

Net profit for the year was EUR -43.6 million (EUR 6.4m). Net profit includes the sales profit gained on the sale of the Health Care business sector, amounting to EUR 24.4 million.

Net cash flow from operations came to EUR 65.5 million (EUR 19.4m), while cash flow after investments was EUR 55.7 million (EUR -84.0m). Profit of the Health Care business sector, divested by Perlos, was EUR 18.3 million (EUR 1.9m). Net profit for 2006 includes the profit from the sale of the business sector.

Consolidated gross investment in 2006 totalled EUR 60.4 million (EUR 99.7m). Perlos focused on increasing capacity in growth markets. Major investments comprised completing the new Beijing and the Renosa plants and starting up construction of new plants in Guangzhou and Chennai. During the year investments were also made, in particular, on tool-making capacity in Shenzhen and new production technologies. The Group's investment in R&D activities represented about 1% of turnover in 2006.

The Group's liquid assets at the end of the accounting period amounted to EUR 28.1 million (EUR 26.4m) and unused committed credit facilities to EUR 173.1 million (EUR 148.1m). The Group's equity ratio was 37.3 per cent (34.7%). Interest-bearing debt amounted to EUR 140.9 million (EUR 189.2m) and interest-bearing net debt to EUR 112.8 million (EUR 162.8m).

The Perlos Group's staff, including hired labour, in 2006 numbered on average 13,320 (9,632).

During the accounting period Perlos established a new subsidiary in Chennai, India. The company opened an office in Chennai in the spring and started up construction of a 20,000 square metre production unit.

On 15 January 2007 Perlos announced a profitability improvement programme with the aim of considerably improving the operating profit before non-recurring items of the company's ongoing businesses in comparison to 2006. It is intended to achieve this aim by improving the efficiency of Perlos' operational activities and by reducing the annual level of expenditure by over EUR 100 million by the end of 2007. As a result of these measures the Perlos Group's staffing requirements are estimated to be some 4,000 less than the current figure by the end of 2007.

As a result of the profitability improvement programme, initiated in January, Perlos expects operating profit before non-recurring items of ongoing businesses to be substantially better in 2007 than in 2006. The measures are expected to improve profit during the second half year. Profitability for the beginning of the year, however, is anticipated to remain weak, and operating profit before non-recurring items for the first quarter is estimated to show a loss.

Due to the change occurring in BenQ custom and the drop in demand showing in Finland turnover for the year is anticipated to be one-quarter down on that of 2006. Turnover for January-March is forecast to about a third down on the previous year.

	2006	2005	Change	%
Turnover, EUR m	673.6	614.0	59.6	10
Operating profit, EUR m	-32.9	8.9	-41.8	-
Investments, EUR m	60.4	99.7	-39.3	-39
Staff, persons	13,320	9,632	3,688	38

Subsidiary

Detection Technology

Detection Technology is a globally operating microelectronics company, which designs, manufactures and markets X-ray detectors 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, mainland China and the USA.

The turnover of Detection Technology (DT) amounted to EUR 7.2 million (EUR 13.0m), where about 44 per cent of invoicing was for the previous accounting period. The drop in turnover is strongly affected by the firm's delay in several ramp-up projects in R&D and production and in finishing income recognition based on the percentage of completion method.

The DT Group's net result showed a loss of EUR -5.5 million (EUR 1.3m). Operating profit was weakened, in particular, by investment made last year to increase staff and by write-downs of inventories, amounting to EUR 1.3 million, as well as by finishing income recognition based on the percentage of completion method adopted in 2005. During the accounting period the company initiated commission of an operational control system and the project continues into 2007.

The consolidated balance sheet total as at 31 December 2006 was EUR 14.2 million (EUR 18.5m). Interest-bearing debt grew during the accounting period to EUR 14.8 million (EUR 7.2m), of which capital loans amounted to EUR 1.9 million (EUR 2.2m). Write-downs of EUR 2.5 million were charged to fixed assets in 2006.

Consolidated cash flow after investments amounted to EUR -7.8 million (EUR -2.8m). Investments for the accounting period came to EUR 3.4 million, of which investment on equipment was EUR 2.7 million. Investments were focused on the production facilities in China and production machinery in China and Finland. Inventories before write-downs increased to EUR 2.1 million. EUR 1.4 million was paid on interest on convertible bonds and other interest during the accounting period.

