

KYRO IN BRIEF



Kyro is an international, growth-driven and financially solid technology group. Kyro's main business areas in 2002 were Safety Glass Technology and Energy. The Safety Glass Technology business area included Tamglass, the technology and market leader in safety glass machines, and Uniglass Engineering, a company specialising in flat tempering machines, that Kyro Corporation acquired in April 2002. The Energy business area consists of Kyro Power Oy, the environmentally friendly energy producer.



In January 2003, Kyro acquired Z. Bavelloni, a manufacturer of pre-processing machines and tools for the glass and stone industries, and Glasto, an international group of distribution companies that sells primarily Z. Bavelloni products. Kyro is the technology and market leader in safety glass machines, and through these acquisitions it became the largest supplier of machinery and equipment to the glass processing industry. The sales and service networks of Tamglass and Z. Bavelloni constitute the most extensive customer service network in the industry with 34 regional customer service units.

In November 2002, Tamglass acquired a 70% stake in Finton Parvekejärjestelmät Oy, a company manufacturing balcony systems, and in January 2003 a 70% share in Suomen Lämpöläsi Oy, a company manufacturing insulated glass units. Tamglass Safety Glass Ltd. and the two recently acquired companies, subsequently renamed Tamglass Finton Oy and Tamglass Lämpöläsi Oy, constitute the Tamglass Glass Processing business, which deepens and expands the overall expertise and market knowledge of glass processing essential to the machine construction activities of Tamglass and Z. Bavelloni.

STRATEGY AND OBJECTIVES

Kyro's strategy is to focus primarily on expanding its glass processing machine business both organically and through acquisitions. The aim is to achieve good profitability based on market leadership and a faster long-term growth than the market on average.

Organic growth

Organic growth aims at a strong competitive position and good profitability. Kyro's Glass and Stone Technology business area seeks to further grow its technological leadership and develop new high value-added products and services.

Organic growth is promoted through extensive regional presence in the main market areas, substantial investments in product development and overall glass processing expertise, and the continuous improvement of operations, products and services.

Organic growth is supported by active participation in the development of the glass industry, for instance with the help of the Glass Processing Days expert conference and the Glassfiles.com web service, both of them expert forums created by Tamglass.

Acquisitions

Acquisitions aim at expanding Kyro's leadership position to cover the full range of glass processing technologies and services, and at strengthening overall glass processing expertise.

Carefully considered acquisitions target sales and customer synergies from mutually complementary products and networks. Acquisitions and organic growth are intended to strengthen each other.

GLASS AND STONE TECHNOLOGY – GLASTON TECHNOLOGIES

Kyro's Glass and Stone Technology business area goes under the name of Glaston Technologies. It is the world's leading supplier of glass processing machines. Tamglass, Z. Bavelloni and Glasto Group work in close co-operation to make use of synergies in logistics, sales and service. Due to this co-operation, Glaston Technologies is able to offer a complete line of glass processing machines from pre-processing to safety glass production.

Tamglass designs, manufactures and sells safety glass machines for producers of architectural, automotive, furniture and appliance glass. The company's market share in its main product groups is about 50%. Tamglass has a total of 18 customer service units globally and operates machine factories in Finland, the USA, Brazil, and China.

The **Tamglass Glass Processing** business includes Tamglass Safety Glass Ltd., a manufacturer of safety glass, Tamglass Finton, a manufacturer of balcony systems, and Tamglass Lämpölasi, a manufacturer of insulated glass units. Tamglass Glass Processing deepens and expands the

overall expertise and market knowledge of glass processing essential to the machine construction activities carried out by Tamglass and Z. Bavelloni. At the same time, Tamglass Glass Processing units serve as testing and customer training facilities.

Z. Bavelloni designs, manufactures and sells machines and tools to the glass and stone processing industries. The company's market share in its main product categories is about 30%. Z. Bavelloni operates three machine factories in Italy and one in Mexico.

Glasto is a group of international distribution companies that primarily sells Z. Bavelloni machinery and tools. The sales and service companies of Glasto Group are located in the Netherlands, France, the UK, the USA, Mexico, Brazil, and Singapore.

Uniglass Engineering specialises in the manufacture of flat tempering machines primarily for producers of architectural glass. The machine factory of Uniglass Engineering is located in Finland. Nearly all machines are sold through an agency network.

ENERGY – KYRO POWER

Kyro Power's hydropower and gas-fired power plants are located in Kyröskoski. Kyro Power is an efficient power company that produces energy environmentally friendly for industry as well as power retailers and distributors.

The gas-fired power plant supplies electricity, heat and steam while the hydropower plant generates electricity. Both

power plants are still new in terms of their economic service life and are located in Kyröskoski, the birthplace of the Kyro Group.

Additionally, the company has two reserve power plants. Kyro Power's business operations are based on long-term energy supply contracts.



Organisation of the Kyro Group as of 1 January 2003

KYRO GROUP					ENERGY BUSINESS
GLASTON TECHNOLOGIES/GLASS AND STONE TECHNOLOGY BUSINESS AREA					
TAMGLASS Machine manufacturing, sales and service units	Z. BAVELLONI Machine manufacturing, sales and service units	GLASTO Sales and service units	UNIGLASS Machine manufacturing and Service	TAMGLASS Glass processing Tamglass Turvalasi Tamglass Finton Tamglass Lämpölasi	KYRO POWER Gas-fired power plant Hydropower plant
Agents and distributors			Agents		

Kyro Group's Safety Glass Technology business area expanded into the Glass and Stone Technology business area from Jan 1 2003 as Kyro acquired Z. Bavelloni, the manufacturer of glass and stone processing machines.



