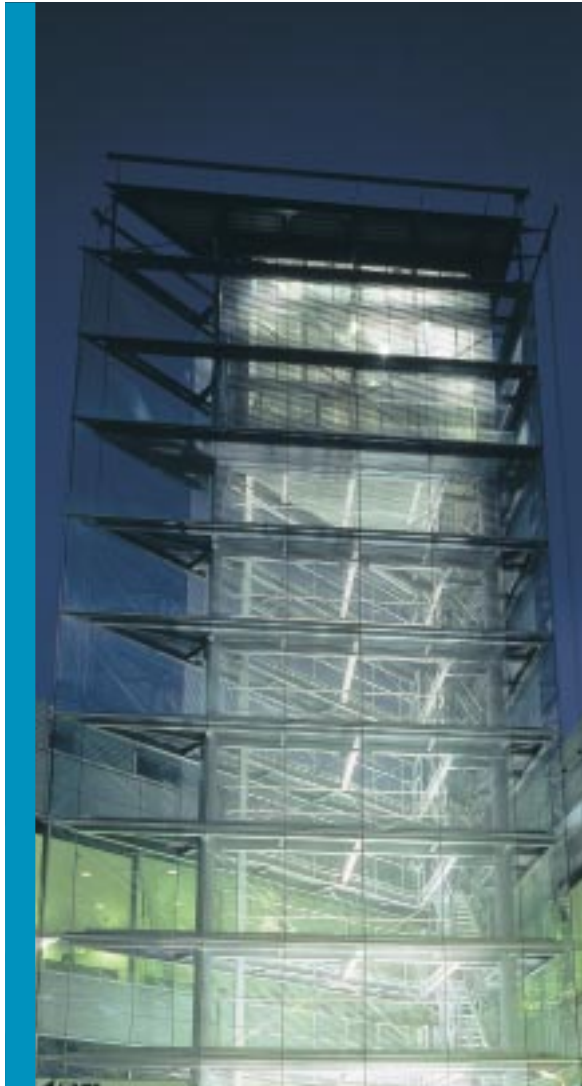


Annual Report 2000





# Information for Shareholders

## Annual General Meeting

The Annual General Meeting of Kyro Corporation will be held on Tuesday, 20 March 2001 at 4 p.m. at LordHotel, Lönnrotinkatu 29, Helsinki.

Shareholders entered in the register maintained by the Finnish Central Securities Depository Ltd. as of 9 March 2001 are entitled to attend the Annual General Meeting.

Shareholders whose shares have not been transferred to the book-entry system are also entitled to attend the Annual General Meeting, provided that they were on the company's share register before 22 December 1995. Such shareholders must present their share certificates, or other proof that title to their holdings has not been transferred to a book-entry account, at the Annual General Meeting.

Shareholders wishing to attend the Annual General Meeting must inform the Company by 4.00 p.m. on 15 March 2001 either in writing, addressed to Kyro Corporation, FIN-39200 Kyröskoski, Finland, or by telephone on +358 3 382 3072 (Ms Terttu Uusitalo), or by e-mail at terttu.uusitalo@kyro.fi.

## Dividend

The Board of Directors proposes paying a dividend of EUR 0.30 per share, equivalent to a total of EUR 11.9 million million, for the fiscal year 2000. Payment will be made to shareholders entered in the register maintained by the Finnish Central Securities Depository Ltd. on the record date of 23 March 2001. In accordance with the proposal of the Board of Directors, the dividend will be paid at the conclusion of the record period on 30 March 2001.

## Demerger of Kyro Corporation

By a decision of an Extraordinary Meeting of Shareholders on 22 November 2000, it is expected that Kyro Corporation will demerge into the new Kyro Corporation and Tecnomen Holding Corporation on 1 April 2001. When the demerger takes effect, the shareholders of Kyro will be entitled to receive for each Kyro share one share of the new Kyro Corporation and one share of Tecnomen Holding Corporation. The ownership of the new companies will be automatically updated in the book-entry accounts of the shareholders of the present Kyro Corporation and will require no separate action on the part of the shareholders.

## Kyro Corporation's financial reporting during 2001

Kyro published its financial statement bulletin on 8 February 2001 and its Annual Report for 2001 in week 11, 2001. During the fiscal year 2001, Kyro will publish three interim reports:

Interim Report 1/2001 (January-March 2001) will be published on 8 May 2001

Interim Report 2/2001 (January-June 2001) will be published on 16 August 2001

Interim Report 3/2001 (January-September 2001) will be published on 7 November 2001

The annual and interim reports will be published in Finnish, Swedish and English.

Kyro's annual and interim reports can be ordered by telephone +358 9 5422 3300 (Ms Merja Heikkinen), or by e-mail at merja.heikkinen@kyro.fi.

## Kyro Corporation

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## Kyro in Brief

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Kyro is a financially solid, growth-oriented international technology group, which has over 20 customer service units and production plants in Europe, Asia, and North and South America. Kyro's objective is long-term, stable growth in value. The company invests in businesses technology which are in the process of structural change or transition, with the goal of attaining market leadership. This is achieved through heavy investment in competitiveness and technological development. The Group's solid financial position enables it to make the investments and possible acquisitions required to reach a leading position. Kyro's eventful history dates back 130 years, and the company has been listed on the Helsinki Exchanges since 1997.





**The world's market and technology leader in safety glass lines and machinery**

Tamglass designs and manufactures safety glass lines and machinery for the architectural, automotive, furniture and appliance glass industries. Safety glass is tempered or laminated glass. Tamglass has a total of 14 sales, production and maintenance units in a number of European and Asian countries, as well as in the Americas. During its 30-year operating history, the company has delivered around 1,300 safety glass production lines to over 70 countries.

**Products:**

- Flat glass tempering lines
- Bending and tempering lines
- Bending machines
- Laminating lines
- Preprocessing lines

**Customers:**

- Architectural glass manufacturers
- Automotive glass manufacturers
- Furniture and appliance glass manufacturers



**The leading supplier of Unified Messaging systems**

Tecnomen develops and supplies added value telecommunication systems to network operations and service providers. The company is one of the leading suppliers of messaging systems and a pioneer in the development of wireless Internet solutions. The company's products also include prepaid and paging systems. Tecnomen helps teleoperators and service providers to create and provide innovative and competitive value-added services enabling them to continuously improve their service to customers.

**Products:**

- Messaging systems and wireless Internet solutions
- Prepaid systems and other intelligent network products
- Paging systems

**Customers:**

- Mobile phone operators
- Service providers
- Fixed-line network operators



**A modern, environmentally friendly and stable energy producer**

Kyro Power is a modern energy producer, whose hydropower and gas-fired power plants generate environmentally friendly energy for industry as well as for energy retailers and distributors. The gas-fired plant generates electricity, heat and steam, and the hydropower plant produces electricity. Both power plants are still new in terms of their economic life and are situated in Kyröskoski, where the story of the Kyro Group began. The company also has two reserve power plants.

**Products:**

- Natural gas-generated electricity, heat and steam
- Hydropower-generated electricity

**Customers:**

- Forest industry production plants
- Electricity retailers and wholesalers
- The municipality of Hämeenkyrö

# Kyro in 2000

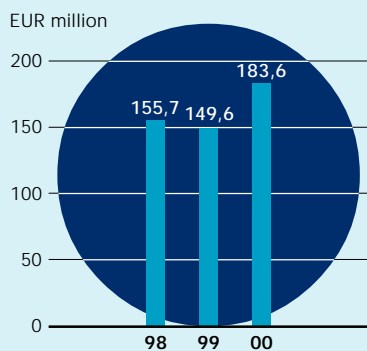
## KYRO CORPORATION

- Consolidated net sales EUR 183.6 (149.6) million, up 22.7%
- Operating profit a record EUR 96.9 (10.7) million
- Profit from the Tecnomen combined share offering and sale, EUR 76 million
- Business group companies' total comparable operating profit EUR 21.5 (10.7) million
- Equity ratio 83.9% (66.3)
- Net gearing –47.9% (–15.8)
- Earnings per share EUR 1.98 (0.17)
- Equity per share EUR 5.05 (3.14)
- Dividend (proposal of the Board of Directors) EUR 0.13 (0.10)
- Extra dividend (proposal of the Board of Directors) EUR 0.17
- Demerger plan approved 22 November 2000
- Kyro expected to demerge into new Kyro Corporation and Tecnomen Holding Corporation on 1 April 2001

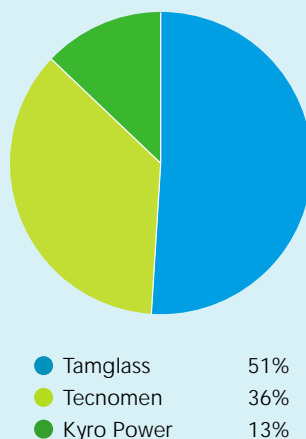
## TAMGLASS

- Net sales EUR 93.5 (75.7) million, up 23.4%
- Operating profit EUR 13.0 (6.7) million, 13.9% of net sales
- Order book at 31 December 2000 a record EUR 64 (34.5) million, up 86%
- Demand buoyant in all market areas
- Market position strengthened further in architectural and automotive glass machines
- New machine factory founded in Brazil as part of expansion strategy
- Sales of After Sales Services and safety glass operations grew
- Safety glass awareness and company recognition increased through corporate image campaign
- Development of global glass industry portal began at end of year

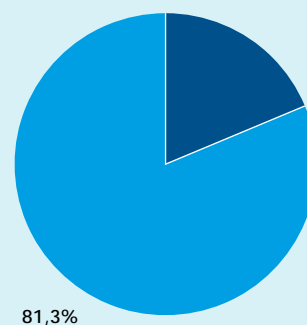
Consolidated net sales 1998-2000



Consolidated net sales by business group



Exports and foreign operations, share of net sales



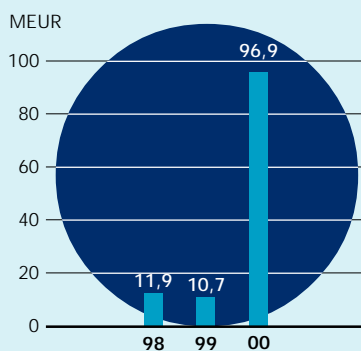
## TECNOMEN

- Net sales EUR 66.4 (50.7) million, up 30.8%
- Operating profit EUR 5.5 (1.2) million, 8.2% of net sales
- Messaging systems share of net sales approx. 70%
- Messaging and prepaid systems market continued its growth everywhere
- Operators prepared for the construction of GPRS and UMTS broadband networks
- Unified Messaging systems spread and capacities expanded
- Messaging system deliveries through partners to e.g. Europe and South America
- Product development expansions in Espoo and Ireland, new unit in Vaasa
- Tecnomen launched its eZoner service platform for wireless Internet
- Unified Messaging systems were developed for Internet Protocol-based GPRS and UMTS networks

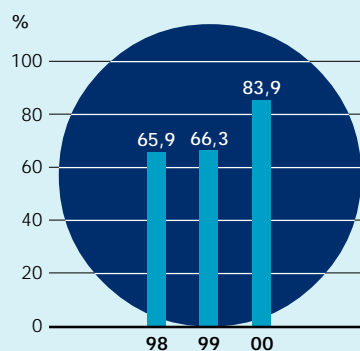
## KYRO POWER

- Net sales EUR 23.6 (23.0) million, up 2.3%
- Operating profit EUR 5.5 (5.8) million, 23.5% of net sales, down slightly due to rising fuel prices
- Electricity demand grew in Finland by 2%, competition in the electricity market continued to be intense
- Sharp price fluctuations in the electricity spot market emphasised the positive influence of long-term energy supply contracts
- Both power plants operated almost without interruption

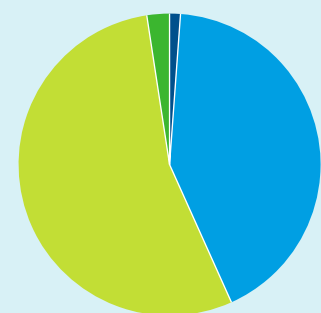
Operating profit 1998-2000



Equity ratio 1998-2000



Personnel by business group



● Kyro	11
● Tamglass	401
● Tecnomen	517
● Kyro Power	23

## President's review



Last year was one of the most eventful and significant in the Kyro Group's 130-year history, as the Group continued its process of change at full speed.

After preparations initiated at the start of the year, we brought Tecnomen to the Main List of the Helsinki Exchanges in the summer. The listing with its share issue and sale went extremely well and it was a great success for the Group as well as an important part of the Tecnomen restructuring programme that began in 1997.

During the year we prepared a plan to demerge the Kyro Group into a new Kyro and Tecnomen Holding. Following a decision of the Annual General Meeting in March, these companies will continue the Group's business operations as new and separate listed companies in April of this year.

### **Record profits with net sales over one billion**

Alongside the structural arrangements, 2000 was also an operationally successful year for Kyro. The company exceeded one billion Finnish marks in net sales for the first time as a technology group. The profit from the issue and sale of Tecnomen's shares increased the Group's operating profit to nearly FIM 600 million – an all-time record. A doubling of the business group companies' combined comparable operating profit rounded off this success.

Since the sale of forest industry operations in 1995, we have listed Kyro on the Helsinki Exchanges. We have developed Tamglass into the world leader in safety glass machines and lines. We have also developed Tecnomen into a profitable and growing listed company and a notable supplier of messaging systems. In addition, we have seen Kyro Power develop into a modern and environmentally friendly energy producer. We can therefore state today that Kyro has successfully completed its transformation from a forest industry company into a technology group.



### **From a record year onward to development and reform**

The Kyro Group benefited in 2000 from the favourable development of the investment market; the world economic climate was in good shape and the Asian and South American markets, which are important for Tamglass and Tecnomen, recovered well. The demand for safety glass machines and lines grew in all the main market areas. Teleoperators' subscriber numbers grew and competition between operators intensified, increasing the need for additional capacity and new services. As a result of favourable economic development, Kyro Power's energy sales were also good.

Owing to positive market trends, Kyro's international technology operations also experienced strong growth. The increase in Tamglass' net sales by nearly a quarter is an excellent result in the technology-based machine building sector. Strong markets increased Tecnomen's net sales by nearly a third. Kyro Power's net sales grew slightly in response to an increase in forest industry production. The profitability of all the business group companies was good, and Tamglass and Tecnomen recorded strong improvements in operating profits.

Owing to improved profitability and Tecnomen's combined share issue and sale, the Group's financial solidity and cash position improved further. This will facilitate significant development projects and company acquisitions, which will help boost the value of the companies created in the demerger.

### **Added value from technology leadership in a changing environment**

Strong profitability and long-term growth are based on market and technology leadership in selected sectors. In the Kyro Group

this requires now and in the future substantial investments in product development and competitiveness. We will further strengthen Kyro's market position based on the business group companies' technology leadership by developing our global operations as well as our customer-oriented sales and service networks.

Tamglass and Tecnomen are purposefully expanding their international operations. Tamglass began the manufacture of safety glass lines and machines in South America last year and will start up a new machine production plant in China during the current year. Regional production units are an important part of Tamglass' international expansion strategy, which also includes active product development and the expansion of its customer and maintenance service network. Tecnomen is similarly investing heavily in product development and in strengthening its sales and service network. In 2000 the company expanded its product development operations in Finland and Ireland, and founded a new product development unit in Vaasa.

The success of Kyro's operations is based on the business group companies' ability to improve through their technology and products the living environment and quality of life of people today. Tamglass' safety glass technology promotes the use of glass surfaces that bring brightness, better visibility and energy savings to settings that are important for us all – buildings and vehicles as well as furniture and appliances for the home and workplace. Tecnomen's messaging systems help us to control better the flood of various messages, irrespective of time and place. Kyro Power generates clean and safe energy reliably and efficiently in accordance with the demands of today.

### **Demerger increases opportunities**

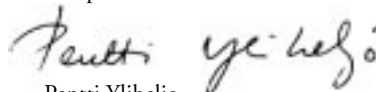
The objective of the Kyro demerger is to increase shareholder value and to create better development conditions for the Group's growing technology companies. The economic potential for organic growth of the new listed companies created through the demerger is excellent.

Our strong financial position will also enable us to use company acquisitions as a means of growth. The sales networks and global market positions of both Tamglass and Tecnomen offer a good foundation for the launch of the companies' new products as well as for the growth of product range and sales through considered company acquisitions.

Kyro's process of change has advanced to a new, fascinating and challenging stage. The resources bequeathed to the two independent technology groups resulting from the demerger of Kyro will challenge them to continue on the path of growth, development and change.

The Group and its business group companies have gone through a substantial programme of change, and its implementation has also demanded, in addition to solid expertise, bold determination, willpower and commitment to common goals. At the same time as I hope that the new companies arising from Kyro will continue successful growth, I would also like to thank Kyro's skilled employees, shareholders and partners for the change we have implemented together and for Kyro's year of success in 2000.

Tampere, March 2001



Pentti Yiheljo  
President and CEO

The net sales of Tamglass increased by 23.4% from the previous year. This was due to strong demand and good sales of safety glass lines and machinery in all the main markets as safety glass further displaced the use of ordinary glass. The operating profit nearly doubled due to growth and cost benefits generated by earlier investments.