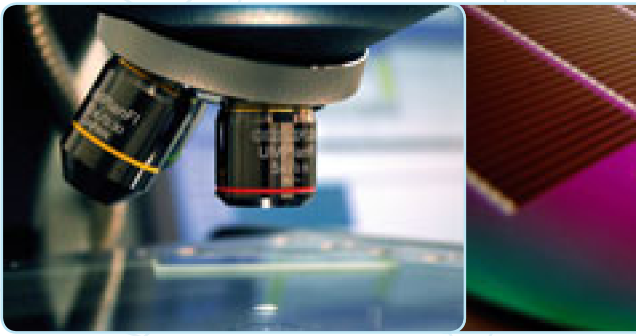
The firm used a large part of its resources on R&D activities to develop new X-ray modules for the security and medical sectors. Product development projects developed a new type of wafer processing, new detector structures, detector module packaging technology and packaging processes, detector module ASICs and application-specific X-ray camera modules.

During the accounting period 49 people worked on the firm's R&D both in Finland and in China.

The Detection Technology Group has operations in six locations: in Ii and Vantaa in Finland, in Solon in the United States, and in Hong Kong, Ningbo and Beijing in China. Group administration and part of the sales and marketing organisation are located in Ii, as well as product management. R&D is carried out in Ii, Vantaa and Beijing. The company's production is located in Beijing and Hong Kong. The Asia sales unit operates in Beijing, and in the USA sales are managed in Solon, Ohio.

Group staff numbered 112 employees at the beginning of the accounting period and 161 at the end.

The company's order book at yearend amounted to some EUR 3.0 million. During 2006 the company signed a number of new customer contracts, which are expected to generate a growth in sales. Turnover for the year 2007 is expected to develop in a positive direction and operating activities to be profitable. A significant part of growth will be generated to a great extent by growth in demand from established customers and by products, developed for specific customers, going into full production.



	2006	2005	Change	%
Turnover, EUR m	7.2	13.0	-5.8	-45
Operating profit, EUR m	-4.8	2.0	-6.8	-
Investments, EUR m	3.4	4.2	-0.8	-19
Staff, persons	134	88	46	52

Report by the G.W. Sohlberg Corporation's Board of Directors for 2006

2006 was the G.W. Sohlberg Corporation's 98th financial year and 131st year of operations.

Group Structure

The G.W. Sohlberg Corporation's stake in the associated company, the Perlos Corporation, remained the same throughout the year at 29.14%. The stake in the Kyro Corporation also stayed at the same level as at the turning of the previous year at 33.10%.

GWS Invest Oy acquired a 35.0 per cent increase of shareholding in Detection Technology, Inc. through a deal transacted in spring 2006 and now owns 61.37 per cent of the company.

The G.W. Sohlberg Corporation holds a 10.1 per cent stake in Pikval Oy (formerly, R-Laatikko 904 Oy, into which GWS Pikval Oy, divested in 2005, was merged on 31.12.2007).

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

Turnover

Consolidated turnover amounted to EUR 4.6 million (EUR 14.2m). The nine month share of the Detection Technology (D.T.) Group's turnover has been posted in the turnover. Turnover dropped by EUR 9.6 million, or 67.6 per cent, from the previous year (decrease in the previous year of 52.2%).

Turnover figures for 2005 and 2006 are not comparable, as the nine month share in GWS Pikval's turnover was posted in the turnover for 2005 and correspondingly the nine month share in the Detection Technology Group's turnover was entered in the turnover for 2006.

Direct exports and overseas operations together accounted for EUR 4.4 million, or 95.0 per cent (12.9%), of consolidated turnover.

Financial position and result

The Group's financial result fell far short of set targets and was down on the previous year. Loss before extraordinary items came to EUR -17.2 million (EUR 4.6m). The result was weakened especially by a sharp loss in the share of Perlos' profits as well as the worse than expected performance of the Detection Technology Group.

The operating result of the Detection Technology Group, including subsidiaries, showed a EUR -4.8 million loss. The operating result was considerably worse than comparable figures for the previous year. The operating loss was increased by an increase in the number of staff, write-downs on inventories and delays in several R&D projects and in the ramp-up of mass production in China. DT's figures are included in the GWS Group figures for the nine-month period starting on 1.4.2006.

The share of the profit of the Perlos Corporation for the accounting period 2006 amounted to EUR -7.4 million (EUR 2.4m). The share of the profit of the Kyro Corporation was EUR 1.5 million (EUR 5.2m).

The Group's return on equity (ROE) was -20.1 per cent (4.6%) and return on investment (ROI) -6.8 per cent (4.0%).

Investments

GWS Invest Oy, a subsidiary 100 per cent owned by the parent company, acquired 143,097 shares in Detection Technology, Inc. during the accounting period. The GWS Group stake in the company at the end of the accounting period stood at 61.37 per cent.