GLASS AND STONE TECHNOLOGY BUSINESS AREA

Products

Glass pre-processing machines and lines

- Automatic glass handling
- Cutting
- CNC machining
- Edge-working and decorative grinding
- Drilling
- Washing
- Tools

Safety glass machines and production lines

- Flat tempering
- Bent tempering
- Bending machines
- Flat laminating
- Bent laminating
- Autoclaves
- Process and quality control

Stone-working machines and production lines

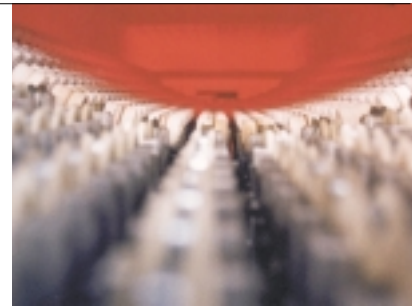
- CNC machining
- Tools

Customers

- Architectural glass producers
- Automotive glass producers
- Furniture and appliance glass producers
- Stone processing companies

Position

- The world's leading machine supplier of the glass processing industry
- Forerunner in stone processing machinery and production lines



Glaston Technologies (glass processing)

Products

- Tempered flat and bent safety glass
- Laminated flat glass
- Balcony systems and glazing
- Insulated glass units

Customers

- Construction companies
- Glazing companies
- Window and door manufacturers
- Vehicle manufacturers
- Appliance and furniture manufacturers

Position

- A reliable full-range supplier of processed glass products for the Finnish market

ENERGY BUSINESS AREA

Products

- Electricity, heat and steam produced with natural gas
- Hydroelectric power

Customers

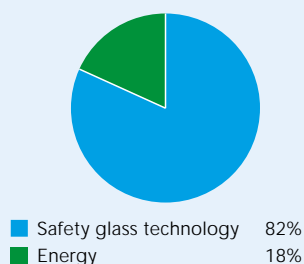
- Forest industry production plants
- Electricity retailers and wholesalers
- Municipality of Hämeenkyrö

Position

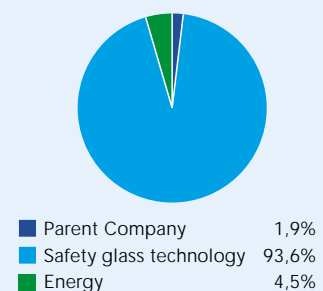
- Reliable supplier of environmentally friendly energy



Net sales by business area 2002



Personnel by business area 2002



KYRO IN BRIEF 2002

KYRO GROUP

- Net sales EUR 144.3 (147.0) million
- Operating profit EUR 18.7 (17.2) million, 13.0 (11.7) % of net sales
- Record operating profit in the last quarter
- Profit before taxes EUR 18.1 (16.3) million, growth 11.4 %
- Earnings per share EUR 0.31 (0.27), growth 14.8 %
- Dividend proposal by Board of Directors EUR 0.15 per share
- Strong financial position, equity ratio 77.1 (79.7) %
- Equity per share EUR 3.36 (3.43)
- Order book on December 31, 2002, EUR 67.4 (71.7) million
- The Safety Glass Technology business area was developed through acquisitions of Uniglass Engineering and Finton Parvekejärjestelmät

SAFETY GLASS TECHNOLOGY

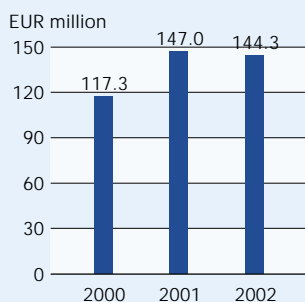
- Net sales EUR 117.8 (120.9) million
- Operating profit EUR 15.4 (15.2) million, 13.2 (12.5) % of net sales
- Operating profit in the last quarter 18.8 (10.6) % of net sales
- Profitability improved from new products and cost savings
- Order book on December 31, 2002, EUR 45.2 (47.6) million; on January 31, 2003, EUR 53.2 (50.1) million
- New orders in December 2002 and January 2003 totalled about EUR 30 million
- Long-term growth in safety glass and safety glass machines continues
- Investment decisions slowed down in Europe and the USA
- US demand picked up after September 2002
- Good demand in China and Brazil, Tamglass focus areas
- Orders received increased slightly from the previous year
- Machine orders worth EUR 15 million from the Glasstec 2002 trade fair
- Tamglass ProConvection and ProBend successful as new products
- Uniglass Engineering operations turned profitable with new organisation
- The number of maintenance agreements in the Safety Glass Technology business area is on the increase
- The Tamglass glass processing business expanded through acquisitions into balcony glazing and insulated glass manufacturing

ENERGY

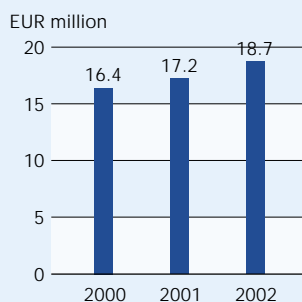
- Net sales EUR 26.3 (25.7) million
- Operating profit EUR 5.5 (5.2) million, 20.9 (20.2) % of net sales
- Exceptionally high profitability in the last quarter due to the market price of electricity
- Order book on December 31, 2002 (12 months), EUR 22.2 (24.1) million
- Market price of electricity in the Nordic countries rose due to dry and cold weather
- Long-term agreements ensure price stability to Kyro Power's customers and good predictability to Kyro Power
- Small water reserves decreased the utilisation rate of the hydropower plant

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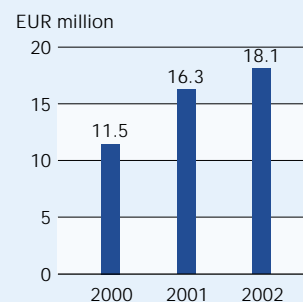
Consolidated net sales 2000-2002