### Safety glass use diversifies and grows

The use of tempered and laminated safety glass in buildings, vehicles, household appliances and furniture is growing worldwide. Manufacturers in the sector, led by large international companies, are rapidly increasing their use of safety glass, as product responsibility, standards and general awareness of safety improve.

In the largest application area for safety glass, construction, safety glass accounts for approximately one fifth of all glass used. The use of safety glass in construction is growing rapidly as natural-light construction, energy-saving architectural solutions, and safety regulations are being increasingly adopted throughout the world.

In vehicles, safety glass accounts for around 95% of glass used. The use of safety glass increases following larger glass surfaces in vehicles and the growth of vehicle pro-

duction. In the household appliance and furniture industries, safety glass accounts for an increasing share of 15-25% of all glass used.

### Markets developed favourably

During 2000 the demand for safety glass machines and lines was buoyant in Europe, the Middle East, the Far East and North America. The market climate in South America also picked up after the first third of the year. The strengthening of demand for safety glass and safety glass machines in the Far East and South America was supported by industrial infrastructure development.

Tamglass strengthened its position as the leading manufacturer of safety glass machines for architectural glass and strengthened its market share in safety glass machines for vehicles. The company delivered its 900th flat glass tempering line during

2000, and passed the 1,300 mark in terms of the total number of all machines delivered.

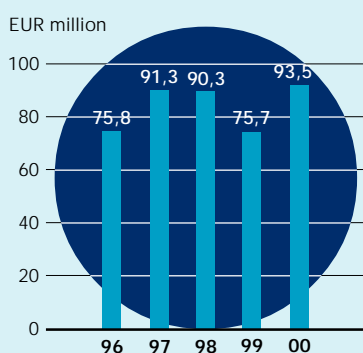
### Sales were record high

Tamglass sales in 2000 were record high and geographically more evenly distributed than in the preceding year. Net sales of architectural glass machines grew, particularly in Europe. Deliveries of high-capacity safety glass machines and especially of flat tempering machines for large glass sizes increased significantly. Sales of automotive glass machines grew in all market areas. The company's order book stood at a record level at the end of the year.

Tamglass participated in ten glass industry fairs in different parts of the world. At the significant Glasstec 2000 Fair in Germany, Tamglass won machine orders with a total value of EUR 12 million. In Finland, Tamglass heightened its profile and improved general knowledge about safety glass with an extensive corporate image campaign and events organised for interest groups.

As the market and technology leader, Tamglass organises the biennial international Glass Processing Days event, which has become the industry's largest and most diverse professional conference. It will be held next in June 2001. In autumn 2000, Tamglass began to develop the

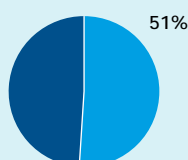
### Net sales 1996-2000



### Key figures

	2000	1999	Change, %
Net sales, EUR million	93.5	75.7	23.4
Operating profit, EUR million	13.0	6.7	94.0
Order book, EUR million	64.0	34.5	85.8
Personnel, average	394	390	1.0

### As % of Group net sales







glassfiles.com portal, which aims to become the biggest and most comprehensive in the industry. It will serve glass manufacturers and processors, suppliers of technology, architects, vehicle designers and researchers. The first phase of the portal was opened in February 2001.

#### **Production at full capacity**

The increase in production capacity brought by Tamglass' new factory in Finland was well timed to meet increased demand. The operational improvement program implemented at the Swiss and US plants in 1999 was a success and improved the profitability of these units.

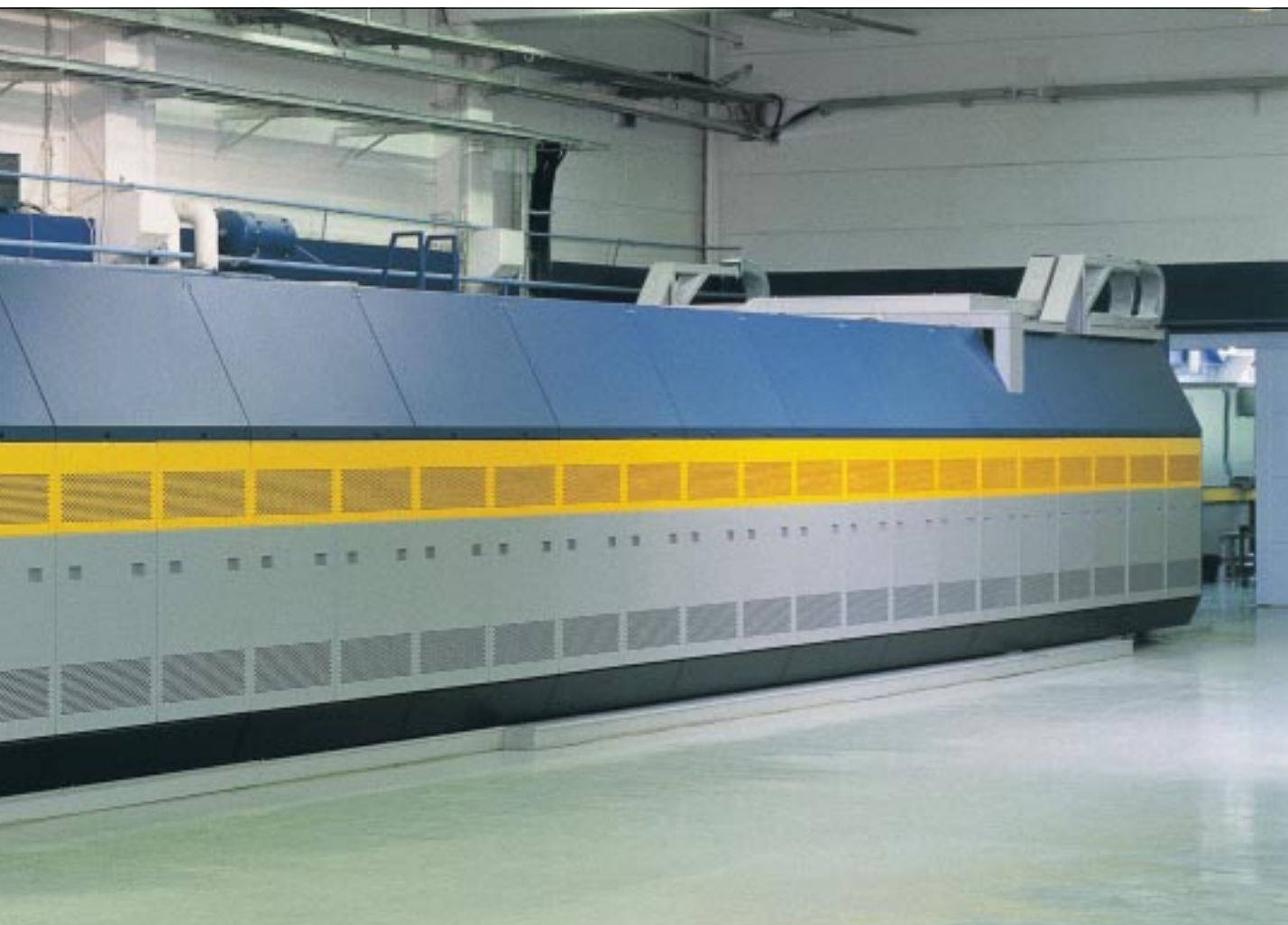
In 2000 the company expanded its operations in South America and founded a safety glass machine plant in Brazil. This regional production unit in the growing Mercosur market area is part of Tamglass' global growth strategy. Local manufacturing

facilitates customers' financing arrangements and reduces foreign currency risks. The new production plant delivered its first machines in autumn of the year under review.

Tamglass is reinforcing its position as a market and technology leader with continuous product development efforts, which in relation to turnover are among the highest in the engineering sector. In 2000 the company launched a flat tempering machine for large sizes (3 x 6 m) of architectural glass as well as the HTBS ProE™ bending and tempering line, which facilitates flexible production of automotive and architectural glass.

#### **Personnel development**

Key focus areas of personnel development were creating shared working methods, improving employees' expertise and maintaining working capacity.



Personnel policy and practices have been standardised globally and expertise is furthered by favouring job rotation and internal transfers, and by arranging training programmes. Employees' working capacity is maintained by promoting professional skills through training and internal development. The purpose of annual development discussions is to involve personnel in the planning and development of the company's operations.

#### **After Sales Services**

The role of After Sales Services is becoming more prominent as glass processors outsource their maintenance operations. Tamglass' extensive installation base and its customer service and maintenance network enable competitive and highly service capable maintenance operations globally close to the end user. The number of maintenance contracts connected with Tamglass' ma-

chinery deliveries grew strongly. The After Sales Services unit's turnover also grew owing to increases in the refurbishment of used machines and sales of spare parts and add-on equipment.

#### **Tamglass Safety Glass**

The safety glass processor Tamglass Safety Glass Ltd produces demanding safety glass products possessing high added value using the latest Tamglass technology. The company is a strategic part of Tamglass' overall glass processing expertise and it is involved in product development and testing, the demonstration of products in actual production use, and personnel training. As a glass processor the company helps to incorporate customers' latest wishes and requirements into the planning of safety glass machines and lines.

During 2000 Tamglass Safety Glass Ltd increased its deliveries of automotive glass

to original equipment manufacturers, of which the most significant was the company's co-operation with Scania. The company also delivered façade glass to, among others, the Nokia headquarters extension and the High Tech Center in Helsinki, which utilised the modern trend in high-specification bent tempered glass.

The net sales of Tecnomen rose by 30.8% from the previous year. The growth was due to increasing use of Unified Messaging systems supplied by Tecnomen and to mobile phone operators expanding their messaging capacity as subscriber numbers grew. The operating profit increased manifold as a result of growth and improvements in operational efficiency.

## Markets grew

The growth in the number of mobile phone operator subscribers in 2000 added to the demand for both messaging and prepaid systems. Growth was rapid, particularly in Asia and Latin America.

New service providers accelerated the development of the market. End-users' awareness of the possibilities offered by new services also increased.

In Europe, operators prepared for the construction of broadband GPRS and UMTS mobile phone networks, which will allow, for example, the transmission and receipt of pictures and video messages.

Unified Messaging systems spread, especially in Europe and Southeast Asia. These systems enable voice, fax and e-mail messages to be sent and received on the terminal or user interface best suited to the situation.

Next generation Multimedia Messaging systems, which will develop out of Unified Messaging systems, will increase the service possibilities offered by the new networks and the market for these systems is expected to grow strongly in the near future.

Value-added services further increased their significance as a means for telecom operators

and service providers to stand out from their competitors in a fast moving market. The demand for prepaid systems grew strongly, as they enable the provision of services to a wide customer base in developing markets.

## Unified Messaging system to Europe and Asia

Significant messaging systems capacity and service expansions were delivered to, among others, the Taiwanese company Chunghwa Telecom's Long Distance & Mobile Business Group and to the Malaysian company Celcom. In addition, Unified Messaging systems and system expansions were delivered to TeleDanmark, Swisscom and Telenor. The Tecnomen-developed wireless Internet service platform, eZONER, was ordered by the Irish company Eircell. Cooperation with Nokia Networks was expanded during 2000 to cover the sale of eZONER.

Messaging systems and intelligent network products were supplied via Tecnomen partner companies Siemens, Nokia and ICL Invia to, among others, European and Latin American mobile phone operators. Deliveries were made, for example, to BT Cellnet, the Swiss company Sunrise and Nuevatel of Bolivia.

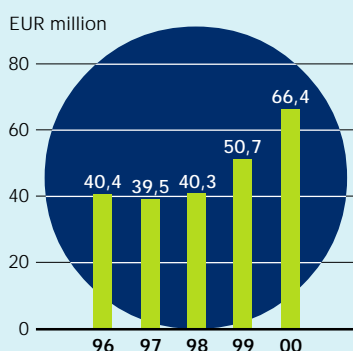
During 2000 Tecnomen strengthened its recognition and corporate image as a leading supplier of Unified Messaging systems. The company presented its eZONER solution at the GSM World Congress 2000 held in Cannes, France. Tecnomen also renewed its visual identity and the company is now investing in the creation of a world-wide brand as well as strong recruitment and marketing communications.

## Strong efforts in product development

During 2000 Tecnomen continued its strong efforts in product development in order to secure its position as a pioneer in messaging systems for third generation mobile phone networks. Research and development expenditure was 22.9% of net sales. To ensure the rapid launch of new types of solutions onto the market Tecnomen tightened its strategic cooperation with important partners and subcontractors. Cooperation continued with Kyro's associated company Aersoft Ltd in the field of short message and entertainment services.

An important strategic step in Tecnomen's product development is the development of Unified Messaging systems and the eZONER service platform for compatibility with third generation Internet Protocol-based networks. At the end of 2000 Tecnomen announced a product path by which the company's Unified Messaging solution will be linked with eZONER to form a third generation Multimedia Messaging system. The system's four service areas – mailzone, voicezone, funzone and timezone – can be

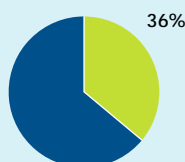
## Net sales 1996-2000



## Key figures

	2000	1999	Change, %
Net sales, EUR million	66.4	50.7	30.8
Operating profit, EUR million	5.5	1.2	358.0
Order book, EUR million	10.7	11.4	-6.0
Personnel, average	484	423	14.4

## As % of Group net sales



tailored to provide the services desired by service providers and target groups. In the area of prepaid systems, development focused on fulfilling new customer needs and higher capacity requirements.

During the year under review Tecnomen expanded its product development in Ireland and Espoo and opened a new product development unit in Vaasa. In addition, the company founded in Espoo an innovation centre, which will focus on the timely creation of new technologies and business ideas. Tecnomen is also planning the establishment of a regional product development and localisation unit in Malaysia.

#### Values guide personnel development

Key focus areas for personnel development in 2000 were technology, marketing, linguistic and cultural skills as well as the management and leadership required by Tecnomen's controlled growth. Personnel development is guided by the company's values, which are open and honest co-operation, goal-directed effort focusing on the right things, as well as continuous development of expertise and intellectual growth.

The number of people employed by Tecnomen increased during 2000 according to plan. The increase was substantial and was divided evenly between the Finnish and Irish operations and customer service units. Product development was particularly strengthened and it represented nearly 40% of the entire workforce at the end of the year.

The employment of new staff was facilitated during the year by active recruitment communications and the development of Tecnomen's corporate image. The company also has a share option programme covering the company's key personnel. Around ten per cent of the employees currently belong to the share option programme and Tecnomen also operates a comprehensive bonus scheme. Staff turnover fell during 2000 despite intensified competition for resources in the sector.



The net sales of Kyro Power increased 2.3% from the previous year. The growth was due to increased forest industry production, whose impact more than offset the fall in sales of heat caused by a mild winter. The operating profit fell slightly due to a rise in fuel prices.

## Intense competition in the market continued

Electricity consumption in Finland grew during 2000 by approximately 2%, resulting from an increase in industrial production. High rainfall throughout the year was favourable for the availability of hydropower, but the exceptionally warm weather, on the other hand, impacted the consumption of heat and electricity.

Competition in the electricity market continued to be intense. The market price of electricity rose by an average EUR 1.23/MWh compared to the previous year, but it fluctuated sharply, partly due to increased spot purchases by power companies. At its highest the spot market price of electricity was over EUR 470/MWh in winter and even EUR 30-50/MWh in summer.

## Long-term energy supply contracts

Total energy sales of Kyro Power in 2000 amounted to 843,000 MWh, of which electricity accounted for 504,000 MWh, and heat 339,000 MWh. Sales of electricity grew from the previous year by around 3% and sales of heat declined by around 2%. A mild winter contributed to the fall in heat sales.

In 2000 the gas-fired power plant sold 450,000 MWh of electricity and 340,000 MWh of heat, and the hydropower plant sold 53,900 MWh of electricity. The hydropower plant has generated an average 49,800 MWh during its first three years of production, more than 20% above plan. Both power plants are still new relative to their operating life span.

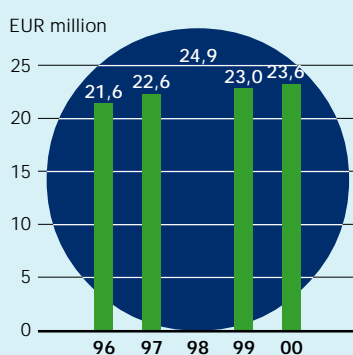
Kyro Power has long-term energy supply

contracts with industrial companies and with electricity retailers and wholesalers. Among the largest industrial customers are the Kyröskoski plants of Metsä-Serla and Finnforest. Long-term energy retail and wholesale customers include Tampere Power Utility and TXU Nordic Energy Oy. The district heating contract with the municipality of Hämeenkyrö was renewed for the years 2002-2006.

## Environmentally friendly and stable energy generation

Kyro Power has established itself as a reliable and environmentally friendly energy producer, which supplies energy to its customers on long-term contracts in a situation where spot market prices of electricity are fluctuating sharply. The underground hydropower plant and the five-year-old gas-fired plant both produce environmentally friendly energy. The energy in the exhaust gas from the gas turbine of the gas-fired power plant is largely utilised as heat. The power plants operated nearly without disturbance during 2000 and planned basic inspections and maintenance were carried out on them, thereby ensuring uninterrupted energy generation also in the future.