Industrial investments in line with strategy for subsidiaries were mainly focused on the start-up of DT's mass production in China. Group investment in machinery and equipment amounted to EUR 2.7 million (EUR 0.1m) mainly concentrated on the Detection Technology Group. In addition, EUR 0.7 million of R&D costs were capitalised in the balance sheet.

Net investments by the GWS Group for 2006 amounted to EUR 12.1 million (EUR 35.6m). The largest investment was the further acquisition of shares in Detection Technology, Inc.

EUR 0.7 million (EUR 0.3m) was invested in the R&D activities of Group subsidiaries (the Detection Technology Group), mainly aimed at product development.

Financing

Consolidated liabilities amounted to EUR 135.2 million (EUR 85.2m), of which EUR 129.6 million (EUR 84.0m) was interest-bearing. At the same time the Group held cash assets of EUR 18.8 million (EUR 6.9m), so that consolidated interest-bearing net debt was EUR 110.8 million (EUR 77.1m).

The amount of interest-bearing net debt has been increased by the acquisition of shares in Detection Technology, Inc. and by the DT Group's debt and payment of dividend.

The consolidated ratio of shareholders' equity to the balance sheet total, i.e. the equity ratio, was 34.6% (53.7%). Equity ratio, adjusted by capital loans, was 35.5%.

The value of the associated company, the Perlos Corporation, shares on the consolidated balance sheet is EUR 46.9 million (EUR 55.8m) and that of the associated company, the Kyro Corporation, shares EUR 92.8 million (EUR 95.7m), including unamortized goodwill of EUR 43.9 million (EUR 46.4m).

Detection Technology, Inc., acquired during the accounting period, has been included in the consolidated accounts as a subsidiary. In connection with the acquisition the consolidated balance sheet contains unamortized consolidated goodwill of EUR 11.5 million.

Staff

Group staff numbered on average 150 (16). The figures for 2006 include the staff of the DT Group, acquired during the accounting period, and correspondingly 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 and the Perlos Corporation, together with their subsidiaries have been entered using the equity accounting method. The share of profits of the associated companies has been presented in its own row in the income statement and in the balance sheet under shares in associated companies.

The Kyro Group's turnover under IFRS amounted to EUR 268.9 million (EUR 266.7m). Growth on the previous year was EUR 2.2 million, or about 0.8 per cent. Comparable consolidated operating profit was EUR 22.0 million (EUR 23.0m), representing 8.2 per cent (8.6%) of turnover. Profitability was adversely affected by a number of operational development and efficiency projects carried out. The GWS Group's dividend income from the Kyro Corporation was EUR 4.5 million (EUR 1.2m).

The Perlos Group's turnover under IFRS totalled EUR 673.6 million (EUR 614.0m). Growth on the previous year was EUR 59.6 million, or about 9.7 per cent. The reported figures do not include the figures for the Health Care business sector, divested during 2006. The operating result after non-recurring items amounted to EUR -32.9 million (EUR 8.9m). The major non-recurring items, amounting to EUR 43.6 million, are related to write-downs in accounts receivable from Perlos' large customer, BenQ Mobile, as well as in inventories, and also to Perlos' rationalisation of operations in Finland and the USA. The G.W. Sohlberg Corporation's dividend income from the Perlos Corporation was EUR 1.5 million (EUR 3.1m).

Risk

The greatest risk to the maintenance of the GWS Group's profitability and solidity continues to be the large fluctuations in Perlos' profits. Forecasting in the entire business sector is poor. Detection Technology as a growth company also entails high risk. Risks in the DT balance sheet have been substantially written down in the financial statements for 2006.

The Group has tried to hedge 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 2007

Kyro aims to increase its turnover and comparable operating profit based on positive market prospects and cost savings achieved during the previous year's efficiency-boosting measures. Kyro's financial position remains good with its order book at a good level.

As a result of the change occurring in BenQ custom and the drop in demand showing in Finland, Perlos expects turnover for the year to be about one quarter down on that of 2006. The operating result from ongoing operations before non-recurring items is expected to be considerably better in 2007 than in 2006. The profitability improvement programme, initiated in January 2007, is expected to improve profitability during the second half-year. Profitability for the beginning of the year is forecast to remain weak.

Detection Technology's turnover is expected to return to vigorous growth and profitability from operations is expected to show considerable improvement.

The Board's Proposal for the Disposal of Earnings

The board proposes that the parent company's loss of EUR -1,980,540.32 be entered as a decrease in disposable assets and that dividend should not be distributed.