Consolidated operating profit 2000-2002



Profit before taxes 2000-2002



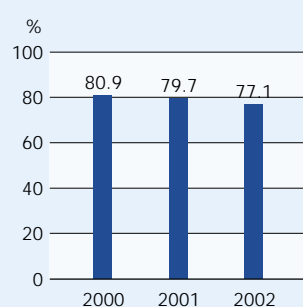
KEY FIGURES 2002

Consolidated net sales, EUR million	Pro forma	
	1-12/2002	1-12/2001
Net sales	144.3	147.0
Other operating income	0.9	0.1
Depreciation	5.4	5.1
Operating profit	18.7	17.2
as % of the net sales	13.0	11.7
Financial income and expenses	-0.6	-0.9
Profit before taxes and minority interest	18.1	16.3
Income tax	-5.7	-4.3
Minority interest	-0.6	-1.2
Operating profit	11.7	10.8

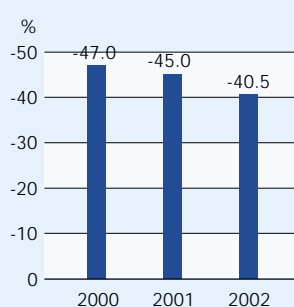
Key figures 2002

Return on capital invested, %	13.6	11.8
Return on equity, %	9.4	8.6
Equity ratio, %	77.1	79.7
Debt/equity ratio (gearing), %	-40.5	-45.0
Gross investments, EUR million	6.8	3.5
as % of the net sales	4.7	2.4
Personnel, average	536	464
Personnel at the end of the period	531	460
in Finland	370	302
Research and development, EUR million	6.6	7.4
Order book Dec 31., EUR million	67.4	71.7

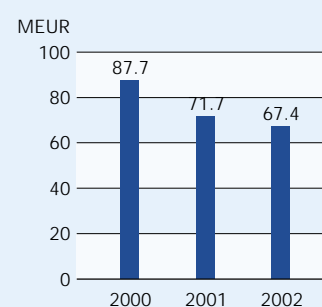
Equity ratio 2000–2002



Gearing 2000–2002



Order book 31.12.2000–31.12.2002



KYRO AS AN INVESTMENT

Kyro Corporation was listed on the Helsinki Exchanges in 1997. The company has carried out structural change in many phases since 1995, developing first from a forestry industry company into a technology conglomerate, and then focusing on glass processing technology. Kyro's international operations, corporate structure and growth strategy form the basis for steady growth and profit. The company's leadership position in a growing industry, and its profit development during the past years are proof of business success and strong added value provided to shareholders.

Global growth industry

Kyro's Glass and Stone Technology business area, Glaston Technologies, is the only machinery and equipment supplier in its field that operates in all the main market areas. Tamglass is the technology and market leader in safety glass machines. Z. Bavelloni is the leading supplier of glass pre-processing machines.

As value-added glass products, such as energy-conserving, fire-resistant and self-cleaning glasses, are becoming more common, continuous development of glass processing technology is required. This provides increasing growth opportunities for Glaston Technologies as the technology and market leader.

The use of safety glass in buildings, vehicles, appliances and furniture is growing at an annual rate of 10-15 per cent. Glass architecture developments, new properties of high value-added glass, safety glass regulations developments, and construction renovations increase the long-term demand for various glass products globally.

The on-going transition to safety glass technology as well as the strong positions of Tamglass and Z. Bavelloni in all market areas even out the effect of economic fluctuations on Kyro's business.

Steady cash flow in the energy business

The modern hydropower and gas-fired power plants of the energy producer Kyro Power are still new in terms of their economic life. The company's energy production is based on long-term energy supply contracts. The power plants' investment requirements mainly relate to maintenance. Thanks to the stability of its business, Kyro Power is a source of steady and predictable cash flow to Kyro Corporation.

Growth and acquisitions

Kyro is a growing technology group, which aims at good profitability based on market leadership and faster long-term growth than the market on average.

Market leadership is based on substantial investments in technology leadership and regional customer service. Achieved market leadership and resulting good prof-



itability form the basis for the company's future business. This enables the continuation of investments for even stronger market leadership and additional organic growth as well as acquisitions to create new growth opportunities.

The company has a good starting point for further organic growth. Glaston Technologies is not only the world's leading supplier of glass processing machines but also excellently positioned to develop its leadership further and to expand it to complementary products.

Proven track record

Kyro Corporation has proved it can grow profitably. The company has achieved good results amid continuous structural change since 1995. Successful changes have included the divestment of forest industry, the development of Tamglass into a market leader in its field, the development and timely listing on the Helsinki Exchanges of telecommunications company Tecnomen, and Kyro's demerger. Kyro has made several acquisitions and formed the acquired companies into a profitably growing whole, which is the technology and market leader in its field.

STOCK EXCHANGE RELEASES IN 2002



09.01.2002

Kyro corporation has sold its holding of 40 % in Aersoft Ltd.

22.01.2002

Share repurchase 22.1.2002

23.01.2002

Share repurchase 23.1.2002

07.02.2002

Kyro net sales and profit grew clearly

28.02.2002

Invitation to the Annual General Meeting of shareholders

12.03.2002

Kyro has initially agreed to acquire Uniglass Engineering

20.03.2002

Decisions of the Annual General Meeting on 20 March, 2002

19.04.2002

Kyro's acquisition of Uniglass Engineering confirmed

19.04.2002

Conveyance of Kyro Corporation's own shares

07.05.2002

Kyro's profit doubled during January–March 2002

17.05.2002

Kyro's Tamglass received automotive glass machinery orders worth EUR 11 million

28.06.2002

M.sc. Petri Mölsä appointed CEO of Uniglass Engineering Oy

15.08.2002

Kyro's profit before taxes grew during January–June 2002

15.08.2002

Acquiring of Kyro Corporation's own shares

21.10.2002

Tamglass and Bavelloni in co-operation negotiations

05.11.2002

Tamglass has purchased a 70% share of balcony glass manufacturer Finton Oy

05.11.2002

Kyro's safety glass technology business area made machinery contracts worth approximately eur 15 million