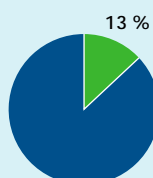
## Net sales 1996-2000



## Key figures

	2000	1999	Change, %
Net sales, EUR million	23.6	23.0	2.3
Operating profit, EUR million	5.5	5.8	-5.0
Order book, EUR million	23.7	22.2	6.3
Personnel, average	23	23	0,0

## As % of Group net sales







# Business Development

Kyro's goal is to create value for its shareholders through carefully considered investments, active development of business areas and open activity in the investor market.

## Kyro invests in areas undergoing structural change and transition

In the period 1990–2000 Kyro has gone through a process of change in which the company has developed from a traditional forest industry company into a modern international technology group. This change has been created with strong investments in technology businesses that were in a transitional stage of development.

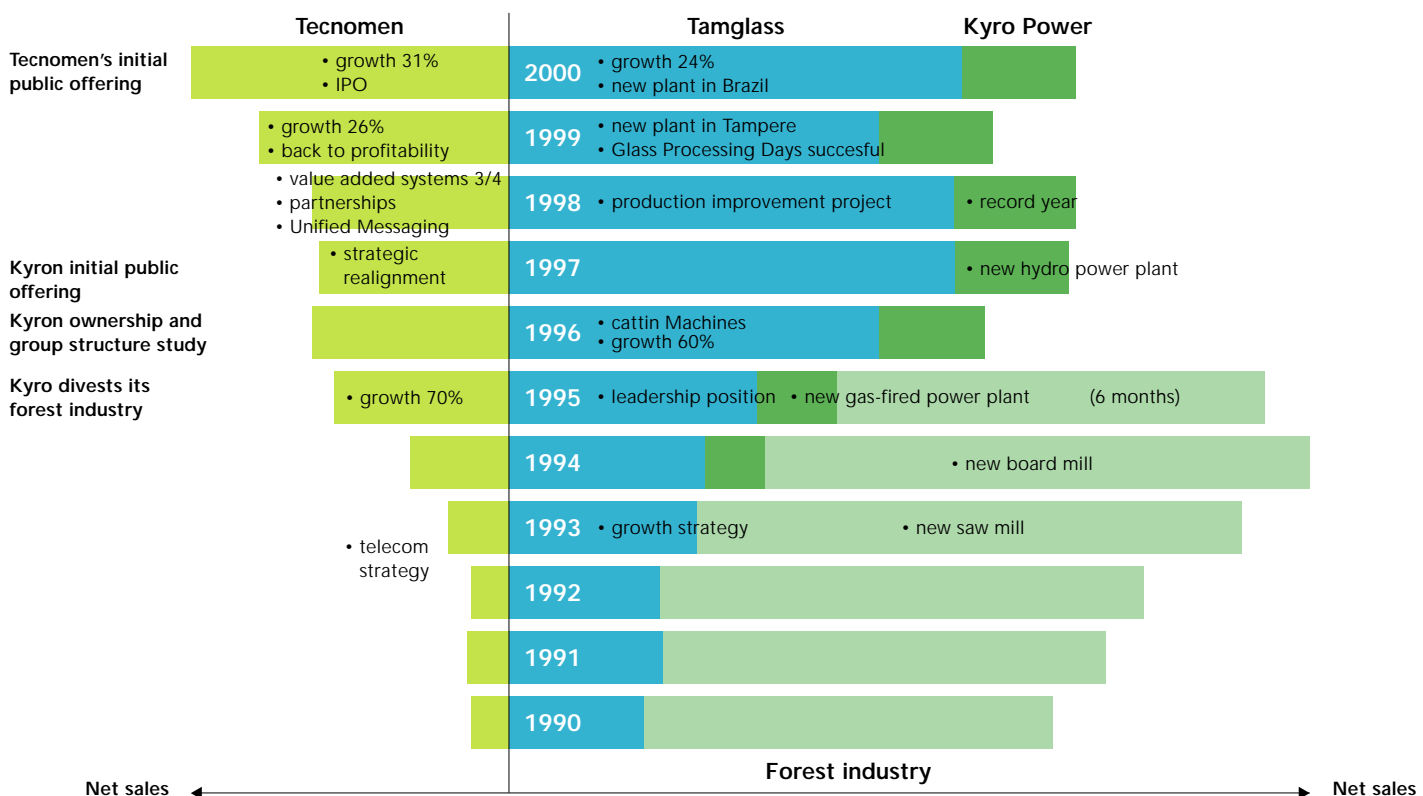
The foundation of Kyro's financial success is the added value from business activities, which is based on improving the surroundings and quality of life today.

Tamglass' safety glass technology enables the technical developments underway in glass for vehicles and buildings, which are creating a brighter, more attractive and safer living environment. Tecnomen's advanced messaging systems are leading the way in the management of communications which are independent of time and place and which are an integral part of the modern lifestyle. Kyro Power's power plants generate environmentally friendly energy.

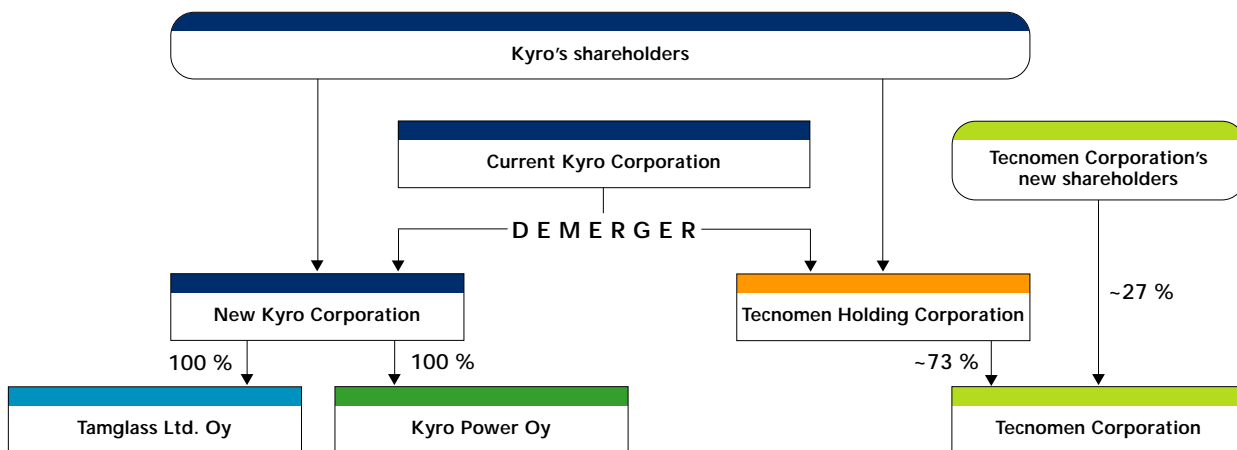
## Kyro is actively developing its operations

Kyro aims at strong profitability in its businesses by focusing on selected areas where a leading market position may be achieved. Kyro's operating model is to develop its technological leadership, initially created by strong efforts in product development, into

Kyro Corporation has undergone as a technology group an eventful process of change in the 90's.



Kyro is expected to demerge on 1 April 2001 into two new companies.



**Assets transferred to new Kyro**

- Tamglass shares
- Kyro Power shares
- Other assets
- Liabilities

**Assets transferred to Tecnomen Holding Corporation**

- Kyro's Holding in the listed Tecnomen Corporation
- No other assets or liabilities

international industry leadership. This is achieved by making use of the competitive advantage brought by an extensive, customer-oriented sales and service network.

The present objective of business development is to further grow Kyro's already established strong position, with the aid of the Group's strong financial resources. For the new Kyro arising from the upcoming demerger, this primarily means investments in the organic growth and expansion of Tamglass through possible acquisitions.

**Kyro to demerge into two companies**

Kyro's activities in the investor market aim at ensuring the company's growth, operating transparently, and increasing the value of the shareholders' investment. For this purpose, Kyro has listed itself and its subsidiary Tecnomen on the stock market.

An Extraordinary Shareholders' Meeting of Kyro Corporation on 22 November 2000 approved the proposal of the Board to demerge the company on 1 April 2001 into

two new companies: a new Kyro Corporation and Tecnomen Holding Corporation. Moreover, the plan is to merge Tecnomen Holding Corporation and Tecnomen in autumn 2001.

Kyro's assets and liabilities will be divided between the new companies such that Tecnomen Holding will receive the shares of Tecnomen owned by the company to be demerged and a corresponding amount of equity. The shares of Tamglass Ltd. Oy and Kyro Power Oy owned by the company to be demerged, as well as other assets and liabilities, will be transferred to the new Kyro Corporation.

When the demerger takes effect, the shareholders of Kyro will be entitled to receive for each Kyro share one share of the new Kyro Corporation and one share of Tecnomen Holding.

The separation of Kyro's operations into two companies will enable investors to invest more directly in the sector that interests them in terms of its characteristics, growth potential and yield expectations.

The demerger will expand the ownership base of Tecnomen in particular and increase the transparency of Tamglass' operations to investors.

## GROUP PROFIT

Net sales of the Kyro Group grew by 22.7% and totalled EUR 183.6 million (149.6). The consolidated operating profit was EUR 96.9 million. Profit from the combined new issue and sale of Tecnomen shares totalled EUR 76 million and was entered in the consolidated operating profit as other operating income. The business groups' combined comparable operating profit doubled to EUR 21.5 million (10.7), i.e. 11.7% of net sales.

The Group's profit before minority interest and taxes totalled EUR 98.3 million (14.4). Profit for the fiscal year was EUR 78.8 million (7.7) and return on capital invested 50.5% (9.8%). Earnings per share were EUR 1.98 (0.17) and equity per share stood at EUR 5.05 (3.14).

The parent company's business activities consist mainly of financing and investing. The operating profit of the parent company totalled EUR 37.2 million (-2.2), which includes a capital gain on the sale of Tecnomen shares of EUR 39.5 million. Profit before appropriations and taxes was EUR 33.9 million (2.6).

Tamglass' net sales grew by 23.4% to EUR 93.5 million (75.7). Sales of safety glass lines and machines grew in all main market areas during 2000. Tamglass' order

book stood at a record level of EUR 64 million (34.5) at the end of the fiscal year. The operating profit nearly doubled and was EUR 13.0 million (6.7), i.e. 13.9% (8.9%) of net sales.

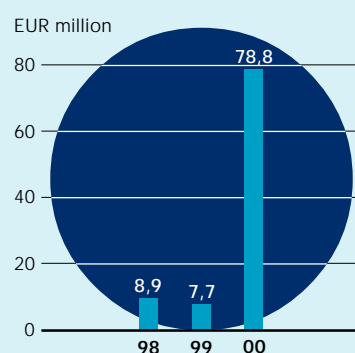
Tecnomen's net sales grew by 30.8% to EUR 66.4 million (50.7). Mobile phone operators expanded the capacity of their messaging systems as subscriber numbers increased, and Unified Messaging Systems came into more widespread use. The operating profit increased many-fold and was EUR 5.5 million (1.2), i.e. 8.2% (2.4%) of net sales.

Kyro Power's net sales grew by 2.3% to EUR 23.6 million (23.0). Kyro Power's operating profit weakened slightly due to a rise in the price of fuel and totalled EUR 5.5 million (5.8).

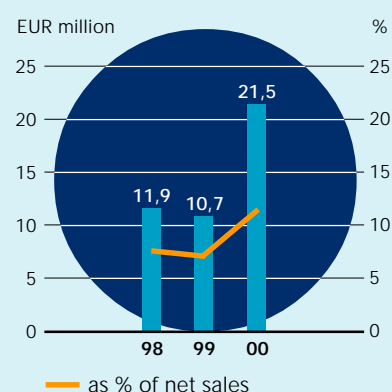
## COMBINED NEW ISSUE AND SALE OF TECNOMEN SHARES

The Boards of Directors of Kyro and Tecnomen decided on 9 June 2000 to initiate the combined new issue and sale of Tecnomen shares and to seek a listing for Tecnomen shares on the Main List of the Helsinki Exchanges. The combined offering and the associated listing expanded Tecnomen's ownership base and strengthened the

Profit for financial year 1998-2000



The business group's combined comparable operating profit 1998-2000



Group's financial structure while creating additional opportunities to develop employee incentive and commitment schemes. Trading in Tecnomen shares commenced on the Pre List of the Helsinki Exchanges on 30 June 2000 and on the Main List on 4 July 2000.

A total of 12,969,200 shares were subscribed for and sold in the combined offering. Tecnomen issued 7,969,200 new shares. The subscription price in the retail and institutional offerings was EUR 8.50 per share, which was also the maximum offer price. The subscription price in the employee offering was EUR 7.65. The company's share capital was raised in the offering by EUR 318,768. Kyro Corporation sold a total of 5,000,000 shares. Tecnomen's institutional offering was more than ten times oversubscribed. The employee and public offerings were also oversubscribed. On 31 December 2000 the parent company owned 73.3% of Tecnomen's shares.

#### SHARES AND SHARE PRICE DEVELOPMENT

During 2000, a total of 16,289,530 Kyro Corporation shares were traded at the Helsinki Exchanges, which equals 41.2% of the total number of shares. The highest trading price for a Kyro Corporation share

was EUR 16.50 and the lowest EUR 6.40. The average price during the year was EUR 11.19.

#### FINANCING

The Group's financial position and balance sheet structure strengthened and the equity ratio was 83.9% (66.3%). Cash flow from operations totalled EUR 38.0 million (13.3), which includes proceeds, after expenses and taxes, of EUR 28.0 million from the sale of Tecnomen shares by Kyro Corporation. The Group's net investment expenditure amounted to EUR 10.5 million (4.9). The Group repaid interest-bearing liabilities of EUR 25 million during the year. Interest-bearing liabilities stood at EUR 7.4 million (32.8). The Group's liquid funds totalled EUR 104.5 million (37.0). The Tecnomen Group's share of liquid funds on 31 December 2000 was EUR 45.2 million. Gearing improved and stood at -47.9% (-15.8%).

#### INVESTMENTS

The Group's gross investment expenditure totalled EUR 11.1 million (10.3). Tecnomen's investments, EUR 4.5 million (2.7), were mainly directed towards hardware and software tools for product development.

Tamglass' investments of EUR 4.7 million (4.8) were mainly directed towards new production equipment. Kyro Power invested EUR 0.6 million (1.2), chiefly in connection with the maintenance of power plants.

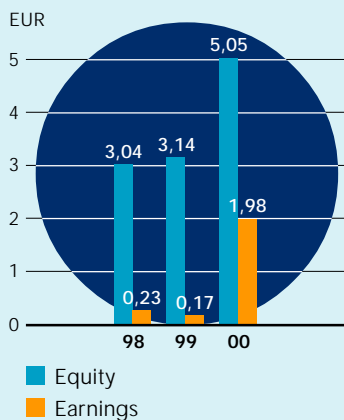
#### RESEARCH AND DEVELOPMENT

The entire Group's product development expenditure amounted to EUR 20.6 million (17.3), and 11% (12%) of net sales. Research and development expenditure for the Tamglass Group totalled EUR 5.4 million (6.7) and for the Tecnomen Group EUR 15.2 million (10.6).

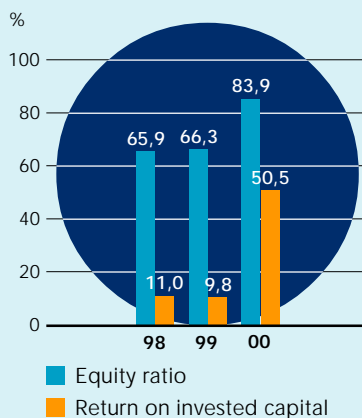
#### GROUP DEMERGER

The Boards of Directors of Kyro Corporation and Tecnomen Corporation decided on 9 June 2000 to start preparations for the demerger of Kyro into two new companies, under the proposed names Tecnomen Holding Corporation and Kyro Corporation, and to initially plan for the subsequent merger between Tecnomen Corporation and Tecnomen Holding Corporation. Kyro Corporation's Board of Directors approved the demerger plan at a meeting on 5 October 2000 and decided to propose its approval to an Extraordinary Shareholders' Meeting of Kyro Corporation.

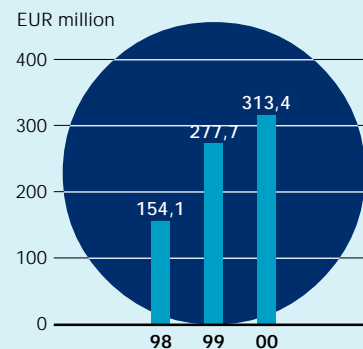
Shareholders' equity and earnings per share 1998-2000



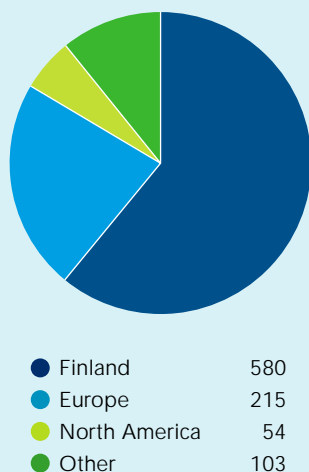
Equity ratio and return on invested capital 1998-2000



Market capitalization 1998-2000



**Personnel by location**



**Number of employees on 31 December**

	2000	1999
Tamglass Group	401	380
Tecnomen Group	517	421
Kyro Power	23	23
Kyro Corporation	11	13
Kyro Group	952	837

An Extraordinary Shareholders' Meeting of Kyro Corporation on 22 November 2000 approved the Board's proposal to demerge the company into two new companies. By approving the demerger plan the Extraordinary Shareholders' Meeting decided to establish the new Kyro Corporation and Tecnomen Holding Corporation and approved their Articles of Association.