Espoo, 28 February 2007

Klaus Sohlberg Chairman	Heikki Tulenheimo Vice Chairman	Jan Hasselblatt	Tua-Maria Lidman	Kari O. Sohlberg
Kari Stadigh	Tiina Tallberg	Tuomo Vähäpassi	Andreas Tallberg CEO	

Source and Application of Funds 1.1.–31.12.

EUR k	Group 2006	2005	Parent Company 2006	2005
Cash flow from operations				
Operating loss/profit	-13,153	6,934	-2,459	-2,097
Adjustments to operating loss/profit [1]	7,367	-7,260	61	-594
Change in working capital	-4,533	1,436	2,751	17,682
Interest expenditure and costs paid	-4,661	-2,981	-4,004	-3,027
Dividend received	-	-	3,721	3,982
Interest received	596	626	533	1,937
Tax and tax rebates	-3	-316	-2	-316
Net cash flow from operations	**-14,387**	**-1,561**	**601**	**17,567**
Cash flow from investments				
Investment in tangible and intangible assets	-19,173	-49	-208	-6
Income on disposal of tangible and intangible assets	244	8,980	244	12,287
Investment in other investment items	10,106	-39,906	-	-71
Loans receivable/repayments	-	-	-9,163	-62,295
Net cash flow from investments	**-8,823**	**-30,975**	**-9,127**	**-50,085**
Cash flow from financing				
Short-term loans raised	71,484	30,679	65,613	30,679
Short-term loans repaid	-30,679	-11,320	-30,679	-11,320
Long-term loans raised	18,959	28,505	10,000	28,505
Long-term loans repaid	-13,803	-18,878	-13,803	-18,863
Dividends paid	-10,800	-10,800	-10,800	-10,800
Net cash flow from financing	**35,161**	**18,186**	**20,331**	**18,201**
Change in liquid assets	11,951	-14,350	11,805	-14,317
Liquid assets 1.1.	6,880	21,230	6,879	21,196
Liquid assets 31.12.	**18,831**	**6,880**	**18,684**	**6,879**
Change in working capital				
Short-term operating receivables decrease (+) / increase (-)	-4,276	30,578	629	18,674
Inventories decrease (+) / increase (-)	-4,318	10,779	-	-
Short-term debt decrease (-) / increase (+)	4,061	-3,921	2,122	-992
Change in working capital	**-4,533**	**1,436**	**2,751**	**17,682**

[1] adjustments to operating loss/profit include depreciations, share of profit of associated companies and other non-liquid items

Income Statement 1.1.–31.12.

EUR k	Note	Group 2006	Group 2005	Parent Company 2006	Parent Company 2005
TURNOVER	1.1.	4,589	14,166	50	247
Change in inventories of finished products and WIP		159	362	-	-
Manufacture for own use		-	5	-	-
Share of associated companies' profits		-5,902	7,595	-	-
Other operating income	1.2.	1,654	2,686	1,497	2,635
Materials and services					
Materials, supplies and goods					
Purchases during accounting period		-4,313	-7,351	-	-
Change in inventories		767	19	-	-
External services		-128	-441	-	-
Materials and services total		-3,674	-7,773	-	-
Staff expenditure					
Wages, salaries and fees		-3,254	-3,858	-1,104	-1,264
Staff social expenditure					
Pension costs		-608	-658	-283	-216
Other staff social expenditure		-58	-328	-79	-87
Staff social expenditure total	1.3.	-3,920	-4,844	-1,466	-1,567
Depreciations and write-downs					
Depreciation according to plan		-1,468	-1,099	-65	-170
Depreciations total	1.4.	-1,468	-1,099	-65	-170
Other operating expenditure	1.5.	-4,591	-4,164	-2,475	-3,242
OPERATING LOSS/ PROFIT		-13,153	6,934	-2,459	-2,097
Financial income and expenditure					
Income from stake in associated companies		-	-	3,722	3,982
Long-term investment income from other companies		-	185	-	185
Other interest and financial income from Group companies		-	-	89	1,314
Other interest and financial income from other companies		596	441	443	439
Interest expenditure and other financial expenditure to Group companies		-	-	-110	-48
Interest expenditure and other financial expenditure to other companies		-4,661	-2,981	-3,894	-2,979
Financial income and expenditure total		-4,065	-2,355	250	2,893
LOSS/PROFIT BEFORE EXTRAORDINARY ITEMS		-17,218	4,579	-2,209	796
Extraordinary items					
Extraordinary income		200	2,998	200	5,132
Extraordinary expenditure		-4	-133	-4	-2
Extraordinary items total	1.6.	196	2,865	196	5,130
LOSS/PROFIT BEFORE APPROPRIATIONS AND TAXES		-17,022	7,444	-2,013	5,926
Difference in depreciation decrease/increase		-	-	34	680
Income tax	1.7.	6	141	-2	-316
Minority interests		2,175	-	-	-
NET LOSS/PROFIT FOR THE YEAR		-14,841	7,585	-1,981	6,290

Balance Sheet 31.12.