07.11.2002

Kyro's interim report 1.1.-30.9.2002

13.12.2002

Tamglass and Bavelloni to join forces through acquisitions

20.12.2002

Kyro's financial information for 2003

PRESIDENT'S REVIEW



SAFETY GLASS TECHNOLOGY

The Safety Glass Technology business area consisted in 2002 of Tamglass, the technology and market leader for the industry, and Uniglass Engineering, a manufacturer of flat glass tempering machines. Net sales totalled EUR 117.8 (120.9) million in 2002. Operating profit was EUR 15.4 (15.2) million at 13.2 (12.5) % of net sales. Net sales for the fourth quarter set a new record with operating profit at an excellent 18.8% of net sales. Profitability was improved by new products and cost savings at factories in Finland, Brazil and China. The order book stood at a good EUR 45.2 (47.6) million on December 31, 2002, and climbed further to EUR 53.2 million by January 31, 2003. The Safety Glass Technology business area was expanded in January 2003 to become the Glass and Stone Technology business area, whose consolidated figures will include Z. Bavelloni and Glasto as of January 1, 2003.



"The share of safety glass is growing in all application areas of float glass. Coupled with developing safety glass rules and regulations, this creates good long-term growth prospects for the safety glass machinery market."

Pentti Yliheljo
President and CEO of Tamglass

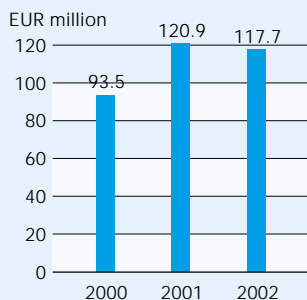
Expanding scope of applications for safety glass

The appreciation of a comfortable living environment and daylight is increasing the use of glass in buildings, vehicles, furniture, and appliances. Processing ordinary glass into safety glass through either tempering or laminating increases the applicability and durability of glass. Developing safety glass rules and regulations and growing safety consciousness serve to promote the widespread use of safety glass throughout the world, making safety glass increasingly a part of our everyday lives.

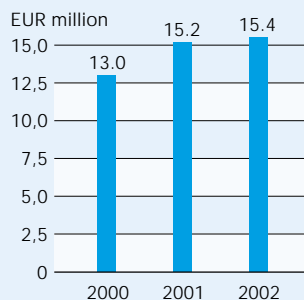
In tempering, glass is heated close to its softening range and then quickly cooled to create a surface compression tension that increases the strength of the treated glass fivefold. If tempered glass does break, it shatters into small harmless pieces. In laminating, two or more sheets of glass are joined together, most often by means of a PVB film. If laminated glass breaks, it remains attached to the plastic film and the laminated sheet remains in



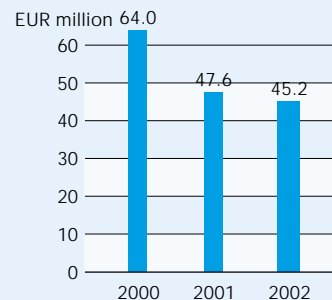
Net sales 2000–2002



Operating profit 2000–2002



Orderbook on December 31 2000–2002





Safety glass is becoming increasingly ubiquitous, making our living environment safer and more comfortable.

its frame. Burglar and bullet proof glass can also be produced by increasing the number and thickness of laminated layers.

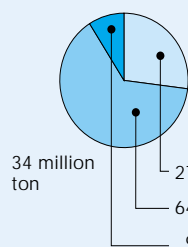
Long-term demand for safety glass is growing. In buildings, safety glass represents some 20% of the glass used. In furniture and appliances, about 20–25% of the glass used is safety glass. The still modest relative share of safety glass in these applications offers attractive worldwide growth opportunities. In vehicles, nearly all the glass used is already safety glass. However, the continuous growth of glass surfaces and introduction of new forms, as well as the adoption of glass roofs, increase the amount of safety glass also in vehicles.

The use of value-added coated glass products, such as energy conserving, fire-resistant and self-cleaning glass, is growing in developed markets. This increases the share of safety glass as coated glass is most often tempered into safety glass to better withstand temperature variations.

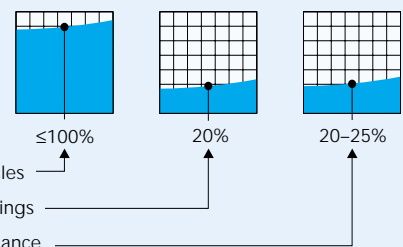
Key figures

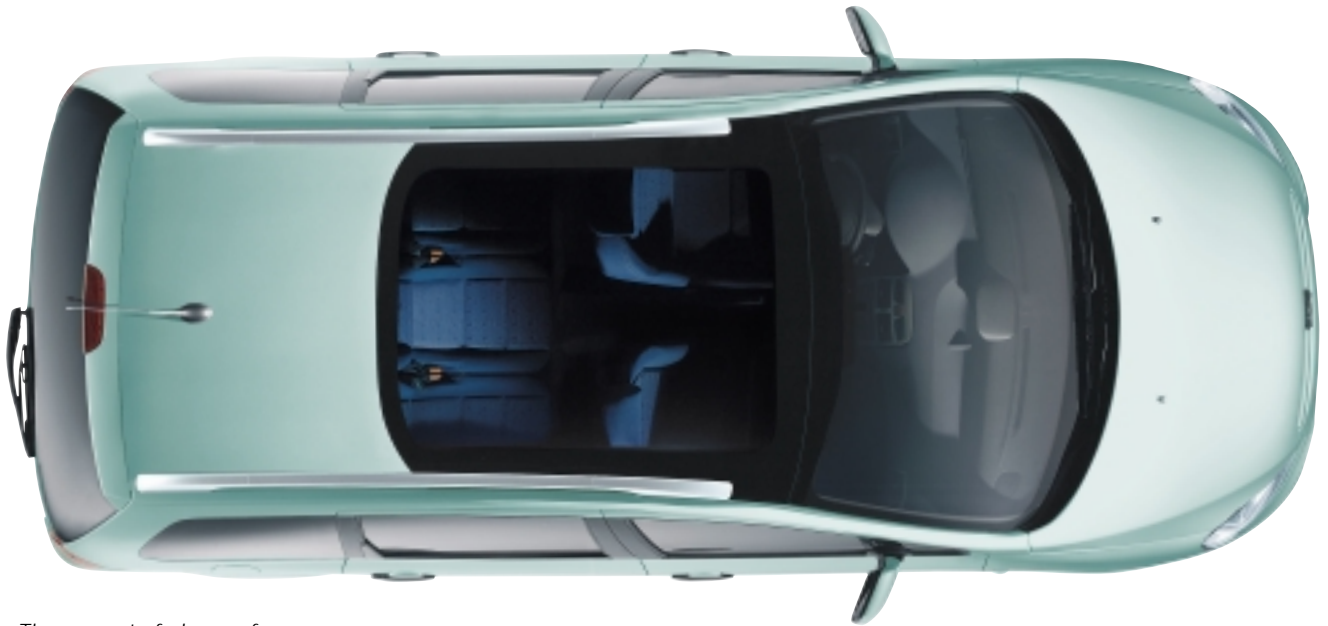
	2002	2001	Change,%
Net sales, EUR million	117,8	120,9	-3
Operating profit, EUR million	15,4	15,2	2
Order book, EUR million	45,2	47,6	-4
Personnel, average	482	429	12

