

## Review by the Chief Executive

### 2009

Last year was a true Annus Horribilis! The depression that swept across world economies hit Finland particularly hard and Finnish GNP declined by 7.8%! More than ever since the war of independence in 1918.

GWS had a very tough year. Unemployment rose sharply despite efforts by the Finnish government to stimulate the economy. This had a negative effect on the trading environment for the StaffPoint Group. StaffPoint which we acquired in the summer of 2008 saw its sales decline by over a quarter which was in line with the industry in general and the following imbalance in supply and demand worsened profitability even further. Consequently StaffPoint recorded an operating loss despite considerable cost cutting efforts. On a positive note, during last year, StaffPoint acquired Taitoprofilit Oy. Taitoprofilit is a leading educational and training company and opens up exciting growth opportunities for the Group.

Top management and the whole management model was refined in Staffpoint during the year. Juha Tornainen took over as new CEO in December.

Going into last year we had our hopes set high for Detection Technology (DT). Our expectations however swiftly faded away with significant volume declines in DT's two main business areas, Medical and Security. Our core customers' component inventories remained high until the fourth quarter which was reflected in DT's low sales activity during the bulk of the year. The high cost awareness throughout the DT organisation however secured a positive cash flow despite low sales and an operating loss. Towards the end of the year sales activity picked up and a profit was generated in December.

The depression hit Glaston Oyj worst of all the GWS Group holdings. Along with the entire industry Glaston's sales almost halved and the operating result was heavily loss making. New construction virtually halted across the globe and solar power projects came to a standstill. For Glaston, as the global market leader in glass processing machinery and software, the situation was overwhelming and cost cutting measures could not compensate for the shortfall in sales. In order to secure liquidity the board of Glaston issued a convertible bond for which investor appetite was significant. In September of last year Glaston Oyj appointed Arto Metsänen as new CEO.

As the GWS Group subsidiaries had a dismal year it is worthy to note that our industrial real estate in Herttoniemi, Helsinki, generated strong cash flow and the area as a whole has promising development potential.

As our group posted operational losses across the board and financial markets continued to be nervous we took all necessary measures to secure sufficient financing for the continued development of our portfolio. I described the situation in an extra ordinary shareholders' meeting on November 10th, 2009, and with support of our shareholders additional equity was raised before Christmas.

## **Expectations for 2010**

Temporary employment and outsourcing will have a significant positive effect on employment in the future. The industry as such has been criticised locally but I am nevertheless convinced this negative attitude will diminish and we will approach European levels of penetration in our domestic markets. For trade, service and industry alike companies like StaffPoint will play an increasingly important role when securing competitive advantages. We want to be part of this development and I foresee the industry to resume growth towards the end of the year.

The merger of StaffPoint and Taitoprofilit into one entity will be completed early this year as the two companies will share the same premises. Merging two corporate cultures is always challenging but also the beginning of something new.

Order intake for Detection Technology (DT) rose swiftly during the two last months of last year. The good momentum has continued in the first months of 2010 and we expect healthy sales growth and significant profitability improvement.

In a stock exchange release on February 10th, 2010, Glaston Oyj stated that its operating result for the current year will significantly improve. Under tight focus and supervision by the new CEO Glaston is completing a considerable restructuring program which forms the basis for profits based on lower costs. When new construction projects rebound and solar power projects materialize Glaston will be very well positioned for profitable growth.

Although I am leaning towards optimism when pondering over our future we must remember that GWS is still rather leveraged. Hence it is important that interest rates remain low and that economic growth remains stable. Only this will create demand for our products and services which in turn creates profits, equity value and shareholder distributions.

Our financial position, which was strengthened by the equity injection late last year, was further boosted in March through the sale of our residential property in Helsinki. The property which had been scarcely used in recent years housed, among other things, the GWS-museum which objects that represent 134 years of Finnish industrial history are now diligently stored.

For GWS shareholders dividend distribution is of paramount importance. In recent history, apart from the last couple of years, the dividend yield has been very healthy and the sooner we return to yielding good returns to our shareholders the better. There are however no easy fixes and hence only hard dedicated work will take us to our objective by first returning to profitability and reducing our leverage.

In Espoo, March 17th, 2010.

Andreas Tallberg