EUR k	Note	Group 2006	2005	Parent Company 2006	2005
ASSETS					
FIXED ASSETS					
Intangible assets					
Group goodwill		11,532	-	-	-
Other long-term expenditure		1,382	1	-	1
Intangible assets total	2.1.	**12,914**	**1**	**-**	**1**
Tangible assets					
Land and installations		8,922	8,928	-	6
Buildings and constructions		8,601	8,770	-	3
Machinery and equipment		4,623	246	353	245
Advances and acquisitions in progress		545	-	-	-
Tangible assets total	2.1.	**22,691**	**17,944**	**353**	**254**
Investments					
Shares in Group companies		-	-	15,735	15,735
Receivables from Group companies		-	-	72,165	63,001
Shares in associated companies		139,699	155,726	57,276	57,276
Other shares and holdings		131	112	113	112
Other receivables		1,051	1,051	1,051	1,051
Investments total	2.1.	**140,881**	**156,889**	**146,340**	**137,175**
FIXED ASSETS TOTAL		**176,486**	**174,834**	**146,693**	**137,430**
INVENTORIES AND FINANCIAL ASSETS					
Inventories					
Materials and supplies		2,044	-	-	-
Work in progress		553	-	-	-
Other products/goods		1,721	-	-	-
Inventories total		**4,318**	**-**	**-**	**-**
Receivables					
Short-term					
Accounts receivable		2,164	173	166	174
Receivables form Group companies		-	-	742	2,015
Other receivables		478	520	478	520
Prepaid expenditure and accrued income	2.2.	5,548	3,221	3,911	3,217
Short-term receivables total		**8,190**	**3,914**	**5,297**	**5,926**
Cash and bank accounts		**18,831**	**6,880**	**18,684**	**6,879**
INVENTORIES AND FINANCIAL ASSETS TOTAL		**31,339**	**10,794**	**23,981**	**12,805**
ASSETS TOTAL		**207,825**	**185,628**	**170,674**	**150,235**

Balance Sheet 31.12.

EUR k	Note	Group 2006	2005	Parent Company 2006	2005
LIABILITIES					
SHAREHOLDERS' EQUITY					
Restricted equity					
Share capital	3.1.	18,900	18,900	18,900	18,900
Other restricted equity	3.2.	1,649	1,649	1,649	1,649
Restricted equity total		**20,549**	20,549	**20,549**	20,549
Unrestricted equity					
Accumulated profit from previous years		68,021	71,614	28,505	33,015
Net profit for the year		-14,841	7,585	-1,981	6,290
Restricted equity total	3.3.	**53,180**	79,199	**26,524**	39,305
Minority interests		-1,803	-	-	-
SHAREHOLDERS' EQUITY TOTAL		**71,926**	99,748	**47,073**	59,854
ACCUMULATED APPROPRIATIONS					
Accumulated difference in depreciation		-	-	**205**	239
COMPULSORY RESERVES					
Other compulsory reserves	3.4.	**680**	680	**679**	679
LIABILITIES					
Long-term liabilities					
Capital loans	5.1.	1,852	-	-	-
Loans from financial institutions		56,287	53,158	49,545	53,158
Debt to Group companies		-	-	15	15
Deferred tax liabilities	3.5.	60	69	-	-
Other long-term liabilities		365	190	-	190
Long-term liabilities total		**58,564**	53,417	**49,560**	53,363
Short-term liabilities					
Loans from financial institutions		71,484	30,679	65,613	30,679
Advances received		736	-	-	-
Accounts payable		2,448	360	48	309
Debt to Group companies		-	-	6,540	4,410
Other short-term liabilities	3.6.	616	100	82	58
Accrued liabilities and prepaid income	3.7.	1,371	644	874	644
Short-term liabilities total		**76,655**	31,783	**73,157**	36,100
LIABILITIES TOTAL		**135,219**	85,200	**122,717**	89,463
SHAREHOLDERS' EQUITY, APPROPRIATIONS, RESERVES AND LIABILITIES TOTAL		**207,825**	185,628	**170,674**	150,235

Group Supplementary Information

Principles for the Preparation, Valuation and 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 amortised according to useful life. The amortisation period for goodwill is 20 years.