World's Float glass production



Share of safety glass





The amount of glass surface on vehicles is growing. Glass roofs are becoming common on mass-produced car models as well.

World safety glass machinery markets at various stages of growth

Factors behind the growth of safety glass machinery markets vary by area. Developed markets, where the demand for coated glass products is growing, require particularly large-capacity safety glass technology suited to the tempering of coated glass.

The number of flat glass tempering machines per capita reflects the proliferation of safety glass and safety glass machinery in various countries. The highest and still growing number of machines in relation to population can be found in the U.K., where more than 50% of all glass is already safety glass.

The number of machines in populous developing countries is still low, which is why China and India, for example, hold high growth potential for sales of safety glass machinery. Even in developing markets, specialty products such as glass bending and tempering machines and laminating lines are already increasingly in demand in addition to flat tempering machines.

Demand for safety glass machines was good during 2002. Worldwide economic weakness slowed down investment decisions mainly in the United States and Europe. However, U.S. demand picked up toward the end of the year. The Asian markets continued to grow. Demand was particularly strong in China and Brazil, which are focus areas for Tamglass.

The competitive advantages of Kyro's Safety Glass Technology business area in safety glass machinery markets at different stages of development are based on a global customer service network, efficient logistics, and technological leadership.

Close to the customer - global market leader

The sale of safety glass machines is a multi-stage process that requires familiarity with the local glass processing market. Tamglass' machinery sales is based on the industry's most comprehensive customer service network made up of 18 regional service units. Thanks to this extensive network, the com-

Tamglass Worldwide

- Customer service
- Machine manufacturing
- Safety glass production
- Group services

Tamglass employs a global network of 18 regional customer service units, which enables it to operate close to its customers and in their own language.

pany operates globally in close proximity to its customers. This regional presence is supplemented through an agency network. Uniglass Engineering sells its products mainly through agents.

Machine sales by Kyro's Safety Glass Technology business area were good despite the weakened global economy. The number of orders received grew clearly from the previous year. Changes in exchange rates, however, dampened the euro-denominated growth of the order book. The number of orders increased for both architectural and vehicle glass machines. Tamglass gained market share in key product categories as competitors suffered from the weakened economy.

The most important glass industry trade fair for the year was Glasstec, held in Düsseldorf, Germany in October. During the fair the Safety Glass Technology business area received new machinery orders worth some EUR 15 million. A significant portion of these orders were for high-capacity coated glass tempering lines. In the December-January period, Tamglass and Uniglass received a record amount of orders totalling EUR 30 million.



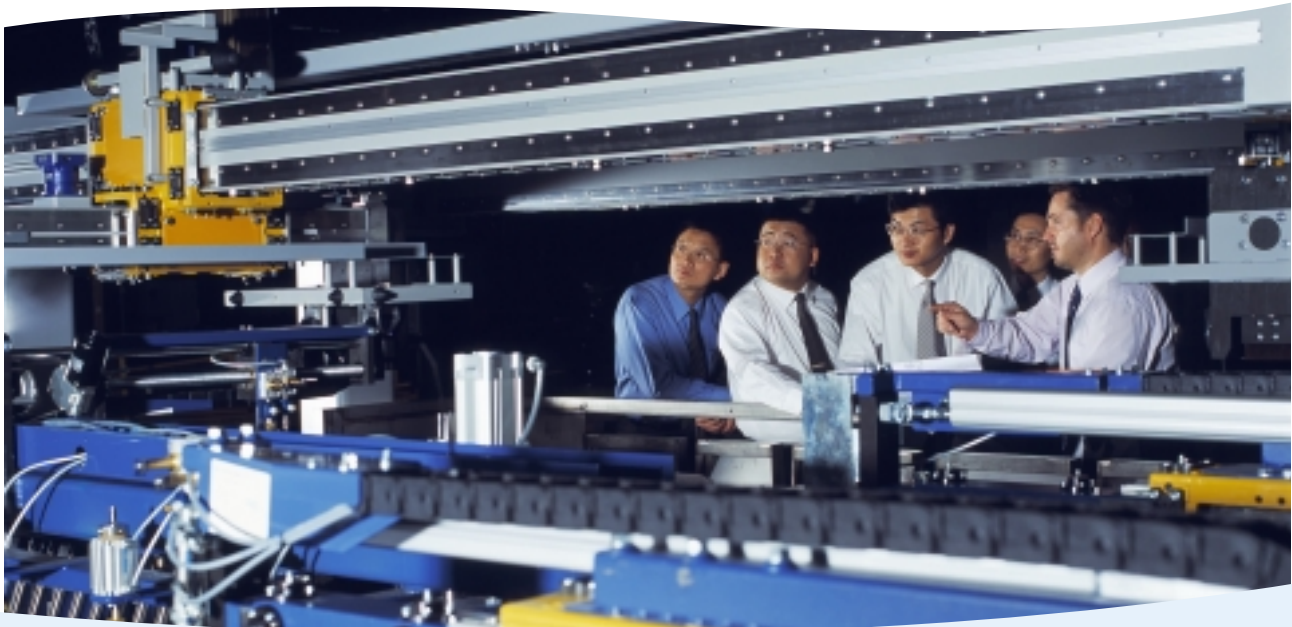
The new high-capacity ProConvection flat tempering machine has become a successful product that proves its effectiveness particularly in the tempering of coated glass.