Assets and liabilities of Kyro Corporation will be divided between the new companies such that Tecnomen Holding will receive the shares of Tecnomen Corporation owned by the company to be demerged together with a corresponding amount of equity. The shares of Tamglass Ltd Oy and Kyro Power Oy owned by the company to be demerged, as well as the company's other assets and liabilities and the remaining part of the equity, are to be transferred to the new Kyro Corporation.

The demerger of Kyro Corporation into two companies will increase transparency and enable investors to invest more directly in the sector that interests them in terms of its characteristics, growth potential and yield expectations. When the demerger takes effect, the shareholders of Kyro will be entitled to receive for each Kyro share one share of the new Kyro Corporation and one share of Tecnomen Holding Corporation.

**BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS**

The Annual General Meeting of Kyro Corporation on 6 April 2000 re-elected the retiring Board member and the composition of the Board of Directors remained unaltered.

The Extraordinary Shareholders' Meeting on 22 November 2000 elected the members of the Boards of Directors and auditors of the new Kyro Corporation and Tecnomen Holding Corporation.

Lauri Fontell, Lars Hammarén, Carl-Olaf Homén, Barbro Koljonen, Carl-Johan Numelin, Carl-Johan Rosenbröijer, Christer Sumelius and Gerhard Wendt were unani-

mously elected to the Board of Directors of the new Kyro Corporation. KPMG Wideri Oy Ab was unanimously elected as the auditor of Kyro Corporation.

Keijo Olkkola, Lauri Ratia, Timo Toivila, Hannu Turunen, Lars Hammarén, Carl-Johan Numelin and Christer Sumelius were unanimously elected to the Board of Directors of Tecnomen Holding Corporation. KPMG Wideri Oy Ab was unanimously elected as the auditor of Tecnomen Holding Corporation.

During the period under review Veli Kronqvist was appointed Chief Financial Officer and Mika Nevalainen Communications Director of Kyro Corporation. Veli Kronqvist previously worked as Chief Financial Officer for Tamglass Ltd Oy and Mika Nevalainen as Communications Manager of Kyro Corporation.

**PERSONNEL**

At the end of the fiscal year the Group had 952 (837) employees, of whom 372 (305) worked abroad. The average number of employees during the fiscal year was 912 (848). The most significant increase in the Group's workforce took place in Tecnomen's product development.

**BUSINESS GROUPS**

**Safety glass**

Demand for safety glass lines and machines grew in all of Tamglass' market areas. Demand was buoyant in Europe, the Middle East, the Far East and North America. The market in South America also picked up after the first third of the year. Growth was due to increased use of safety glass, particularly in buildings.

Tamglass' sales were record high and more evenly distributed geographically than in the preceding year. The company's order book grew significantly to stand at a record EUR 64 million at the end of the year. Europe and the Middle East accounted for approximately one half of the orders received last year. Tamglass strengthened its market share as a manufacturer of safety

## Kyro Group 2000

		2000	1999	change %
Net sales	EUR million	183.6	149.6	+22.7 %
Operating profit	EUR million	96.9	10.7	+802.0 %
Comp. operating profit	EUR million	21.5	10.7	+101 %
Earnings per share	EUR	1.98	0.17	
Equity per share	EUR	5.05	3.14	
Dividend (Board's proposed)	EUR	0.13	0.10	
Extra dividend (Board's proposed)	EUR	0.17		
Equity ratio	%	83.9 %	66.3	
Order book 31.12.	EUR million	98.4	68.1	+44.5 %

## Net sales, operating profit and order book

EUR million	Net sales		Operating profit		Order book	
	2000	1999	2000	1999	2000	1999
Tamglass Group	93.5	75.7	13.0	6.7	64.0	34.5
Tecnomen Group	66.4	50.7	5.5	1.2	10.7	11.4
Kyro Power	23.6	23.0	5.5	5.8	23.7 **	22.2 **
Other operations	0.7	0.7	73.7 *	-2.2		
Group eliminations	-0.6	-0.5	-0.8	-0.8		
<b>Kyro Group</b>	<b>183.6</b>	<b>149.6</b>	<b>96.9</b>	<b>-10.7</b>	<b>98.4</b>	<b>68.1</b>

\*) Includes, in addition to parent company operations, EUR 39.5 million entered as capital gain on the sale of Tecnomen shares and EUR 36.5 million entered as profit from the Tecnomen share issue in the consolidated financial statements.

\*\*\*) Includes the share of long-term annual contracts for the next fiscal year.

glass machines. Growth was particularly strong in special machinery.

The increase in production capacity brought by the new factory in Finland was well timed to meet increased demand, and it improved Tamglass' ability to supply its customers. The utilisation rate of all production units was high. Following its global growth strategy, Tamglass founded in 2000 a safety glass machine factory in Brazil to meet growing demand in the Mercosur region.

Tamglass' product development was directed towards the development of new glass processing technologies and their application to customers' needs in different market areas. The company launched, for example, a flat glass tempering machine for large sizes of architectural glass and a new bending and tempering line for the flexible production of automotive and architectural glass.

The After Sales Services unit's net sales grew as maintenance contracts were made for new machine deliveries. Refurbishment of used machines and sales of add-on equipment increased. The importance of After Sales Services was emphasised during the year as the production capacity of glass manufacturers was in full use.

The net sales of the safety glass processing unit, Tamglass Safety Glass Ltd, grew. The unit focused in 2000 according to strategy on the manufacture of exacting glass products for, among other things, buildings and vehicles. The unit strengthens the overall Tamglass expertise in glass processing by participating in product development and the testing of new machine models.

### Telecommunications

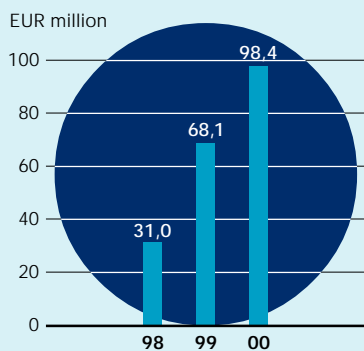
The market for messaging and prepaid systems continued to grow in 2000 as the number of mobile phone subscribers

increased. Unified Messaging Systems, which enable the sending and receipt of voice, fax and e-mail messages using the most suitable terminal in any situation, were increasingly adopted, particularly in Europe and the Far East.

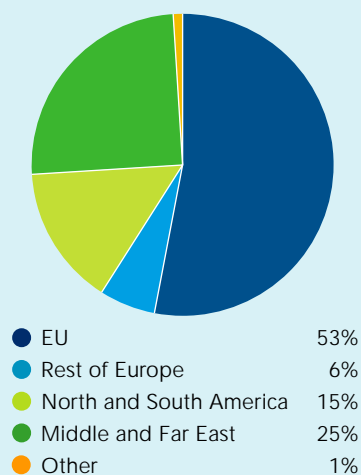
European operators were preparing for the upcoming broadband GPRS and UMTS networks, which allow the sending and receipt of, among other things, pictures and video messages. Next generation Multimedia Messaging Systems, which are being developed from Unified Messaging Systems, will utilise the opportunities offered by these networks, and these systems are expected to show rapid growth in the near future.

Sales of Tecnomen messaging and prepaid systems grew as operator customers expanded the capacity of their messaging systems and introduced Unified Messaging Systems. The strongest growth in subscriber

**Group's orderbook 1998-2000**



**Net sales by market area 2000**



numbers was in Asia and in South America. The largest product group, messaging systems, which includes wireless Internet solutions, accounted for 68% of net sales. Prepaid systems and other intelligent network products accounted for 23% of net sales and paging systems 8%.

Through its partners Nokia, Siemens and Compaq, Tecnomen delivered messaging and prepaid systems to, among others, European and South American mobile phone operators. Co-operation with Nokia was expanded during the year to cover the resale of Tecnomen's new eZoner service platform.

During 2000 Tecnomen continued its strong investment in product development in order to be a forerunner in messaging systems for third generation mobile phone networks. The company developed its Unified Messaging System for Internet Protocol-based GPRS and UMTS networks and launched its eZoner service platform for wireless Internet.

Tecnomen expanded its product development in Espoo and Ireland, and opened a new product development unit in Vaasa. In addition, the company founded in Espoo an innovation centre, which will concentrate on the creation of new technologies and business ideas. Tecnomen was granted Multimedia Super Corridor status in Malaysia, where the company is planning to set up a regional product development and localisation centre.

Tecnomen continued its co-operation with the Kyro Corporation associated company Aersoft Ltd. In 2000 Aersoft expanded its operations and focused on the development of wireless Internet entertainment services.

**Energy**

Demand for electricity in Finland grew by approximately 2%, and competition in the electricity market continued to be intense. The spot market price of electricity fluctuated sharply, partly as a result of increased spot demand for electricity. At its highest, the spot price of electricity was over EUR 470/MWh in the winter. The sharp price fluctuations emphasised the positive impact on customers of Kyro Power's long-term energy supply contracts.

Kyro Power's sales of electricity grew from the previous year by around 3% and sales of heat declined by around 2%. Electricity sales increased due to growth in forest industry production, and heat sales declined due to a mild winter and a strike in the paper industry during the spring. In 2000 the gas-fired power plant sold 450,000 MWh of electricity and 340,000 MWh of heat. The hydropower plant sold 53,900 MWh of electricity. Both power

plants are new relative to their operating life span, and they operated nearly without disturbance.

**STRATEGY**

Kyro aims at strong profitability in its business by focusing on selected business areas which are in a restructuring or transition stage and where Kyro's substantial resources enable the attainment and further development of a solid market position. For the new Kyro arising in the upcoming demerger, this means primarily growing Tamglass' business both organically and through possible acquisitions.

**FUTURE OUTLOOK**

The markets of each of the Kyro Group's three business groups are expected to develop favourably during 2001.

Tamglass has a record strong order book. Growth in demand for safety glass machines and lines will continue as use of safety glass increases and diversifies and as the company strengthens its market position. It is estimated that Tamglass' net sales will continue to grow in 2001 and that its operating profit will improve from the preceding year.

Growth in demand for Tecnomen's messaging and prepaid systems will continue as the number of mobile phone subscribers increases and as broadband mobile phone networks are introduced. Tecnomen aims in 2001 at net sales growth at least at the level of the previous year, and its operating profit is estimated to improve.

Kyro Power's net sales and operating profit in 2001 are estimated to be roughly at the preceding year's levels.

The new Kyro Corporation's net sales and comparable operating profit are expected to improve in 2001 compared to the preceding year.



# Consolidated Income Statement

EUR 1,000	Note	1 Jan – 31 Dec 2000	%	1 Jan – 31 Dec 1999	%
<b>Net sales</b>	1	<b>183,616</b>	<b>100</b>	149,636	100
Increase (+) and decrease (–) in inventories of finished products and work in progress		–54		–931	
Production for own use		2,081		820	
Other operating income	2	77,501		273	
Materials and services	3	71,256		59,056	
Personnel expenses	4	47,979		40,107	
Depreciation	5	8,699		8,259	
Other operating expenses	6	38,269		31,629	
<b>Operating result</b>		<b>96,940</b>	<b>52.8</b>	<b>10,747</b>	<b>7.18</b>
Financial income and expenses	7	1,382		2,905	
<b>Profit before extraordinary items</b>		<b>98,322</b>	<b>53.5</b>	<b>13,652</b>	<b>9.12</b>
Extraordinary items	8	0		753	
<b>Profit before taxes</b>		<b>98,322</b>	<b>65.7</b>	<b>14,405</b>	<b>9.63</b>
Direct taxes	10	–16,822		–4,402	
Minority interest		–2,749		–2,347	
<b>Profit for the fiscal year</b>		<b>78,751</b>	<b>52.6</b>	<b>7,656</b>	<b>5.12</b>

# Consolidated Balance Sheet

EUR 1,000	Note	31 Dec 2000	31 Dec 1999
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	11	2,930	3,447
Tangible assets	11	71,487	69,083
Investments	12,13	3,391	3,400
Holdings in associated companies	12	583	1,034
<b>Fixed assets, total</b>	<b>12</b>	<b>78,390</b>	<b>76,964</b>
<b>Current assets</b>			
Inventories	14	17,517	16,321
Long-term receivables	15	5,818	6,848
Short-term receivables	15,16	68,417	56,477
Bonds and securities	17	10,038	15,955
Cash at bank and in hand		104,544	36,996
<b>Current assets, total</b>		<b>206,335</b>	<b>132,597</b>
		<b>284,725</b>	<b>209,561</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	18	7,935	7,935
Share premium fund	18	34,897	34,918
Retained earnings	18	78,601	74,269
Profit for the financial year	18	78,751	7,656
<b>Shareholders' equity, total</b>		<b>200,184</b>	<b>124,778</b>
<b>Minority interest</b>		<b>25,100</b>	<b>4,570</b>
<b>Liabilities</b>			
Deferred tax liability	20	4,338	6,344
Long-term liabilities	21	5,876	20,971
Short-term liabilities	22,23	49,227	52,899
<b>Liabilities, total</b>		<b>59,441</b>	<b>80,213</b>
		<b>284,725</b>	<b>209,561</b>

# Consolidated Source and Application of Funds

EUR 1,000	2 000	1 999
<b>Cash flow from business operations</b>		
Payments from sales	178,878	137,044
Payments from other operating income	41,832	273
Operating costs	-167,524	-125,637
Cash flow from business operations before financial items and taxes	53,186	11,680
Paid interest and payments for other financing of business operations	-4,435	-3,294
Received interest from business operations	6,986	7,496
Received dividends from business operations	137	202
Paid direct taxes	-17,915	-2,770
Cash flow before extraordinary items	37,958	13,314
<b>Cash flow from business operations</b>	<b>37,958</b>	<b>13,314</b>
<b>Cash flow from investments</b>		
Investments on tangible and intangible assets	-10,649	-9,113
Profit from tangible and intangible assets	504	
Other investments	-316	-1,257
Profit from sales of other investments		5,519
<b>Cash flow from investments</b>	<b>-10,461</b>	<b>-4,850</b>
<b>Cash flow from financing</b>		
Change in current receivables		404
Increase in short-term liabilities		6,728
Decrease in short-term liabilities	-6,728	-1,458
Decrease in long-term liabilities	-18,254	-5,208
Tecnomen share issue	64,642	
Dividends paid and other distribution of profit	-4,001	-4,666
Other financial items	4,392	11,805
<b>Cash flow from financing</b>	<b>40,051</b>	<b>7,604</b>
<b>Change in liquid assets</b>	<b>67,549</b>	<b>16,068</b>
Liquid assets at the start of the fiscal year	36,996	20,928
Liquid assets at the end of the fiscal year	104,544	36,996

# Income Statement of the Parent Company

EUR 1,000	Note	1 Jan – 31 Dec 2000	1 Jan – 31 Dec 1999
<b>Net sales</b>	1	<b>736</b>	<b>710</b>
Other operating income	2	40,496	76
Personnel expenses	4	2,308	2,195
Depreciation	5	129	103
Other operating expenses	6	1,585	681
<b>Operating result</b>		<b>37,211</b>	<b>-2,193</b>
Financial income and expenses	7	-3,323	4,811
<b>Profit before extraordinary items</b>		<b>33,888</b>	<b>2,618</b>
<b>Profit before appropriations and taxes</b>		<b>33,888</b>	<b>2,618</b>
Appropriations	9	-20	11
Direct taxes	10	-11,861	-815
<b>Profit for the fiscal year</b>		<b>22,007</b>	<b>1,814</b>

# Balance Sheet of the Parent Company

EUR 1,000	Note	31 Dec 2000	31 Dec 1999
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	11	52	71
Tangible assets	11	2,687	1,328
Investments	12,13	3,368	3,368
Holdings in associated companies	12,13	1,575	1,561
Holdings in Group companies	12,13	25,848	22,595
<b>Fixed assets, total</b>		<b>33,531</b>	<b>28,923</b>
<b>Current assets</b>			
Long-term receivables	15	19,342	
Short-term receivables	15,16	10,468	14,342
Bonds and securities	17	13,226	15,955
Cash at bank and in hand		99,924	27,776
<b>Current assets, total</b>		<b>123,618</b>	<b>77,414</b>
		<b>157,149</b>	<b>106,337</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	18	7,935	7,935
Share premium fund	18	34,839	34,839
Retained earnings	18	28,079	30,268
Profit for the financial year	18	22,007	1,814
<b>Shareholders' equity, total</b>		<b>92,860</b>	<b>74,857</b>
<b>Accumulated appropriations</b>	19	<b>25</b>	<b>5</b>
<b>Liabilities</b>			
Long-term liabilities	21	11,773	
Short-term liabilities	22,23	64,265	19,703
<b>Liabilities, total</b>		<b>64,265</b>	<b>31,476</b>
		<b>157,149</b>	<b>106,337</b>

# Parent Company Source and Application of Funds

EUR 1,000	2000	1999
<b>Cash flow from business operations</b>		
Payments from sales	748	710
Payments from other operating income	41,556	71
Operating costs	-16,612	-2,636
Cash flow from business operations before financial items and taxes	25,692	-1,855
Paid interest and payments for other financing of business operations	-2,506	-1,583
Received interest from business operations	5,455	8,054
Received dividends from business operations	132	201
Paid direct taxes	-10,350	-688
Cash flow before extraordinary items	18,422	4,130
<b>Cash flow from business operations</b>	<b>18,422</b>	<b>4,130</b>
<b>Cash flow from investments</b>		
Investments on tangible and intangible assets	-1,423	-218
Profit from tangible and intangible assets	27	
Other investments	-316	-1,339
Profit from sales of other investments		5,101
<b>Cash flow from investments</b>	<b>-1,712</b>	<b>3,544</b>
<b>Cash flow from financing</b>		
Change in group receivables	19,342	
Change in current receivables	5,915	-7,255
Increase in short-term liabilities	48,291	5,055
Decrease in short-term liabilities	-6,728	
Decrease in long-term liabilities	-11,773	
Dividends paid and other distribution of profit	-4,001	-4,666
Other financial items, purchase/sale (+/-)	4,392	11,805
<b>Cash flow from financing</b>	<b>55,437</b>	<b>4,938</b>
Change in liquid assets	72,148	12,612
Liquid assets at the start of the fiscal year	27,776	15,164
Liquid assets at the end of the fiscal year	99,924	27,776

# Accounting Principles

The financial statements of the Kyro Group, the parent company, and the subsidiaries domiciled in Finland have been prepared in compliance with the Accounting Act (1997/1336), the Accounting Decree (1997/1339), and other statutes and regulations related to financial statements. The financial statements of foreign subsidiaries have been adjusted to comply with the Finnish principles applied in the preparation of financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### Scope of consolidation

The consolidated financial statements include all Group companies of which the direct or indirect ownership of the Parent Company exceeds 50%, excluding housing companies.