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 Detection Technology Group companies have been translated into euros using the average exchange rate for the accounting period and the balance sheets using the average exchange rate at balance sheet date.

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

Items Denominated in Foreign Currencies

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

Changes in Group Structure

The Group's stake in the Detection Technology Group has risen to 61.37 per cent through a deal transacted on 7.3.2006.

Detection Technology, Inc. has been combined in the GWS Group as a subsidiary commencing on 1.4.2006. Otherwise, the Group structure has remained the same.

Associated Companies

The associated companies have been entered using the equity accounting method.

The Kyro Corporation

The Group's stake in the Kyro Corporation has not changed during the accounting period.

The value of the Group's stake of 33.10% at the share price of EUR 4.14, quoted on the stock exchange closing day of trading for the year, amounted to EUR 109.0 million.

The amortisation period for goodwill is 20 years.

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 3.51, quoted on the stock exchange closing day of trading for the year, amounted to EUR 54.1 million.

Detection Technology, Inc.

A further 143,097 shares in Detection Technology, Inc. were purchased during the accounting period. At the end of 2006 the group's stake was 61.37%.

The amortisation period for goodwill is 20 years.

Intangible and Tangible Assets

The balance sheet values of intangible and tangible assets are based on the original acquisition costs 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 unless otherwise indicated.

1. Supplementary Information on Income Statement

	2006	2005
1.1. Turnover by business sector and market area		
Turnover by business sector		
Shop and public-facility fittings	-	14,166
Security and medical imaging-equipment X-ray detectors	4,589	-
Total	**4,589**	**14,166**
Turnover by market area		
Finland	230	12,335
Other Nordic countries	326	1,072
Other Europe	918	759
USA and Canada	1,175	-
Other countries	1,940	-
Total	**4,589**	**14,166**
1.2. Other operating income		
Rental income	1,485	1,829
Profit on sale of fixed assets, contributions etc.	157	857
Total	**1,642**	**2,686**
1.3. Supplementary information on staff and company officers		
1.3.1. Average staff		
Wage earners	61	-
Salaried staff	89	16
Total	**150**	**16**
1.3.2. Directors' salaries and fees		
CEO and Deputy CEO	572	518
Board members	128	108
Total	**700**	**626**

1.3.3. The retirement age for CEOs is 60–63.

	2006	2005
1.4. Depreciation according to plan and write-downs		
Goodwill	485	-
Other long-term expenditure	250	136
Buildings and constructions	379	441
Machinery and equipment	354	522
Total	**1,468**	**1,099**
Depreciations total	**1,468**	**1,099**

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

The periods for depreciation according to plan are as follows:

Goodwill	20 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

	2006	2005
Extraordinary income		
Sale of Jyväskylä real estate	-	665
Sale of GWS Pikval shares	-	2,333
Extra sales price from sale of Flexlink Ab in 2005	158	-
Other	42	-
Extraordinary income total	**200**	**2,998**
Extraordinary expenditure		
Expenditure from earlier sales of Group companies	-4	-2
Kiinteistö Oy Punamullantie 2 demolition loss	-	-34
GWS Pikval SP.zo.o of Poland winding-up loss	-	-97
Extraordinary expenditure total	**-4**	**-133**
Extraordinary items total	**196**	**2,865**

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)	9	457
Profit for the year	25	1,302
Change in depreciation total	**34**	**1,759**

Income tax

Income tax on normal operations	51	745
Income tax on extraordinary items	-51	-745
Tax rebates from previous accounting periods	-	-
Tax from previous accounting periods	-3	-316
Change in deferred tax liability	9	457
Total	6	141

2. Supplementary Information on Balance Sheet Assets

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

	Goodwill	Other long-term expenditure	Land	Buildings and constructions	Machinery and equipment
Acquisition cost 1.1.		495	8,928	26,624	365
Increase	12,017	1,631	-	210	4,773
Decrease	-	-	-6	-6	-123
Acquisition cost 31.12.	12,017	2,126	8,922	26,828	5,015
Accumulated depreciation 1.1.		-494	-	-17,854	-119
Decrease			-	3	87
Plan depreciation for accounting period	-485	-250	-	-373	-360
Accumulated depreciation 31.12.	-485	-744	-	-18,224	-392
Balance sheet value 31.12.2006	**11,532**	**1,382**	**8,922**	**8,601**	**4,623**
Balance sheet value 31.12.2005		1	8,928	8,770	246