Extensive subcontracting – efficient logistics

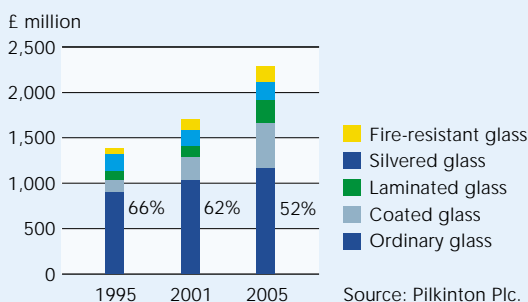
The manufacturing of safety glass machinery is based on the efficient use of subcontracting and logistics networks. The production of ordinary machine parts has been outsourced while each factory is responsible for the core technologies of its products. The subcontracting model of the Tamglass factory in Finland has been developed further, and the approach has also been implemented at the U.S. factory. Manufacturing at the Chinese and Brazilian factories has been based on extensive subcontractor networks from the start.

The capacity utilisation of factories was at a good level, with the exception of the U.S. and Uniglass Engineering facilities during the early part of the year. Manufacturing operations at the U.S. facility were brought in line with reduced demand.

Uniglass Engineering became part of Kyro's Safety Glass Technology business area through an acquisition in May 2002. The company specialises in flat tempering machines, which further complement the broadest product range in the industry. The operations of Uniglass Engineering were reorganised during the summer. The company has consequently improved its efficiency, and has reached a strong position within its product category.



Future growth of various glass products



The purchase of a safety glass machine is a significant investment for a glass processor that requires visits to the supplier's machine factory.



Tamglass Safety Glass, the glass processing unit of Kyro Group, performed several demanding safety glass deliveries. The photograph is of the Coxa endoprosthesis hospital in Tampere, Finland.

Continuous product development - technological leadership

The goal of product development is to continuously develop new technologies and machines that respond to the changing needs of the market. Tamglass product development has focused particularly on convection and bending and tempering technologies in recent years.

The Tamglass ProConvection flat tempering machine based on convection technology and launched last autumn became a success in its product category. This is due to its high tempering capacity for both conventional and demanding coated glass products, and to the excellent quality of the finished product.

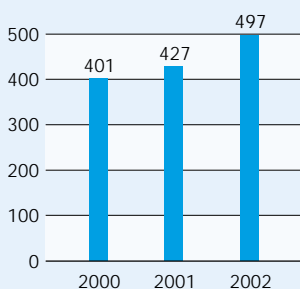
Another significant new product is the ProBend bending and tempering machine that makes use of mouldless bending technology. Thanks to new heating and

bending technology, a number of bending radiuses can be used with both small and large sheets of glass. ProBend reached a special position as a bending and tempering machine because it allows curved sheets of glass wanted by architects to be produced in both small and large quantities more cost-effectively than previously.

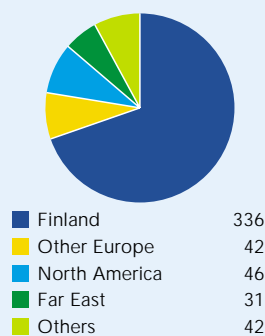
A year of strong growth for maintenance services

The high capacity utilisation of glass processors highlights the need for preventive maintenance and increases demand for maintenance services and spare parts. The maintenance order books of Tamglass and Uniglass Engineering are growing because the companies' customers increasingly often also sign maintenance and service contract in connection with the purchase of machinery.

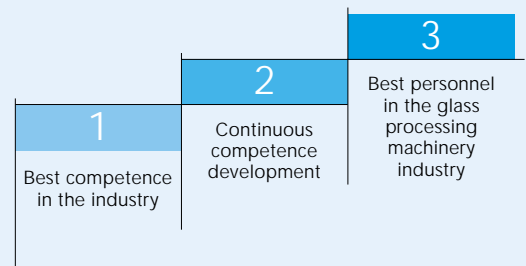
Personnel development 2000–2002



Geographical distribution of personnel in 2002



In keeping with its Winning Together approach, the key objectives of Tamglass' personnel strategy are:



The sales of maintenance services, accessories and used machines, all part of Tamglass' maintenance business, grew significantly in comparison to the previous year, and personnel was added to maintenance services. The services and the reach of the Tamglass maintenance network are, in fact, unique. Customer contacts in connection with product updates, servicing and spare parts sales also provide important information for product development.

Tamglass' reconditioning and resale of used machinery makes the industry more accessible to new entrants, particularly in developing markets. Used machines are thoroughly inspected and serviced, and they receive a Tamglass warranty.

Glass processing provides important market information for product development

Tamglass is the only significant glass machinery manufacturer with a proprietary safety glass processing unit. Tamglass Safety Glass plays an important strategic role in machinery product development.

Tamglass' machine customers may visit the glass processing plant and see machines in actual production use. New machines are tested at the company's own safety glass plant before the first delivery to a customer.

An objective of Tamglass Safety Glass is to seek demanding safety glass contracts that will produce new information for the development of more efficient and versatile safety glass machinery.