Associated companies have been combined using the equity method.

### Intra-Group shareholding

The consolidated financial statements have been prepared using the acquisition cost method. The price paid for the shares of subsidiaries which exceeds the shareholders' equity has in part been allocated to fixed assets, in part entered as Group goodwill. The items included in fixed assets will be depreciated in accordance with the relevant depreciation plan.

### Internal transactions and margins

The Group's internal transactions, the accrued margins of intercompany deliveries and intercompany receivables and debts have been eliminated.

### Minority interests

Minority interests have been separated from the consolidated shareholders' equity and result, and they are entered as a separate item. Obligations resulting from Tamglass' bonds with warrants are recognized as a minority share.

### Translation differences

The income statements of the Group companies operating outside Finland have been translated using the average rate for the year, and the balance sheet items, excluding the result of the financial year, have been translated into euro using the exchange rate quoted on the date of the financial statements.

Profits and losses on foreign exchange generated by the translation of shareholders' equity, elimination of the equity of foreign subsidiaries, and the translation of the income statement and

balance sheet using different rates have been entered under unrestricted equities.

### Items denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies, excluding the currencies of the countries in the euro area, have been translated into euros using the exchange rate quoted by the Bank of Finland on the date of the financial statements. Receivables and liabilities denominated in the national currencies of the euro area have been translated from the original currencies using the official euro exchange rates. Receivables and liabilities hedged with derivative contracts have been entered at the exchange rate quoted on the date of the financial statements. The interest portions of forward contracts will be periodized over the duration of the contract. The exchange rate differences on derivative contracts made for hedging purposes have been used to correct the exchange rate differences of corresponding hedged items.

### Exchange rates per euro used in consolidation

	Income statement		Balance sheet	
	31 Dec 00	31 Dec 99	31 Dec 00	31 Dec 99
USD	0.92394	1.06524	0.93050	1.00460
BRL	1.6893	1.93999	1.8149	1.83759
GBP	0.60940	0.65852	0.62410	0.62170
HKD	7.19901	8.26140	7.2578	7.80966
CHF	1.55766	1.60040	1.52320	1.60510
JPY	99.5336	120.6275	106.92	102.725
SGD	1.59246	1.80316	1.6126	1.6733

### Net sales

Net sales comprise sales profits from which indirect taxes, exchange rate differences and discounts have been deducted.

### Pension arrangements

In Finland, statutory pension security as well as additional, voluntary pension security are arranged by pension insurance companies. The pension security of personnel of companies operating outside Finland has been arranged in accordance with local legislation and practice.

### Leasing

Leasing payments have been entered as rental expenses. Outstanding leasing payments have been entered as liabilities in the financial statements.

### Research and development expenditure

Research and development expenditure has been entered as an expense for the financial year during which it has occurred, except for machine purchases, which are depreciated on a straight-line basis over 3 to 10 years.

### Valuation of inventories

Inventories are presented, using the FIFO principle, at the variable costs of purchase and manufacturing, or at the lower repurchase price or the probable selling price. Fixed purchase and manufacturing costs have not been capitalised.

### Valuation of fixed assets

Fixed assets have been capitalised on the direct acquisition cost. Depreciations according to plan have been calculated on a straight-line basis over the useful life of the fixed assets. Other long-term expenses include, among other things, a natural gas participation fee for which the depreciation period is 10 years. Other tangible assets include the tunnel and dam structures of the hydropower plant for which the depreciation period is 40 years.

Depreciation periods according to plan:

Intangible rights	5–10 years
Group goodwill	5 years
Other long-term expenses	5–10 years
Buildings and structures	25–40 years
Heavy machinery	10–40 years
Other machinery and equipment	3–5 years
Computer hardware and software	3–5 years
Other tangible assets	10–40 years

### Accrued financial statement transfers

The difference between accumulated depreciations and depreciations according to plan has in the consolidated balance sheet been divided into deferred tax liability and shareholders' equity. Funds entered under shareholders' equity are not included in the Group's distributable assets. In the consolidated income statement, the year-end transfers made during the financial year have been entered under the result of the financial year and under change in deferred tax liability.

### Deferred tax liability and tax claims

Deferred tax liability and tax claims have been calculated for the temporary differences between the taxation and the financial statements using the tax rates of the following years as confirmed on the date of the financial statements. The balance sheet includes the deferred tax liability in its entirety and the deferred tax claim in the amount of the estimated probable claim.

# Notes to the Financial Statements

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
<b>INCOME STATEMENT</b>				
<b>1. Net sales</b>				
<b>Net sales by business group</b>				
Parent company	228	202		
Safety glass industry (Tamglass group)	93,478	75,683		
Telecommunications (Tecnomen group)	66,352	50,731		
Energy (Kyro Power)	23,557	23,019		
<b>Net sales, total</b>	<b>183,616</b>	<b>149,636</b>		
<b>Net sales by market area</b>				
Finland	34,289	33,517		
EU Member States	62,963	45,027		
European countries outside EU	10,294	9,385		
North and South America	27,425	33,466		
Middle East and Far East	46,379	24,256		
Others	2,264	3,986		
<b>Total</b>	<b>183,616</b>	<b>149,636</b>		
<b>2. Other operating income</b>				
Sales revenue from selling fixed assets	35	66		48
Rental income	53	34		
Other income	77,412	173	40,496	28
<b>Other operating income, total</b>	<b>77,501</b>	<b>273</b>	<b>40,496</b>	<b>76</b>
Other income in Parent company includes sales profit EUR 39,5 million of Tecnomen shares.				
Other income in Corporation includes also profit EUR 36,5 million of Tecnomen share issue.				
<b>3. Materials and services</b>				
Materials and supplies				
Purchases during the financial year	51,944	43,474		
Changes in inventories of materials and supplies	-850	375		
	51,094	43,849		
External services	20,162	15,207		
<b>Materials and supplies, total</b>	<b>71,256</b>	<b>59,056</b>		
<b>4. Personnel expenses</b>				
Salaries and fees	37,949	32,341	1,504	1,247
Pension expenses	4,613	4,282	534	819
Other personnel expenses	5,417	3,485	271	130
<b>Total</b>	<b>47,979</b>	<b>40,107</b>	<b>2,308</b>	<b>2,195</b>
Salaries and remuneration paid to members of the Board and Managing Directories	2,272	2,085	425	474

The President of the Parent Company is entitled to retire at the age of 55. The retirement age of the Managing Directors of certain Group companies is set at 60 years. The Members of the Board are covered by voluntary pension insurance. The President of the Parent Company has been granted a loan of EUR 84,093. The interest rate charged on the loan is the basic rate confirmed by the Ministry of Finance.



EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
<b>Group and Parent Company employees during financial year, average</b>				
Clerical staff	725	654	11	12
Workers	187	194		
<b>Total</b>	<b>912</b>	<b>848</b>	<b>11</b>	<b>12</b>
<b>5. Depreciation</b>				
Depreciation according to plan				
Intangible assets				
Intangible rights	441	429	13	12
Group goodwill	493	977		
Other capitalised long-term expenses	300	360	13	11
Tangible assets				
Buildings and structures	1,557	1,345	33	5
Machinery and equipment	5,676	4,920	45	51
Other tangible assets	233	229	25	24
<b>Depreciation according to plan, total</b>	<b>8,699</b>	<b>8,259</b>	<b>129</b>	<b>103</b>
<b>6. Other operating expenses</b>				
Rents	2,848	2,428	112	132
Other expenses	34,948	28,670	1,473	549
Portion of the result of associated company		466	527	
<b>Other operating expenses, total</b>	<b>38,269</b>	<b>31,629</b>	<b>1,585</b>	<b>681</b>
<b>7. Financial income and expenses</b>				
Dividend income				
from others	189	281	187	280
<b>Dividend income, total</b>	<b>189</b>	<b>281</b>	<b>187</b>	<b>280</b>
Interest income from long-term investments				
from Group companies			438	5
<b>Interest income from long-term investments, total</b>			<b>438</b>	<b>5</b>
Other interest income				
from Group companies			452	1,164
from others	3,686	1,483	3,452	1,328
<b>Interest income, total</b>	<b>3,686</b>	<b>1,483</b>	<b>3,903</b>	<b>2,492</b>
Financial income				
from others	2,725	4,500	1,613	3,479
<b>Financial income, total</b>	<b>2,725</b>	<b>4,500</b>	<b>1,613</b>	<b>3,479</b>

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
<b>Interest income from long-term investments and other interest and financial income, total</b>	<b>6,412</b>	<b>5,983</b>	<b>5,954</b>	<b>5,976</b>
Interest expenses				
to Group companies			-1,374	-596
to others	-1,377	-1 819	-263	-105
<b>Interest expenses, total</b>	<b>-1,377</b>	<b>-1 819</b>	<b>-1,637</b>	<b>-700</b>
Other financial expenses				
to others	-3,842	-1,540	-7,827	-744
<b>Other financial expenses, total</b>	<b>-3,842</b>	<b>-1,540</b>	<b>-7,827</b>	<b>-744</b>
<b>Interest and other financial expenses, total</b>	<b>-5,219</b>	<b>-3,359</b>	<b>-9,464</b>	<b>-1,445</b>
<b>Financial income and expenses, total</b>	<b>1,382</b>	<b>2,905</b>	<b>-3,323</b>	<b>4,811</b>
Other financial income and expenses include foreign exchange differences (net)	-49	295	1	-2
<b>8. Extraordinary income and expenses</b>				
Extraordinary income				
Other extraordinary income		790		
Extraordinary expenses				
Other extraordinary expenses		-37		
<b>Extraordinary income and expenses, total</b>		<b>753</b>		
<b>9. Financial statement transfers</b>				
Difference between depreciation according to plan and actual depreciation in taxation			-20	11
<b>Change of reserves, total</b>			<b>-20</b>	<b>11</b>
<b>10. Direct taxes</b>				
Income taxes for actual business operations	18,829	3,456	11,861	815
Change in deferred tax receivable	-2,314	-29		
Change in deferred tax liability	307	976		
<b>Total</b>	<b>16,822</b>	<b>4,402</b>	<b>11,861</b>	<b>815</b>

## BALANCE SHEET

### 11. Fixed assets and other long-term investments

EUR 1,000	Intangible rights	Group goodwill	Other capitalised long- term expenses	Total
<b>Intangible assets, Group</b>				
Acquisition cost 1 January 2000	5,112	3,979	4,902	13,994
Translation difference	74		7	80
Increase	435	403	18	856
Decrease	-9			-9
Transfers between items		-152	-152	
Acquisition cost 31 December 2000	5,611	4,383	4,775	14,769
Accrued depreciation 1 January 2000	-3,413	-3,636	-3,498	-10,546
Translation difference	-57		-7	-64
Accrued depreciation from deductions and transfers	4			4
Depreciation during the fiscal year	-441	-493	-300	-1,234
Accrued depreciation 31 December 2000	-3,907	-4,128	-3,804	-11,839
<b>Book value 31 December 2000</b>	<b>1,705</b>	<b>254</b>	<b>971</b>	<b>2,930</b>
Book value 31 December 1999	1,699	344	1,405	3,447
<b>Intangible assets, Parent Company</b>				
Acquisition cost 1 January 2000	121		167	288
Increase	8			
Acquisition cost 31 December 2000	129		167	296
Accrued depreciation 1 January 2000	-81		-136	-217
Depreciation during the fiscal year	-13		-13	-26
Accrued depreciation 31 December 2000	-94		-150	-243
<b>Book value 31 December 2000</b>	<b>35</b>		<b>17</b>	<b>52</b>
Book value 31 December 1999	40		31	71

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Investments in progress	Total
<b>Tangible assets, Group</b>						
Acquisition cost 1 January 2000	4,737	33,010	57,816	5,783	500	101,846
Translation difference	45	160	125			331
Increase	363	987	7,119	5	1,502	9,976
Decrease			-1,453			-1,453
Transfers between items	204	674	605	204	-1,536	152
Acquisition cost 31 December 2000	5,349	34,831	64,212	5,993	467	110,852
Accrued depreciation 1 January 2000		-7,609	-24,271	-883		-32,763
Translation difference		-44	-76			-119
Accrued depreciation from deductions and transfers			983			983
Depreciation during the fiscal year		-1,557	-5,676	-233		-7,466
Accrued depreciation 31 December 2000		-9,210	-29,039	-1,117		-39,365
<b>Book value 31 December 2000</b>	<b>5,349</b>	<b>25,621</b>	<b>35,174</b>	<b>4,876</b>	<b>467</b>	<b>71,487</b>
Book value 31 December 1999	4,737	25,401	33,546	4,900	500	69,083
<b>Tangible assets, Parent Company</b>						
Acquisition cost 1 January 2000	945	83	294	417		1,739
Increase	539	910	38	5		1,491
Decrease			-52			-52
Transfers between items						
Acquisition cost 31 December 2000	1,483	993	280	422		3,178
Accrued depreciation 1 January 2000		-36	-174	-201		-411
Accrued depreciation from deductions and transfers			-23			23
Depreciation during the fiscal year		-33	-45	-25		-103
Accrued depreciation 31 December 2000		-69	-196	-225		-490
<b>Book value 31 December 2000</b>	<b>1,483</b>	<b>923</b>	<b>84</b>	<b>197</b>		<b>2,687</b>
Book value 31 December 1999	945	47	120	216		1,328
Group						
		2000	1999			
Book value of production machinery and equipment		30,401	28,772			

EUR 1,000	Shares Group companies	Shares Interest companies	Shares Others	Total
<b>12. Investments, Group</b>				
Acquisition cost 1 January 2000		1,561	3,400	4,961
Increase		14		14
Decrease			-9	-9
Acquisition cost 31 December 2000		1,575	3,391	4,966
Accrued depreciation		-527		-527
Portion of the financial year in the result		-466		-466
Accrued depreciation 31 December 2000		-993		-993
<b>Book value 31 December 2000</b>		<b>583</b>	<b>3,391</b>	<b>3,973</b>
Book value 31 December 1999		1,034	3,400	4,434

The goodwill of the interest company is EUR 0,9 million, which will be written off in five years.