	Acquisitions in progress	Shares in Group companies	Other shares and holdings
Acquisition cost 1.1.		155,726	112
Increase	545	1,469	19
Decrease		-17,496	
Acquisition cost 31.12.	545	139,699	131
Accumulated depreciation 1.1.		-	-
Decrease		-	-
Plan depreciation for accounting period		-	-
Accumulated depreciation 31.12.	-	-	-
Balance sheet value 31.12.2006	**545**	**139,699**	**131**
Balance sheet value 31.12.2005	-	155,726	112

Undepreciated part of acquisition cost of machinery and equipment **4,552**

2.2. Prepaid expenses and accrued income	**2006**	2005
Short-term		
Tax credit receivables	2,722	2,724
Interest receivables	900	306
VAT receivables	491	139
Insurance compensation	272	-
Contribution receivables	390	-
Social insurance accruals	95	18
Advance taxes for 2006	71	-
Other	607	34
Total	**5,548**	3,221

3. Supplementary Information on Balance Sheet Liabilities

Shareholders' equity

3.1. Restricted shareholders' 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 2.7 million 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)

3.2. Other restricted shareholders' equity	**1,649**	1,649

Other restricted shareholders' equity comprises the share premium reserve.

Restricted shareholders' equity total	**20,549**	20,549
3.3. Unrestricted shareholders' equity		
Accumulated profit from previous years 1.1.	79,199	84,002
Distributed dividend 2005/2004	-10,800	-10,800
Cancelled revaluations and related deferred tax liability	-	-1,671
Eliminations and translation differences	-378	83
Accumulated profit from previous years 31.12.	**68,021**	**71,614**
Net loss/profit for the year	-14,841	7,585
Unrestricted shareholders' equity total	**53,180**	**79,199**
Minority interests	**-1,803**	-
Shareholders' equity total	**71,926**	**99,748**
Portion of accumulated depreciation difference under shareholders' equity	203	196
Distributable funds from unrestricted shareholders' equity	51,174	79,003

3.4. Compulsory reserves		
Environmental liability reserve	478	478
Reserve for deferred rental costs	202	202
Total	**680**	680

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 has been set up and entered under extraordinary expenditure in the accounts for 1997.	**2006**	2005

The reserve for deferred rental costs has been entered under other operating expenditure for previous years.

The change in other compulsory reserves has been entered under other operating expenditure.

3.5. Accumulated appropriations

Accumulated difference in depreciation		
Deferred tax liability	60	69
Shareholders' equity	206	194
Total	**266**	**263**

Deferred tax liabilities

Appropriations	60	69
Total	**60**	**69**

3.6. Other long-term liabilities

Factoring credit	413	-
Other	203	100
Total	**616**	**100**

3.7. Accrued liabilities and prepaid income

Unpaid wages and salaries incl. social costs	584	273
Interest	651	369
Other	136	2
Total	**1,371**	**644**

4. Pledges and Commitments

4.1. Loans with real estate mortgaged as collateral

Financial institutions	-	8,505
Mortgages	-	3,237

4.2. Loans with securities as collateral

Financial institutions	63,158	60,337
Book value of collateralised securities	57,699	62,848

4.3. Loans with pledges and mortgages as collateral

Financial institutions	12,978	-
Firm mortgages	10,235	-
Factoring credit	412	-
Loan with accounts receivable as collateral	641	-

4.4. Other pledges for own company

Deposits	-	202

4.5. Other commitments

Guarantees to others	-	3
Rents	1,837	2,027
Leasing rentals due next accounting period	322	-
Leasing rentals due later	462	-

5. Capital Loans

5.1. Information on Group capital loans and interests not booked as expenditure

Lender	Loan period	Loan amount	Accumulated interest	Interest
Nordea Pankki	1 year	76	2	Euribor 6mth. + marg. 6%
Tekes	3 and 4 years	776	61	3% p.a.
Finnfund	2 years	1,000	75	7.5% p.a.
		1,852	**138**	

The capital and interest of loans are paid at a lower preference than other debts in the event of the company going into receivership or bankruptcy. The interest is paid only when the amount of the company's unrestricted shareholders' equity and all capital loans at the time of payment exceeds the amount of the company's unrestricted shareholders' equity from the company's last completed financial year or the amount of the unrestricted shareholders' equity according to the balance sheet from later financial statements.

A pledge is not given for payment of the capital or interest. If the interest cannot be paid, it is transferred to be paid on the basis of the first financial statements, on the basis of which it can be paid.

6. Option Rights

6.1. Information on Detection Technology, Inc.'s option rights

The Annual General Meeting of Detection Technology, Inc. made a decision on 8 March 2004 concerning option rights, on the basis which a maximum of 5,600 shares can be subscribed, corresponding to 1.0% of the company's share capital and 1.0% of the company's voting rights and the share capital rises to a maximum of EUR 941.85. The share subscription period is 1 January 2005 to 31 December 2008.