Updated corporate values support the growth of Tamglass

RESULT ORIENTATION	RESPECT FOR OTHERS	
	CUSTOMER FOCUS	
TRUST AND CO-OPERATION		CONTINUOUS LEARNING

Winning together through employee development

The personnel strategy of Tamglass was updated in support of the company's corporate vision. The development of personnel strategy began with the definition of the company's values together with all employees. Good job performance was also defined at this time on the basis of company's values so that each Tamglass employee would know what is expected of him or her.

The development discussion practices within Tamglass have been revised to support competence development. Twelve areas of competence essential to the success of the company have been derived from its corporate vision and objectives. Each Tamglass employee participates in a competence review based on these areas at least annually. Current skills and areas for development are identified at these competence reviews, and feedback is given for the design of competence development programs.

Internal career development and the promotion of a broad range of skills within the organisation have been particularly emphasised in the development of Tamglass personnel. Tamglass has participated in the founding of a regional competence development centre, the Tampere Business Campus (TBC). Member companies make use of one another's expertise and experience, and create new competence development methods. In order to develop the competence of its business partners, Tamglass has also brought some of its subcontractors into the TBC shared learning network.

Approximately 30% of Tamglass employees work outside of Finland. The adjoining photograph features employees of Tamglass South America.



ENERGY

The Energy business area within Kyro consists of Kyro Power. The company's net sales in 2002 were EUR 26.3 (25.7) million. Operating profit improved from the previous year to EUR 5.5 (5.2) million, representing 20.9 (20.2) % of net sales. The growth in net sales was boosted by the high market price of electricity towards the end of the year.



Energy production by Kyro Power is based on long-term supply contracts that ensure the customers steadier rates even if the market price of electricity varies substantially.

Esa Kujala
CEO of Kyro Power

Energy from the Kyröskoski Rapids for over a century

Electricity has been generated from the Kyröskoski Rapids in Hämeenkyrö since 1888 when the first hydro turbine built on the river was commissioned. The first boilers to generate thermal energy were also placed in service already during the 19th century.

Natural gas has been used at the power plant since 1986. The current gas-fired combined cycle power station was inaugurated in 1995. A new underground hydroelectric power plant started production in 1997. Fitted with a single turbine, it replaces the old power plant that used to generate power with a total of five turbines. The old gas-fired and hydroelectric plants remain in service as back-up generating units.

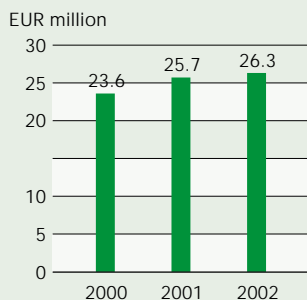
Long-term power supply contracts ensure steadier electricity rates

Sales of energy by Kyro Power decreased by about 5% from the previous year. This was mainly due to a production stoppage at M-real's board mill for the renovation of paper machine.

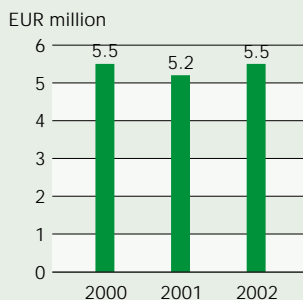
In early 2002, the market price of electricity dropped from the level of the year before. However, price fluctuations were considerable throughout the year. The dry and cold weather that prevailed in Scandinavia since Summer increased the market price of electricity significantly starting from October. The average market



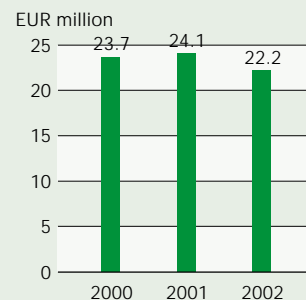
Net sales 2000–2002



Operating profit 2000–2002



Orderbook on December 31 2000–2002





Electric energy has been generated from the Kyröskoski Rapids in Hämeenkyrö since 1888.

price in Finland for December was EUR 67.7 per MWh, which was nearly three times that of 2001.

Long-term energy supply contracts ensure steady electricity rates to Kyro Power's customers as market prices fluctuate. Thanks to these contracts, the demand for energy generated by Kyro Power remains stable and predictable. The exceptionally cold early winter increased the sales of heat by Kyro Power to the municipality of Hämeenkyro by 20% in the last quarter.

Environmentally friendly energy from modern power plants

Kyro Power generates environmentally friendly energy for industry and power retailers and distributors. The hydroelectric plant including not only the water tunnel but also the machine station and its auxiliary rooms is excavated in rock. Above-the-ground structures including the water discharge basin and the water inlet on the shore of Lake Kyrösjärvi have been duly landscaped.

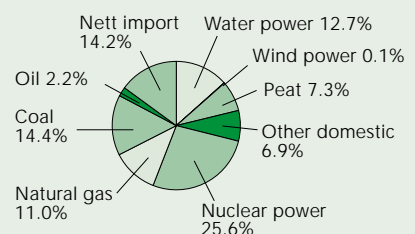
The modern combined cycle power station commissioned in 1995 is the backbone of Kyro Power's production capacity. The gas turbine, the main power-generating piece of the machinery, is fitted with combustion chambers based on low-emission Dry Low Nox technology. The main fuel is environmentally friendly natural gas. The rated output of the gas turbine is 40 MW and it is connected to a heat recovery boiler.

The hydroelectric plant uses a vertical Kaplan type of turbine and generator and its rated output is 12 MW. The drought that set on since July decreased the generation of hydroelectric power by about 20% compared with the normal level of generation.

Key figures

	2002	2001	Change,%
Net sales, EUR million	26,3	25,7	2,2
Operating profit, EUR million	5,5	5,2	6,1
Order book, EUR million	22,2	24,1	-8
Personnel, average	24	23	4

Sources of energy used in Finland



NEW GROUP COMPANIES

Kyro Corporation acquired Z. Bavelloni in Italy and Glasto in the Netherlands in January 2003. Z. Bavelloni manufactures machines and tools for glass and stone processing. Glasto is an international group of distribution companies, which mainly sells Z. Bavelloni machines and tools. With these acquisitions Kyro became the leading supplier of glass processing machinery in the world and expands the group's business also to stone processing machinery. The acquisitions establish a close co-operation between Z. Bavelloni, Glasto and Tamglass, as all companies are fully-owned subsidiaries of Kyro Corporation.