1000 EUR	Shares Group companies	Shares Interest companies	Shares Others	Total
<b>Investments, Parent Company</b>				
Acquisition cost 1 January 2000	22,595	1,561	3,368	27,524
Increase	3,963	14		3,978
Decrease	-710			-710
Acquisition cost 31 December 2000	25,848	1,575	3,368	30,791
<b>Book value 31 December 2000</b>	<b>25,848</b>	<b>1,575</b>	<b>3,368</b>	<b>30,791</b>
Book value 31 December 1999	22,595	1,561	3,368	27,524

**13. Companies owned by the Group and the Parent Company**

Group companies	Domicile	Group ownership %	Parent Company ownership %	Number	Parent Company Nominal value 1,000 EUR	Parent Company shares/holdings Book value 1,000 EUR
Kyro Power Oy	Kyröskoski, Finland	100.0	100.0	1,505,500	3,011	9,470
<b>Tamglass Ltd. Oy</b>	Tampere, Finland	100.0	100.0	800,000	1,600	11,164
Tamglass Engineering Ltd. Oy	Tampere, Finland	100.0				
Tamglass Safety Glass Ltd.	Tampere, Finland	100.0				
Tamglass EMA Sales Ltd. Oy	Tampere, Finland	100.0				
Tamglass Far East Ltd.	Shatin, NT, Hong Kong	100.0				
Tamglass America, Inc.	Pittsburgh, PA, USA	100.0				
Tamglass Tempering Systems, Inc.	Cinnaminson, N.J., USA	100.0				
Tamglass UK Ltd.	Nottinghamshire, United Kingdom	99.9				
Tamglass S.A.R.L.	Boulogne, France	99.8				
Tamglass GmbH	Nürnberg, Germany	100.0				
Tamglass Japan, Inc.	Osaka, Japan	100.0				
Tamglass Project Development Oy	Tampere, Finland	100.0				
Tamglass Singapore Pte. Ltd.	Singapore	100.0				
Cattin Machines, S.A.	La Chaux-de-Fonds, Switzerland	100.0				
Kiint. Oy Kauppilaiskatu 2	Tampere, Finland	100.0				
Kiint. Oy Alhonmetsä	Tampere, Finland	100.0				
Tamglass South America Ltda.	São Paulo , Brazil	70.0				
Tecnomen Oy	Espoo, Finland	73.3	73.3	36,706,100	1,991	5,214
Tecnomen Ltd.	County Clare, Ireland	73.3				
Tecnomen GmbH	Dreieich, Tyskland	73.3				
Tecnologia de Mensajes						
Tecnomen S.L.	Madrid, Spain	73.3				
Tecnomen System Solutions Oy	Espoo, Finland	48.3				
Tecnomen Hong Kong Ltd.	Wan Chai, Hong Kong	73.3				
Tecnomen Sistemas de Telecomunicacao Ltda	São Paulo - SP CEP, Brazil	73.3				
<b>Total</b>						<b>25,848</b>

## Interest companies

Associated companies		Group ownership %	Parent Company ownership %	Nominal value 1,000 EUR	Book value 1,000 EUR
Aersoft Ltd.	Dublin, Ireland	39.00	39.00	2,913	1,575

The associated company has been included in the consolidated financial statement using the equity method.

Other shares and holdings owned by the Parent Company	Ownership, %	Number	Nominal value EUR/share	Book value 1,000 EUR
Shares and holdings				
Kiinteistö Oy Torikyrö	63.4	804	84	240
Other housing companies				194
Other shares and holdings				41
<b>Total</b>				<b>476</b>

Other Parent Company investments	Number	Nominal value EUR/share	Book value 1,000 EUR
Pohjolan Voima Oy C	61,856	2	2,892
Pohjolan Voima Oy H	1,860	2	
<b>Total</b>			<b>2,892</b>

EUR 1,000	2000	Group 1999	Parent Company 2000      1999	
<b>14. Fixed assets</b>				
Materials and supplies	6,872	5,879		
Work in progress	9,899	9,909		
Finished products/goods	746	53		
<b>Fixed assets, total</b>	<b>17,517</b>	<b>16,321</b>		
<b>15. Receivables</b>				
<b>Long-term receivables</b>				
Accounts receivable	5,515	6,848		
Other receivables	303			
<b>Receivables from Group companies</b>				
Loan receivables				19,342
<b>Long-term receivables, total</b>	<b>5,818</b>	<b>6,848</b>		<b>19,342</b>
<b>Short-term receivables</b>				
<b>Receivables from Group companies</b>				
Loan receivables			8,963	13,715
Prepaid expenses and accrued income			125	27
			9,088	13,741
<b>Receivables from associated companies</b>				
Loan Receivables	381		381	
	381		381	
Accounts receivable	62,113	51,683		
Loan receivables	212	275	93	93
Other receivables	849	360		
Prepaid expenses and accrued income	4,863	4,159	907	508
	68,036	56,477	999	600
<b>Short-term receivables, total</b>	<b>68,417</b>	<b>56,477</b>	<b>10,468</b>	<b>14,342</b>
<b>16. Prepaid expenses and accrued income</b>				
Personnel expenses	124	86	38	15
Interest income	693	604	625	422
Income taxes	867	754		64
Indirect taxes	819	794	257	17
Others	2,360	1,922	112	17
<b>Prepaid expenses and accrued income, total</b>	<b>4,863</b>	<b>4,159</b>	<b>1,032</b>	<b>534</b>
<b>17. Financial assets</b>				
Financial assets mainly include shares and bonds traded on the open market.				
Market value	10,851	18,261	14,039	18,261
Book value	10,038	16,241	13,226	16,241
Difference	<b>813</b>	<b>2,020</b>	<b>813</b>	<b>2,020</b>

EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
<b>18. Shareholders' equity</b>				
Share capital 1 January	7,935	6,673	7,935	6,673
Increase		1,262		1,262
Share capital 31 December	7,935	7,935	7,935	7,935
Share premium account 1 January	34,918	36,180	34,839	36,102
Decrease	-21	-1,262		-1,262
Share premium account 31 December	34,897	34,918	34,839	34,839
Retained earnings	81,925	77,934	32,082	34,939
Dividends	-4,004	-4,671	-4,004	-4,671
Exchange rate and translation difference	680	1,006		
Total on 31 December	78,601	74,269	28,079	30,268
Profit for the fiscal year	78,751	7,656	22,007	1,814
Shareholders equity on 31 December	200,184	124,778	92,860	74,857
<b>Account of distributable funds, 31 December</b>				
Retained earnings	78,601	74,269	28,079	30,268
Profit for the fiscal year	78,751	7,656	22,007	1,814
Share issue	-36,444			
Other items	-1,802			
Portion of accrued depreciation differences and voluntary reserves entered under shareholders' equity	-18,443	-16,854		
<b>Distributable funds</b>	<b>100,663</b>	<b>65,071</b>	<b>50,085</b>	<b>32,082</b>
<b>19. Accumulated appropriations</b>				
Accumulated depreciation difference 1 January			5	16
Increase (+) Decrease (-)			20	-11
Accumulated depreciation difference 31 December			25	5
Accumulated appropriations in the Parent Company consist of accumulated depreciation difference.				
<b>20. Deferred tax liability</b>				
Deferred tax receivables				
Combination procedure 1 January	816			
Increase (+) Decrease (-)	2,314	816		
Combination procedure 31 December	3,130	816		
Deferred tax liabilities				
Financial statement transfers 1 January	7,160	6,487		
Increase (+) Decrease (-)	307	674		
Financial statement transfers 31 December	7,468	7,160		
Deferred tax liability, total	4,338	6,344		



EUR 1,000	Group		Parent Company	
	2000	1999	2000	1999
<b>21. Long-term liabilities</b>				
Loans from financial institutions	4,499	19,034		
Pension loans	682	734		
Advances received	486	972		
Other liabilities	208	231		
<b>Debts to Group companies</b>				
Other debts				11,773
Total	5,876	20,971		11,773
Deferred tax liability	4,338	6,344		
<b>Long-term liabilities, total</b>	<b>10,214</b>	<b>27,315</b>		<b>11,773</b>
<b>Maturity of long-term liabilities</b>				
Time of maturity				
1–2 years	1,594	5,302		
2–3 years	1,134	5,674		
3–4 years	1,139	2,803		
4–5 years	1,130	1,582		11,773
over 5 years	879	5,610		
Total	5,876	20,971		11,773
<b>Non-interest-bearing debts</b>				
Non-interest-bearing liabilities	47,729	41,027		
Deferred tax liability	4,338	6,344		
<b>Non-interest-bearing debts, total</b>	<b>52,066</b>	<b>47,371</b>		
<b>22. Short-term liabilities</b>				
Loans from financial institutions	961	11,302		6,728
Pension loans	51	55		
Advances received	15,658	13,388		
Accounts payable	10,202	7,572	339	17
<b>Short-term liabilities, total</b>	<b>26,872</b>	<b>32,317</b>	<b>339</b>	<b>6,745</b>
<b>Debts to Group companies</b>				
Accounts payable			1	7
Other liabilities			60,353	6,038
Accrued liabilities and deferred income			137	22
<b>Debts to Group companies, total</b>			<b>60,491</b>	<b>6,068</b>
<b>Debts to interest companies</b>				
Other debts		305		305
<b>Debts to interest companies, total</b>		<b>305</b>		<b>305</b>
Other short-term liabilities	1,848	1,590	619	4,993
Accrued liabilities and deferred income	20,507	18,687	2,815	1,592
<b>Short-term liabilities, total</b>	<b>49,227</b>	<b>52,899</b>	<b>64,265</b>	<b>19,703</b>

EUR 1,000	Group		Parent Company		
	2000	1999	2000	1999	
<b>23. Accrued liabilities and deferred income</b>					
Salary and other periodised personnel expenses	9,478	7,083	1,801	1,227	
Interest	152	863	161	288	
Direct taxes	1,328	1,461	852		
Other	9,549	9,280	139	100	
<b>Accrued liabilities and deferred income, total</b>	<b>20,507</b>	<b>18,687</b>	<b>2,953</b>	<b>1,614</b>	
<b>24. Contingent liabilities</b>					
<b>Debts with mortgage on property as security</b>					
Debts to financial institutions	655	17,842			
Mortgages given	655	18,627			
<b>Securities on behalf of Group companies and on own behalf</b>					
<b>Mortgage on company assets</b>					
On own behalf	5,449	5,449			
On behalf of Group companies			5,046	5,046	
<b>Contingent liabilities and liabilities not included in the balance sheet</b>					
<b>Leasing liabilities</b>					
With due date in the current financial year	659	542	61	26	
With a later due date	1,130	368	95	11	
<b>Pledges</b>					
On own behalf	3,609	4,256			
On behalf of Group companies			7,994	12,966	
<b>Repurchase commitments</b>	4,487	3,079			
<b>Other liabilities</b>	786	1 433	87	87	
<b>25. Values of the underlying instruments of derivative contracts</b>					
		2000	1999		
		Market value	Value of underlying instrument	Market value	Value of underlying instrument
<b>I. Interest derivatives</b>					
Interest rate swaps			10,932		
<b>II. Currency derivatives</b>					
Forward agreements		49,550	51,299	26,362	25,197

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### Management of financial risks

The Group's financial risks comprise currency risks, interest risks, and liquidity risks. The Group's principle is to hedge itself from the negative impact these risks may have on the result and on the balance sheet. Management of risks related to currency and counterparties in connection with normal business transactions is a part of the operational activities of the Group companies. The rest of the Group's financial activities are concentrated in the Parent Company, which is in charge of bank relations, arrangements for long-term financing, investments, and the Group's internal allocation of funds according to the need for liquidity in the Group companies.

The Group has no foreign currency denominated loans in Finland. Credit limits of a fixed asset nature secured by subsidiaries outside Finland are held in the currencies of the countries concerned. Currency positions consist of receivables and liabilities by currency, and of currency income and expenses based on binding orders. The net positions are primarily hedged by means of forward contracts for a maximum of 12 months. After the introduction of euro at the beginning of 1999, the currency risk has mainly been caused by the changes in the rates of euro and US dollar.

The Group has not hedged the shareholders' equity in its subsidiaries outside Finland.

Liquid funds are invested prudently to ensure that the Group retains the capability to make investments and acquisitions. Funds are invested in market deposits, long-term bonds, and, to a limited extent, in shares. The board of Directors of the Parent Company has approved the Group's investment principles and risk limits.

## Financial Performance Indicators in EUR

		2000	1999	1998	1997	1996
<b>Consolidated income statement</b>						
Net sales	EUR million	183.6	149.6	155.7	153.6	137.7
change		22.7	-3.9	1.4	11.6	34.6
Exports and international operations		149.3	116.1	122.6	122.9	109.5
as % of net sales	%	81.3	77.6	78.8	80.0	79.5
Depreciation		8.7	8.3	7.7	6.7	6.8
Operating profit		96.9	10.7	11.9	13.8	17.4
as % of net sales	%	52.8	7.2	7.6	9.0	12.7
Financial items		1.4	2.9	2.9	6.3	-0.5
Profit before extraordinary items		98.3	13.7	14.8	20.1	17.0
as % of net sales	%	53.5	9.1	9.5	13.1	12.3
Extraordinary items		-	0.8	-	-2.6	-0.2
Profit before taxes		98.3	14.4	14.8	17.6	16.8
as % of net sales	%	53.5	9.6	9.5	11.4	12.2
Taxes		-16.8	-4.4	-4.6	-5.0	-4.9
Profit for the year before minority interest		81.5	10.0	10.3	12.6	11.9
<b>Balance sheet</b>						
Fixed assets		78.4	77.0	80.9	79.4	70.5
Current assets						
Inventories		17.5	16.3	17.2	19.4	14.8
Receivables		188.8	116.3	98.9	106.9	78.0
Shareholders' equity		200.2	124.8	120.8	119.1	74.5
Distributable funds		100.7	65.1	61.3	59.1	53.6
Minority interest		25.1	4.6	2.3	1.4	0.3
Liabilities						
Interest-bearing liabilities		7.4	32.8	32.0	29.2	37.0
Non-interest-bearing liabilities		47.7	41.0	35.5	50.1	46.6
Deferred tax liability		4.3	6.3	6.5	5.9	5.0
Balance sheet total		284.7	209.6	197.0	205.7	163.3
Return on capital invested	%	50.5	9.8	11.0	18.0	18.4
Return on equity	%	46.0	7.3	8.4	14.2	16.9
Equity ratio	%	83.9	66.3	65.9	62.6	48.5
Debt/equity ratio	%	-47.9	-15.8	-13.7	-29.7	-4.3
Interest-bearing net liabilities		-107.8	-20.4	-16.9	-35.8	-3.2
as % of net sales	%	-58.7	-13.6	-10.9	-23.3	-2.3
Gross investments		11.1	10.3	12.0	15.9	15.1
as % of net sales	%	6.0	6.9	7.8	10.3	11.0
Research and development		20.6	17.3	18.3	18.2	16.1
as % of net sales	%	11.2	11.6	11.7	11.8	11.7
Order book		98.4	68.1	31.0	52.9	44.1
Personnel, average		912	848	848	782	659
Personnel at year-end		952	837	840	819	700
in Finland		580	532	538	542	455

# Financial Performance Indicators in FIM

		2000	1999	1998	1997	1996
<b>Consolidated income statement</b>						
Net sales	FIM million	1,091.7	889.7	925.7	913.4	818.6
change	%	22.7	-3.9	1.4	11.6	34.6
Exports and international operations		887.7	690.4	729.0	730.7	650.8
as % of net sales	%	81.3	77.6	78.8	80.0	79.5
Depreciation		51.7	49.1	45.7	40.0	40.6
Operating profit		576.4	63.9	70.7	82.2	103.6
as % of net sales	%	52.8	7.2	7.6	9.0	12.7
Financial items		8.2	17.3	17.4	37.6	-2.8
Profit before extraordinary items		584.6	81.2	88.1	119.8	100.8
as % of net sales	%	53.5	9.1	9.5	13.1	12.3
Extraordinary items		4.5	-15.3	-1.1		
Profit before taxes		584.6	85.6	88.1	104.6	99.7
as % of net sales	%	53.5	9.6	9.5	11.4	12.2
Taxes		-100.0	-26.2	-27.1	-29.8	-29.2
Profit for the year before minority interest		484.6	59.5	61.0	74.8	70.5
<b>Balance sheet</b>						
Fixed assets		466.1	457.6	481.1	471.8	419.4
Current assets						
Inventories		104.2	97.0	102.4	115.5	87.9
Receivables		1,122.6	691.3	588.1	635.6	463.9
Shareholders' equity		1,190.2	741.9	718.2	708.3	442.8
Distributable funds		598.5	386.9	364.2	351.4	318.7
Minority interest		149.2	27.2	13.7	8.2	1.6
Liabilities						
Interest-bearing liabilities		44.0	195.3	190.1	173.7	220.1
Non-interest-bearing liabilities		283.6	243.9	211.0	297.8	276.8
Deferred tax liability		25.8	37.7	38.6	34.9	29.9
Balance sheet total		1,692.9	1,246.0	1,171.6	1,222.9	971.2
Return on capital invested	%	50.5	9.8	11.0	18.0	18.4
Return on equity	%	46.0	7.3	8.4	14.2	16.9
Equity ratio	%	83.9	66.3	65.9	62.6	48.5
Debt/equity ratio	%	-47.9	-15.8	-13.7	-29.7	-4.3
Interest-bearing net liabilities		-641.0	-121.2	-100.5	-213.1	-19.0
as % of net sales	%	-58.7	-13.6	-10.9	-23.3	
Gross investments		66.0	61.5	71.3	94.4	89.7
as % of net sales	%	6.0	6.9	7.8	10.3	11.0
Research and development		122.5	102.9	108.6	108.1	95.9
as % of net sales	%	11.2	11.6	11.7	11.8	11.7
Order book		585.1	405	321	463	396
Personnel, average		912	848	848	782	659
Personnel at year-end		952	837	840	819	700
in Finland		580	532	538	542	455

# Calculation of Key Ratios

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## **Equity Ratio, % =**

$$\frac{\text{Shareholder's equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$$

## **Debt/equity ratio (gearing), % =**

$$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholder's equity + minority interest}} \times 100$$

## **Net interest-bearing liabilities =**

Net interest-bearing liabilities – interest-bearing receivables – cash and other liquid financial assets

## **Return on equity, % (ROE) =**

$$\frac{\text{Profit or loss before extraordinary items and tax – taxes for the fiscal year}}{\text{Shareholder's equity + minority interest (average)}} \times 100$$

## **Return on invested capital, % (ROI) =**

$$\frac{\text{Profit before extraordinary items and taxes + interest and other financial expenses}}{\text{Balance sheet total – non interest-bearing liabilities (average)}} \times 100$$

## **Earnings per share (EPS) =**

$$\frac{\text{Profit before extraordinary items and taxes – taxes for the fiscal year } \pm \text{ minority interest}}{\text{Adjusted average number of shares during the fiscal year}}$$

## **Equity/share =**

$$\frac{\text{Shareholder's equity}}{\text{Adjusted number of shares at the end of the fiscal year}}$$

## **Dividend/result, % =**

$$\frac{\text{Dividend distribution for the fiscal year}}{\text{Profit before extraordinary items and taxes – taxes for the fiscal year } \pm \text{ minority interest}} \times 100$$

## **Dividend/share =**

$$\frac{\text{Dividend distribution for the fiscal year}}{\text{Adjusted number of shares at end of fiscal year}}$$

## **Effective dividend yield, % =**

$$\frac{\text{Dividend/share}}{\text{Adjusted share price at the end of the fiscal year}} \times 100$$

## **P/E ratio =**

$$\frac{\text{Adjusted share price at the end of the fiscal year}}{\text{Earnings/share (EPS)}}$$

## **Market capitalization =**

Number of shares x share price at December 31.