The Annual General Meeting of Detection Technology, Inc. made a decision on 16 September 2004 concerning option rights, on the basis of which a maximum of 5,600 shares can be subscribed, corresponding to 1.0% of the company's share capital and 1.0% of the company's voting rights and the share capital rises to a maximum of EUR 941.85. The share subscription period is 1 January 2007 to 31 December 2009.

The Annual General Meeting of Detection Technology, Inc. made a decision on 7 March 2006, concerning option rights, on the basis of which a maximum of 37,000 shares can be subscribed, corresponding to 9.0% of the company's share capital and 9.0% of the company's voting rights and the share capital rises to a maximum of EUR 6,223.00. The share subscription period is 1 September 2007 to 31 December 2012.

7. Shareholdings in Other Companies

7.1. 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	1,418
GWS Invest Oy, Helsinki	100	100	-152
GWS Assets Oy, Helsinki	100	100	7
Kiinteistö Oy Työnjohtajankatu 1, Helsinki	100	100	17,888
Kiinteistö Oy Punamullantie 2, Nurmijärvi	100	100	-250
As. Oy Helsingin Ehrensvärdintie 25, Helsinki	100	100	3,735
Pakopaikka Oy, Helsinki	100	100	128
Detection Technology Inc., Espoo	61.37	61.37	-4,765

7.2. Other shares and holdings with significant Group stake

	Group stake %	Group voting rights %	Group stake in equity capital EUR k	Shares/stake held by the Group: Stake %	No.	Nom. value EUR k	Book value EUR k
Associated companies							
Perlos Corporation	29.14	29.14	45,371	29.14	15,425,000	9,255	46,923
Kyro Corporation	33.10	33.10	45,678	33.10	26,266,100	2,051	92,776
Associated companies total							139,699
Other shares and holdings (over EUR 17k)							
Pikval Oy	10.10	10.10			2,828		71
Other shares							60
Other shares and holdings total							131
Investments total							139,830

Auditors' Report

To the Shareholders of the G.W. Sohlberg Corporation

We have audited 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.–31.12.2006. 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 Parent Company. On the basis of our audit we submit our report on the financial statements, the Report by the Board of Directors and the governance of the Parent Company.

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 audited to a sufficient extent to determine that the financial statements do not contain any material 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 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 the 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, 9 March 2007

Ernst & Young Oy
C.A. Corporation

Pekka Luoma
C.A.

Arto Tenhula
C.A.

Calculation Formulas for Key Figures

Interest-bearing net debt = interest-bearing debt – interest-bearing receivables – cash and other liquid financial assets

$$\text{Equity ratio \%} = \frac{\text{shareholders' equity}}{\text{balance sheet total – advances received}} \times 100$$

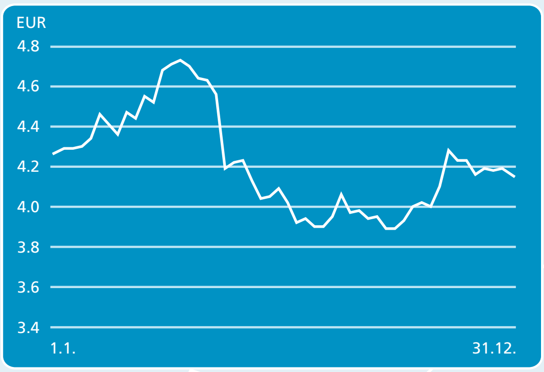
$$\text{Return on equity \% (ROE)} = \frac{\text{profit before extraordinary items – taxes}}{\text{shareholders' equity (average)}} \times 100$$

$$\text{Return on investment \% (ROI)} = \frac{\text{profit before extraordinary items + interest expenditure and other financial expenditure}}{\text{balance sheet total – non-interest-bearing liabilities (average)}} \times 100$$

$$\text{Equity per share, EUR} = \frac{\text{shareholders' equity}}{\text{yearend number of shares}}$$

Share Price Trends

Kyro share price trend in 2006



Perlos share price trend in 2006

Source: OMX Helsinki

Group Addresses

G.W. Sohlberg Corporation

Ahventie 4 B
P.O. Box 25
FI-02171 Espoo
FINLAND
tel. + 358 9 452 681
fax + 358 9 4128 855
www.gws.fi

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

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

Subsidiary

Detection Technology, Inc.

Micropolis, Piisilta 1c
FI-91100 Ii
FINLAND
tel. + 358 8 553 6600
fax + 358 8 553 6611
www.deetee.com

www.gws.fi