# Proposal by the Board of Directors

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The Group's distributable assets amounted to EUR 100,662,583.14

The Parent Company's distributable assets, according to the Parent Company's balance sheet of 31 December 2000, amounted to:

Retained earnings	EUR	28,078,544.83
Profit for the financial year	EUR	22,006,577.87
Total	EUR	50,085,122.70

The number of shares entitling holders to a dividend total 39,675,000.

The Board of Directors proposes that:

A dividend of EUR 0.30/share should be paid	EUR	11,902,500.00
And that the balance of should be carried forward to retained earnings.	EUR	38,182,622.70
Total	EUR	50,085,122.70

Helsinki, 7 February 2001

Carl-Johan Numelin  
Lars Hammarén  
Barbro Koljonen  
Carl-Olaf Homén

Christer Sumelius  
Lauri Fontell  
Carl-Johan Rosenbröijer  
Gerhard Wendt

Pentti Yliheljo  
President and Chief Executive Officer

# Auditor's Report

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## To the shareholders of Kyro Corporation

We have audited the accounting, the financial statements and the administration of Kyro Corporation for the year ended 31 December 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements, have been prepared by the Board of Directors and the President and Chief Executive Officer. Based on our audit we express an opinion on these financial statements and on administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the Board of Directors and the President and Chief Executive Officer have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations, as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and Chief Executive Officer of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the distributable funds is in compliance with the Companies Act.

Helsinki, 7 February 2001

KPMG WIDERI OY AB

Sixten Nyman  
*Authorized Public Accountant*



# Shares and Shareholders

## Share capital

The number of Kyro Corporation's shares outstanding totalled 39,675,000. The share capital of the Company is EUR 7,935,000 and the nominal value of one share is EUR 0.20. The Company's minimum share capital is EUR 5 million and maximum share capital EUR 20 million, within which limits the share capital may be increased and reduced without amending the company's Articles of Association.

## Voting restrictions

Shareholders are entitled to one vote per share in votes and elections held at the Annual General Meeting. No individual shareholder is entitled to vote at the Annual General Meeting using more than one fifth of the combined votes of the shares represented at the Meeting (Articles of Association, Section 12).

## Trading on the Helsinki Exchanges

Since 9 June 1997, Kyro Corporation's shares have been listed on the Helsinki Exchanges (HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House).

During the fiscal year, a total of 16,289,530 Kyro Corporation shares were traded on the Helsinki Exchanges, equivalent to 41.1% of the total number of shares.

The market value of the shares outstanding was EUR 313,432,500 at the end of the year under review. At the end of the year, the number of shareholders registered under the book-entry system was 3,393.

## Share price development

The highest price paid for a Kyro Corporation share on the Helsinki Exchanges was EUR

16.50, the lowest price EUR 6.40. The average price during the fiscal year was EUR 11.19.

## Taxable value in Finland

The taxable value of a Kyro Corporation share in Finland under 2000 taxation is EUR 5.67 per share.

## Management ownership of shares

The number of shares owned by members of the Board of Directors and the President was 3,445,900 at 31 December 2000. These shares constitute 8.70% of the shares outstanding.

## Management share options

### Tamglass Ltd. Oy warrants

The Annual General Meetings of Tamglass Ltd. Oy, a fully owned subsidiary of the Kyro Corporation, have in 1997, 1998 and 1999 decided to grant warrants to individuals belonging to the management of Tamglass Group companies and of the Kyro Group, as well as to companies belonging to the Kyro Group which may later grant warrants to the Group's key personnel. The warrants outstanding entitle holders to subscribe 51,500 Tamglass Ltd. Oy shares, constituting approximately 6% of the company's share capital. The subscription periods for shares using the warrants shall begin in four stages: as of 2 May 2000, 2 May 2001, 2 May 2002 and 2 May 2003, and they shall expire on 30 June 2004. The share subscription price for warrants is based on the financial statements of the Tamglass Group for the full year that preceded the Annual General Meeting that made the decision, and it consists of the financial statements' book value

per share adjusted by later dividend payments and Group contributions.

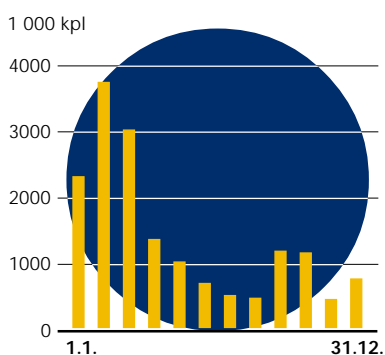
Under valid separate terms and conditions of agreement, Tamglass Ltd. Oy's option holders may exercise their warrants for the subscription of shares only with the permission of Kyro Corporation, but they have the right to sell their options to Kyro Corporation during the period reserved for subscription, and by 31 May 2004 at the latest, at a price determined on the basis of the difference between the subscription price and the calculated value of the share. The calculated value of the share is based on the financial statements of the Tamglass Group that precede the sale, and it is calculated as the weighted average per share of book value (one third) and earning capacity value (two thirds), where earning capacity value is determined by multiplying Tamglass Group's average result for the previous three years with the P/E ratio of the Kyro Corporation. During 2000, the Kyro Corporation has purchased from option holders a holding of outstanding Tamglass Ltd. Oy warrants which entitled the holders to subscribe for 30,000 shares. The number includes all warrants whose subscription period has begun in 2000.

The Group takes the obligations associated with the options into account as a minority interest in its year-end and interim financial statements.

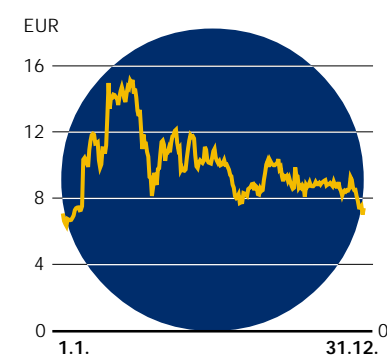
## Tecnomen Corporation warrants

The Annual General Meetings of the Kyro Corporation subsidiary Tecnomen Corporation have in 1997, 1998 and 1999 and on 6 April 2000 decided to grant warrants to individuals belonging to the management of Tecnomen Corporation and the Kyro

Trading volume by month 2000



Kyro's share price development



## Ownership by sector

	%
Private companies	6.45
Banks and insurance companies	18.28
Public organizations	8.34
Non-profit organizations	2.29
Private households and individuals	58.61
Foreign owners	5.94
Shares not transferred to the book-entry system	0.09
Total	100.00

Group, as well as to companies belonging to the Kyro Group which may later grant warrants to the Group's key personnel. On the basis of share subscriptions made by virtue of the warrants granted, the share capital of Tecnomen Corporation has been increased between 2 May 2000 and 31 December 2000 by EUR 16,048.00, equivalent to 401,200 shares. On the basis of warrants outstanding, Tecnomen Corporation's share capital may be further increased by at most EUR 147,152.00, equivalent to 3,678,800 shares and constituting approximately 7.4 % of share capital. The numbers of shares which may be subscribed by virtue of warrants outstanding, together with the subscription periods and the subscription prices are as follows: 506,600 shares in the period 2 May 2000 to 30 June 2004 and 722,500 shares in the period 2 May 2002 to 30 June 2004 at a price of approximately EUR 0.64 per share, 175,950 shares in the period 2 May 2000 to 30 June 2004 and 361,250 shares in the period 2 May 2002 to 30 June 2004 at a price of approximately EUR 0.51, and 956,250 shares in the period 2 May 2002 to 30 June 2004 and 956,250 shares in the period 2 May 2003 to 30 June 2004 at a price of approximately EUR 0.37 per share. If Tecnomen Corporation pays a dividend, the subscription prices will be reduced by the amount of the dividend paid per share. Share subscriptions made during the fiscal year are entitled to a full dividend for 2000.

In addition, an Extraordinary Shareholders' Meeting of Tecnomen Corporation on 18 May 2000 authorised the Company to grant warrants entitling their holders to subscribe for a maximum of 2,082,500 shares to key personnel of the Tecnomen Group and to companies wholly owned by Tecnomen which may later grant them to Group personnel. The subscription period for shares with 833,000 A warrants is 1 October 2002 to 31 May 2005 and with 1,249,500 B warrants 2 May 2004 to 31 May 2005 at a subscription price of EUR 8.5 per share. If Tecnomen Corporation pays a dividend, the subscription prices will be reduced by the amount of the dividend paid per share. No option rights have been granted based on this authorisation during the period under review.

#### Major shareholders at 31 December 2000

	Shares	%
Lars Hammarén	2,264,300	5.7
Henning Sumelius	2,022,300	5.1
Sampo Life Insurance Company Ltd.	2,000,000	5.0
FIM Forte Mutual Fund	1,282,800	3.2
Varma-Sampo	1,144,900	2.9
Marina Sumelius	1,122,400	2.8
Oy Investsum Ab	910,000	2.3
Helena Suutarinen, estate	901,200	2.3
Maria Sumelius	867,200	2.2
Charlie von Christierson	800,000	2.0
Merita Bank Plc	783,547	2.0
LEL Employment Pension Fund	748,600	1.9
Bjarne Sumelius	670,000	1.7
Ilmarinen Mutual Pension Insurance Company	607,200	1.5
Marianne Storhannus	500,000	1.3
Birgitta Sumelius-Fogelholm	500,000	1.3
Samuel Huber	454,400	1.2
Shares held in trust	3,457,422	8.7
Other	18,638,731	47.0
<b>Total</b>	<b>39,675,000</b>	<b>100.0</b>

#### Distribution of ownership

The ownership of Kyro Corporation's shares at the end of the fiscal year was as follows:

Number of shares	Number of owners	% of holders	Number of shares	% of shares
1– 500	1,847	54.40	457,509	1.15
501– 1,000	653	19.26	527,423	1.33
1,001– 5,000	583	17.19	1,400,331	3.53
5,001– 10,000	83	2.45	631,090	1.59
10,001– 50,000	102	3.01	2,526,119	6.37
50,001– 100,000	47	1.39	3,611,411	9.10
100,001– 500,000	64	1.89	14,359,070	36.19
500,001–	14	0.41	16,124,447	40.64
<b>Total</b>	<b>3,393</b>	<b>100.00</b>	<b>39,637,400</b>	<b>99.91</b>
Shares not transferred to the book-entry system			37,600	0.09
<b>Total</b>			<b>39,675,000</b>	<b>100.00</b>

#### Shareholder agreements

The company is unaware of any shareholder agreements which would essentially affect the ownership of Kyro Corporation's shares or the use of votes within the company.

#### Book-entry system

A total of 39,637,400 of the company's shares were registered in the book-entry system on 31 December 2000. A register of shareholders is maintained by the Finnish Central Securities Depository Ltd.

#### Board authorisations

The Board of Directors has no authorisation to change the share capital. The Annual General Meeting authorised the Board of Directors to purchase and transfer the company's own shares. The authorisation is valid for one year from 6 April 2000. The board has not exercised this authorisation during 2000.

## Key Indicators per Share in EUR

		2000	1999	1998	1997	1996
Earnings per share	EUR	1.98	0.17	0.23	0.35	0.37
Comparable earnings/share	EUR	0.32 *	0.17	0.23	0.35	0.37
Equity per share	EUR	5.05	3.14	3.04	3.00	2.36
Dividend per earnings	%	15.2	58.3	52.3	33.8	31.8
Comparable dividend per earnings	%	93.8 *	58.3	52.3	33.8	31.8
Dividend per share	EUR	0.30 **	0.10	0.12	0.12	0.12
Effective dividend yield	%	3.8	1.4	3.0	2.2	
P/E ratio		4.0	40.4	17.2	15.2	
Comparable P/E ratio		24.7 *	40.4	17.2	15.2	
Number of shares	1 000					
average		39,675	39,675	39,675	36,181	32,549
at end of year		39,675	39,675	39,675	39,675	31,500

\*) Calculated on the basis of the comparable profit for the fiscal year, adjusted for tecnomen's issue proceeds, sales and corresponding expenses and taxes

\*\*\*) Board's proposal

Share price trend						
average price	EUR	11.19	5.37	4.84	6.15	
lowest price	EUR	6.40	3.81	3.46	4.78	
highest price	EUR	16.50	7.33	5.97	7.06	
Share price at the end of the year	EUR	7.90	7.00	3.99	4.47	
Market capitalisation of all shares						
at the end of the year	EUR million	313.4	277.7	154.1	205.4	
Turnover	No. of shares	16,289,530	9,337,558	9,416,856	9,606,216	
Turnover, % of the total number		41.1	23.5	23.7	26.6	
Turnover	EUR million	182.3	50.1	45.8	59.1	

## Key Indicators per Share in FIM

		2000	1999	1998	1997	1996
Earnings per share	FIM	11.80	1.03	1.34	2.07	2.20
Comparable earnings/share	FIM	1.91 *	1.03	1.34	2.07	2.20
Equity per share	FIM	30.00	18.70	18.10	17.85	14.06
Dividend per earnings	%	15.2	58.3	52.3	33.8	31.8
Comparable dividend per earnings	%	93.8 *	58.3	52.3	33.8	31.8
Dividend/share	FIM	1.78 **	0.60	0.70	0.70	0.70
Effective dividend yield	%	3.8	1.4	3.0	2.2	
P/E ratio		4.0	40.4	17.2	15.2	
Comparable P/E ratio		24.7 *	40.4	17.2	15.2	
Number of shares	1 000					
average		39,675	39,675	39,675	36,181	32,549
at end of year		39,675	39,675	39,675	39,675	31,500

\*) Calculated on the basis of the comparable profit for the fiscal year, adjusted for tecnomen's issue proceeds, sales and corresponding expenses and taxes

\*\*\*) Board's proposal

Share price trend	FIM					
average price	FIM	66.53	31.93	28.80	36.55	
lowest price	FIM	38.05	22.65	20.60	28.40	
highest price	FIM	98.11	43.58	35.50	42.00	
Share price at the end of the year	FIM	46.97	41.62	23.06	31.50	
Market capitalisation of all shares						
at the end of the year	FIM million	1 863	1 651	916	1,221	
Turnover	No. of shares	16,289,530	9,337,558	9,416,856	9,606,216	
Turnover, % of the total number		41.1	23.5	23.7	26.6	
Turnover	FIM million	1,083.9	297.9	272.3	351.2	

# Administrative Bodies and Auditors



Front row from left Barbro Koljonen and Carl-Johan Numelin. Back row from left Lars Hammarén, Carl-Olaf Homén, Carl-Johan Rosenbröijer, Lauri Fontell, Gerhart Wendt and Christer Sumelius.

## BOARD OF DIRECTORS

### Chairman

Carl-Johan Numelin (63)  
M.Sc.(Eng.)  
From 1990  
Term of office 1999–2002

### Deputy Chairman

Christer Sumelius (54)  
M.Sc.(Econ.)  
From 1995  
Term of office 1998–2001

### Members

Lars Hammarén (58)  
B.Sc.(Eng.)  
From 1982  
Term of office 1998–2001

Lauri Fontell (65)

Lic.Phil.  
From 1987  
Term of office 1999–2002

Barbro Koljonen (48)  
M.Sc.(Agr.)  
From 1996  
Term of office 1999–2002

Carl-Johan Rosenbröijer (36)  
D.Sc.(Econ.)  
From 1996  
Term of office 1999–2002

Carl-Olaf Homén (64)  
Master of Laws  
From 1997  
Term of office 2000–2003

Gerhard Wendt (66)  
Ph.D.  
From 1998  
Term of office 1998–2001

## MANAGEMENT

### President and Chief Executive Officer

Pentti Yliheljo (55)  
M.Sc.(Eng.)  
From 1992

### Chief Financial Officer

Veli Kronqvist (46),  
M.Sc.(Econ.)  
From 1999

### Senior Vice President, Corporate Planning

Esko Rantala (39)  
M.Sc.(Eng.), MBA  
From 1998

### Vice President, Corporate Communications

Mika Nevalainen (31)  
M.Sc. (Econ&BA)  
From 1999

## AUDITORS

KPMG WIDERI OY AB  
Responsible Auditor Sixten Nyman  
Authorized Public Accountant

# Kyro Corporate Structure

## Parent Company



### Board of Directors

Chairman  
Carl-Johan Numelin

Deputy Chairman  
Christer Sumelius

Lars Hammarén  
Lauri Fontell  
Barbro Koljonen  
Carl-Johan Rosenbröjjer  
Carl-Olaf Homén  
Gerhard Wendt

### Management

President and Chief of Executive Officer  
Pentti Yliheljo

Chief Financial Officer  
Veli Kronqvist

Senior Vice President, Corporate Planning  
Esko Rantala

### Investor Relations and Corporate Communications

Vice President, Corporate Communications  
Mika Nevalainen

### Information Management

Information Management Director  
Jyrki Santaholma

## Business Groups



President Pentti Yliheljo

### Business areas

**Architectural Glass Industry** Mauri Leponen  
**Automotive Glass Industry** Tommi Salenius  
**After Sales** Tapio Rauhala

### Functions

**Sales** Pentti Salin  
**Product Development and Manufacturing** Juha Liettyä  
**Finance** Veli Kronqvist  
**Quality** Erkki Kekkonen  
**Personnel** Anneli Ranki  
**Marketing Communications** Pia Salonen  
Mika Nevalainen

### Marketing, Sales and Servicing Units

**Tamglass EMA Sales** Seppo Lautamäki  
Skandinavia, Italy, Middle East, Eastern Europe, the Balkans,  
Eastern Africa

**Tamglass America Inc.** Raimo Nieminen  
North, Central and South America

**Tamglass Far East Ltd.** Michael Tsui  
China, Hong Kong, Taiwan

**Tamglass Japan Inc.** Juhani Salminen  
Japan

**Tamglass Singapore Pte. Ltd.** Markku Karvonen  
South-East Asia, Australia, New Zealand

**Tamglass Middle East** Tapio Rauhala  
Middle-East (After sales)

**Tamglass GmbH** Hermann Frey  
German-speaking Europe, Poland, Slovakia, Czech Republic

**Tamglass S.A.R.L.** Richard Bazin  
France, Spain, Benelux, Portugal, French-speaking Africa

**Tamglass UK Ltd.** Steve Brammer as of February 10, 2001  
Great-Britain, Ireland, South-Africa

### Glass Processing Machine Plants

**Tamglass Engineering Ltd. Oy, Finland** Juha Liettyä

**Tamglass Tempering Systems Inc., USA** Ernie Thomas

**Cattin Machines S.A., Switzerland** Georges Béguet

**Tamglass South America Ltda.** Jean Paul Clément

**Tamglass (Tianjin) Co. Ltd** Pekka Hukia

### Glass Processing Plants

**Tamglass Safety Glass Ltd., Finland** Pertti Iivanainen



President Vesa Helkkula

#### Functions

Sales and Customer Operations Jukka Hurri  
Product Management Kai Kauto  
Product Development Timo Ruoho  
Production and Logistics Paul Fitzgerald  
Personnel and Administration Froste Ahlfors  
Finance Riitta Järnstedt  
Marketing Sari Aapola  
Law Kristiina Hoppu

Paging Systems Timo Kangas

Tecnomen Ltd. Ireland Paul Fitzgerald

#### Data Acquisition Systems

Tecnomen System Solutions Oy, Finland Matti Loukunen

#### Regional Business Units

**EUROPE** Jarmo Toivanen

**Tecnomen Finland** Ari Paganus (Sales)  
Skandinavia, Benelux, Eastern Europe

**Tecnomen Germany** Kai Honetschlaeger  
German-speaking Europe

**Tecnomen Spain** José Ruiz  
South Europe

**Tecnomen Ireland** Philip Hayes (Sales)  
Ireland, Great-Britain

**ASIA PACIFIC** Jarmo Häärä

**Tecnomen Malaysia** Christian Rönblad  
Malaysia, Singapore, Indonesia, Australia, New Zealand

**Tecnomen Thailand** Jarmo Häärä  
Thailand, Cambodia, Laos, Vietnam, Philippines

**Tecnomen China** Kai Kunnasmaa  
China

**Tecnomen Hong Kong** Albert Wong  
Hong Kong, Japan, Korea

**Tecnomen Taiwan** Pekka Tunttunen  
Taiwan

**MIDDLE EAST** Matti Kakko

**Tecnomen Middle East** Matti Kakko  
Middle East, Africa, India, Pakistan

**SOUTH AMERICA** Kimmo Aura

**Tecnomen Brasil** Kimmo Aura  
Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay



President Matti Heino, until February 28, 2001  
Esa Kujala, as of March 1, 2001

#### Production Units

Gas-Fired Power Plant

Hydro Power Plant

# Locations and Adresses

## KYRO OYJ ABP

### Head Office

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Fax +358 3 382 3016  
first.name.last.name@kyro.fi

### Communications and Business Development

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FIN-00100 HELSINKI  
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Fax +358 9 3487 2500

## TAMGLASS GROUP

### Head Office

**Tamglass Ltd. Oy**  
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first.name.last.name@tamglass.com

### Business Areas

**Architectural and Automotive Glass Industry**  
Fax +358 3 372 3190

**Tamglass Maintenance Services**  
Fax +358 3 372 3590

## Functions

### Sales

Fax +358 3 372 3235

### Technology and production

Fax +358 3 372 3619

### Finance

Fax +358 3 372 3107

### Quality

Fax +358 3 372 3190

### Personnel

Fax +358 3 372 3223  
hrm@tamglass.com

### Marketing Communications

Fax +358 3 372 3109  
pressinfo@tamglass.com

## Customer Service Offices

### Tamglass EMA Sales

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FIN-33731 TAMPERE  
Tel. +358 3 372 3111  
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### Tamglass America, Inc.

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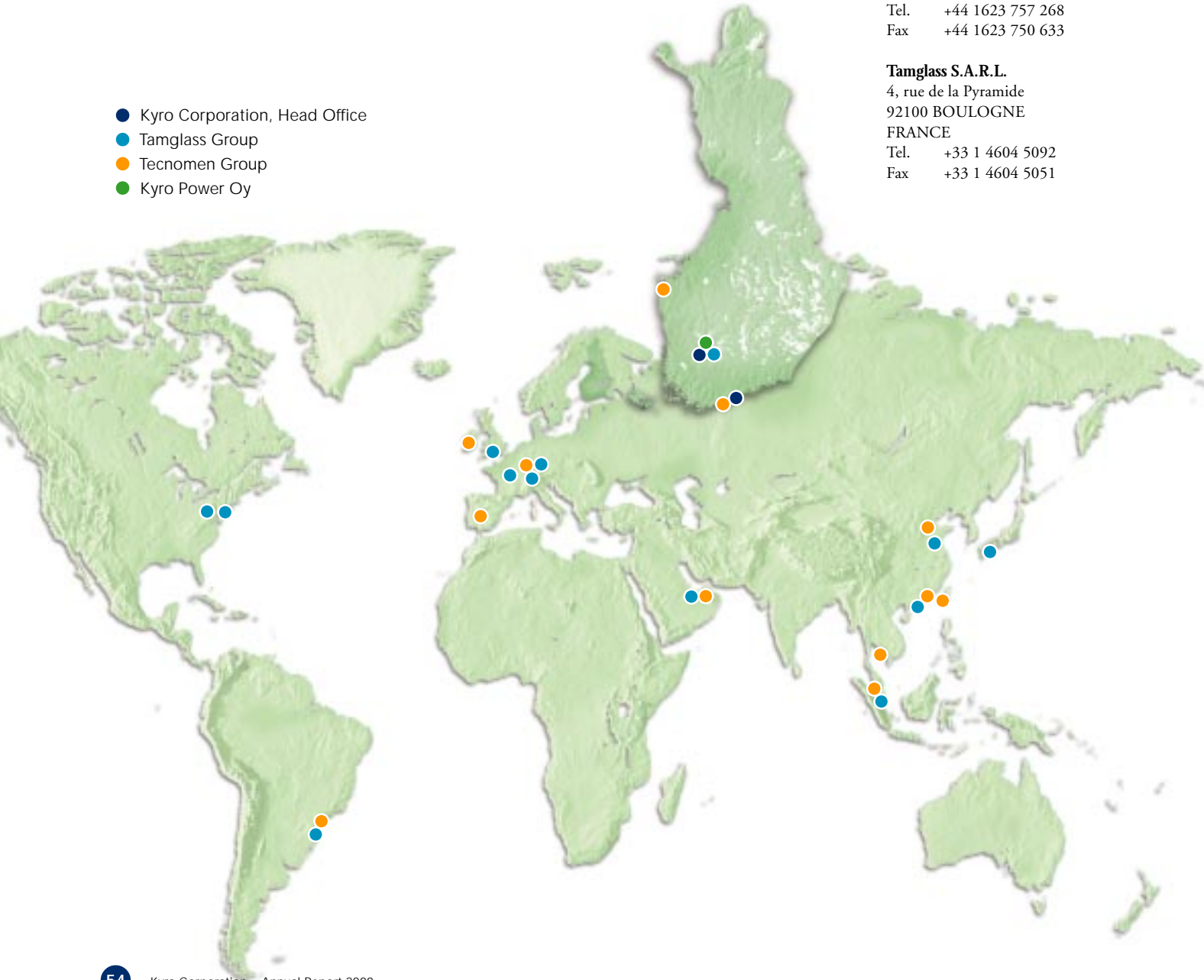
### Tamglass UK Ltd.

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Nottinghamshire NG17 8JS  
UNITED KINGDOM  
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Fax +44 1623 750 633

### Tamglass S.A.R.L.

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- Kyro Corporation, Head Office
- Tamglass Group
- Tecnomen Group
- Kyro Power Oy





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**Tamglass Singapore Pte. Ltd.**

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**Tamglass Japan, Inc.**

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**Tamglass Far East Ltd.**

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Fax +852 2694 9036

**Tamglass Middle East**

SC 6 Roundabout 8 Jebel Ali  
P.O. Box 17322  
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UNITED ARAB EMIRATES  
Tel. +971 4 883 8268  
Fax +971 4 883 6779

**Manufacturing units for Safety Glass Machines****Tamglass Engineering Ltd. Oy**

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FIN-33731 TAMPERE  
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**Tamglass Tempering Systems, Inc.**

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Fax +1 856 786 7606

**Cattin Machines S.A.**

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**Tamglass South America Ltda.**

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**Tamglass Tianjin Co. Ltd**

Wu Qing Development Zone  
TIANJIN  
CHINA

**Tamglass Refurbishing Centre**

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**Safety Glass Factory****Tamglass Safety Glass Ltd.**

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**TECNOMEN-GROUP****Head Office****Tecnomen Corporation**

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**Product Development**

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**Finance**

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**Personnel**

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**Marketing Communications**

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**Customer Service Offices****Tecnomen Ltd**

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**Tecnomen GmbH**

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**Tecnomen Brasil**

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**Tecnomen Taiwan**

11/F No 6 Ho Ping East Road  
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TAIPEI, TAIWAN  
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Fax +886 2 2369 4903

**Data Acquisition Systems****Tecnomen System Solutions Oy**

Pihatörmä 1 A  
FIN-02240 ESPOO  
Tel. +358 9 888 1009  
Fax +358 9 888 2783

**KYRO POWER****Kyro Power Oy**

FIN-39200 KYRÖSKOSKI  
Tel. +358 3 382 3111  
Fax +358 3 382 3078

# Key Concepts and Terminology

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A number of product names and technical terms are used in the sections dealing with Kyro's technology groups. As some of these may be unfamiliar to the reader, some key concepts and terms are explained below:

## **Tamglass Group**

### **FLOAT GLASS**

Flat glass manufactured using the float process from raw materials including sand, soda ash, dolomite, lime, and recycled glass. Molten glass is poured from the furnace onto a surface of molten tin, where the glass is cooled into sheet form. Float glass is used in the manufacturing of architectural and automotive glass.

### **LAMINATION**

A safety glass manufacturing process in which sheets of glass and a special plastic film placed between them are bonded together at high temperature by means of a vacuum and high pressure. The resulting product is a high-quality safety glass capable of withstanding high levels of mechanical stress and offering good fire resistance and optical qualities.

### **ORIGINAL EQUIPMENT MANUFACTURER**

A manufacturer who supplies glass to the assembly process of automotive production.

### **PORTAL**

An Internet service rich in content, which utilises the different kinds of database offered on the Internet. A portal is either an electronic meeting, discussion or trading forum, or a combination of all of these, which offers interactive services developed for different target groups.

### **SAFETY GLASS**

Glass produced by tempering or lamination processes. Safety glass is many times stronger than normal glass. In the event of breakage, laminated glass remains in its

frame and tempered glass shatters into small pieces without inducing damage.

### **SAFETY GLASS LINE OR MACHINE**

A machine used in the production of tempered or laminated safety glass products.

### **TEMPERING**

A safety glass manufacturing process in which float glass is heated to a high temperature and then quickly cooled down to room temperature. The powerful compressive tension imposed on the surface of the glass in this process increases the strength of glass by as much as five times that of float glass.

## **Tecnomen Group**

### **GPRS – GENERAL PACKET RADIO SYSTEM**

A radio system based on Internet technology, which allows a continuous IP connection from a telephone to a network. The system's transmission speed is 40-80 kbit/s.

### **MESSAGING SYSTEM**

Added-value system intended for teleoperators by which they offer a variety of communication services such as voice, fax and e-mail that can be accessed, for example, using a mobile phone. Messaging systems enable the sending of messages between different telecommunication networks.

### **PAGING SYSTEM**

A one-way telecommunications service used to reach a person.

### **PREPAID SYSTEM**

A service intended for teleoperators that

enables the operators' customers to pay for the service time they use in advance.

### **SERVICE PROVIDER**

A company that produces services of various content for the Internet and for mobile phones utilising the networks of existing operators.

### **(TELE)OPERATOR**

An organisation that maintains a telecommunication network and provides telecommunication services. Operators can provide services both to service providers and directly to users. Operators are typically licensed telephone companies.

**UMTS – UNIVERSAL MOBILE TELECOMMUNICATIONS SYSTEM**  
Mobile communications system based on standards of the international standardisation organisations ITU (International Telecommunication Union) and ETSI. The transmission speed of the system is 2 Mbit/s.

### **UNIFIED MESSAGING**

A system of common "post-boxes" designed to collect a variety of messages, such as voice, fax, and e-mail, in a single location and in a user-defined format.

### **WAP – WIRELESS APPLICATION PROTOCOL**

A network-independent technology that enables new Internet-type enhanced services to be brought to users of telephone networks.

### **WIRELESS INTERNET SOLUTION**

A data communication solution that enables modified use of Internet services with a mobile phone.

## **Kyro Power**

### **ELECTRICITY SPOT MARKET**

A market place of energy producers and consumers for buying and selling electricity at a price determined by the current market situation.

# Brokerage firms providing analysis of Kyro

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## **Alfred Berg Finland Oyj Abp**

Kluuvikatu 3  
FIN-00100 Helsinki, Finland  
Tel. +358 9 228 321

## **ArosMaizels Oyj**

Fabianinkatu 29 B  
FIN-00100 Helsinki, Finland  
Tel. +358 9 12341

## **Conventum Securities**

Aleksanterinkatu 44 / P.O.B. 359  
FIN-00101 Helsinki, Finland  
Tel. +358 9 549 930

## **Enskilda Securities**

Eteläesplanadi 12 / P.O.B. 599  
FIN-00101 Helsinki, Finland  
Tel. +358 9 6162 8900

## **Evli Securities Plc**

Aleksanterinkatu 19 A / P.O.B. 1081  
FIN-00101 Helsinki, Finland  
Tel. +358 9 476 690

## **FIM Securities Ltd**

Pohjoisesplanadi 33 A  
FIN-00100 Helsinki, Finland  
Tel. +358 9 613 4600

## **Mandatium Stockbrokers Ltd**

Eteläesplanadi 8  
FIN-00075 Sampo, Finland  
Tel. +358 9 10 23610

## **Opstock Ltd**

Teollisuuskatu 1 b / P.O.B. 362  
FIN-00101 Helsinki, Finland  
Tel. +358 9 40 465

**Kyro Corporation**

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Vehmaistenkatu 5, P.O.Box 25  
FIN-33731 Tampere, Finland

Helsinki Office:  
Kalevankatu 3 B  
FIN-00100 Helsinki, Finland

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**KYRO**  
TECHNOLOGIES