Z. BAVELLONI - THE LEADING MANUFACTURER OF PRE-PROCESSING MACHINES FOR GLASS



"Z. Bavelloni has achieved its leading position as a manufacturer of pre-processing machines for glass through strong investments in R&D and distribution."

Dino Bavelloni
President
Z. Bavelloni

More than 50 years of history

Z. Bavelloni has over 50 years of experience as a manufacturer of machines and tools. The company was established in 1946 by Zeffiro Bavelloni.

He developed the technology of diamond tool sintering for machine applications. Z. Bavelloni began first in the automotive sector as a supplier of diamond tools for engine production.

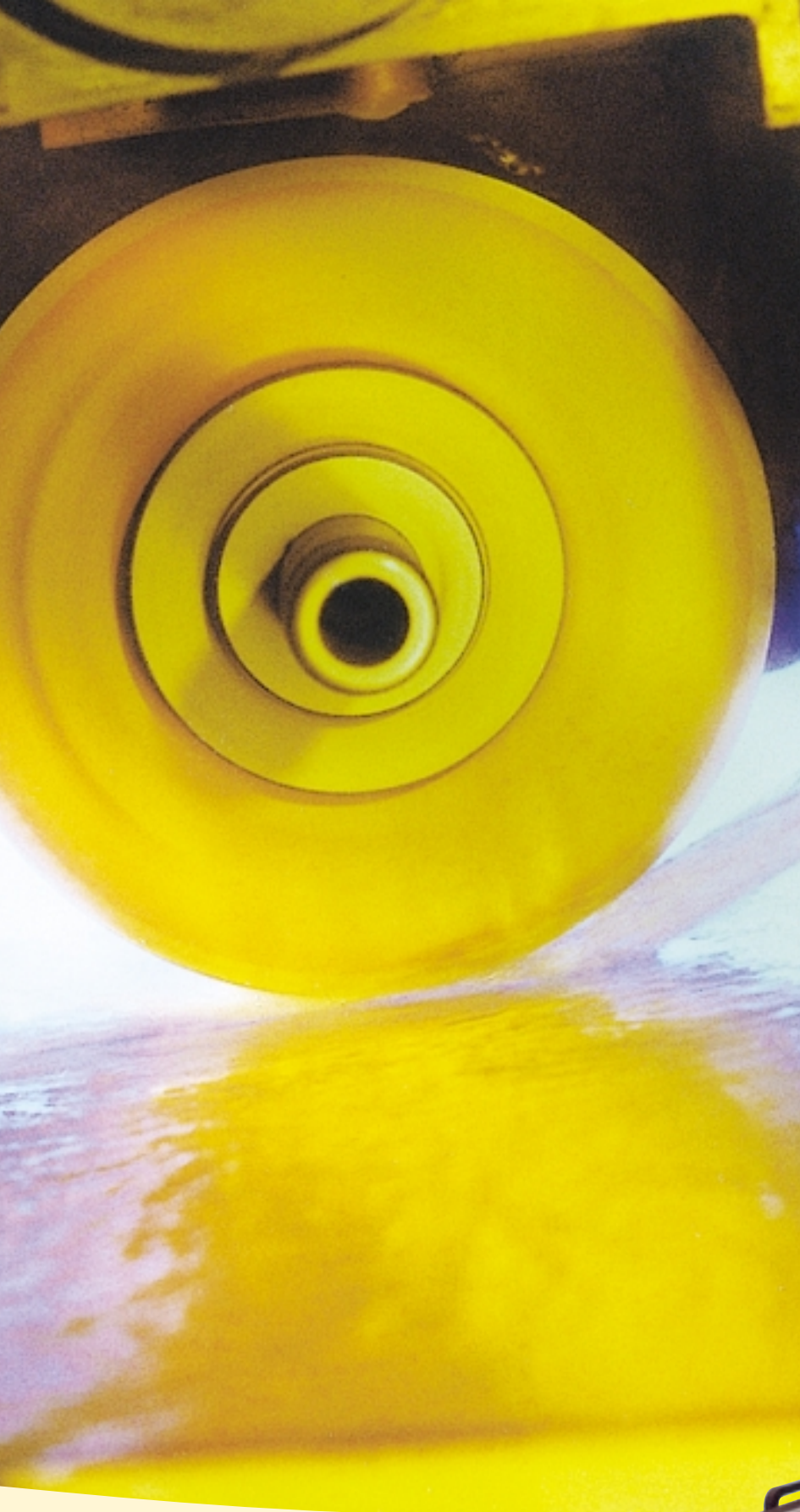
In 1955 Z. Bavelloni refocused on glass and stone tools production. In 1967 the company launched its machinery manufacturing with basic machines and equipment for the glass processing industry.

The company entered in 1980 a strong growth phase with a new industrial strategy. At this time, Z. Bavelloni internationalized strongly and improved its manufacturing capability. Z. Bavelloni also invested at that point in its first major manufacturing unit.

Z. Bavelloni acquired in 1980 a European distributor of glass processing machines, Interdima, which had subsidiaries in Holland, France and the UK. This led to the creation of the Glasto group. The customer service network was expanded to all of the main market areas during the 1980s and 1990s.



Z. Bavelloni and Glasto together have 16 local service units and factories around the world.



Z. Bavelloni has the widest range of machines and tools for glass and stone processing on the market.

The widest product range on the market

Z. Bavelloni manufactures cutting, edging, bevelling, drilling and washing machines, as well as CNC lines, for the glass processing industry. The machines, which combine high quality and productivity, have also paved the way for the development and manufacturing of high-technology products such as production lines for prismatic automotive rear-view mirrors.

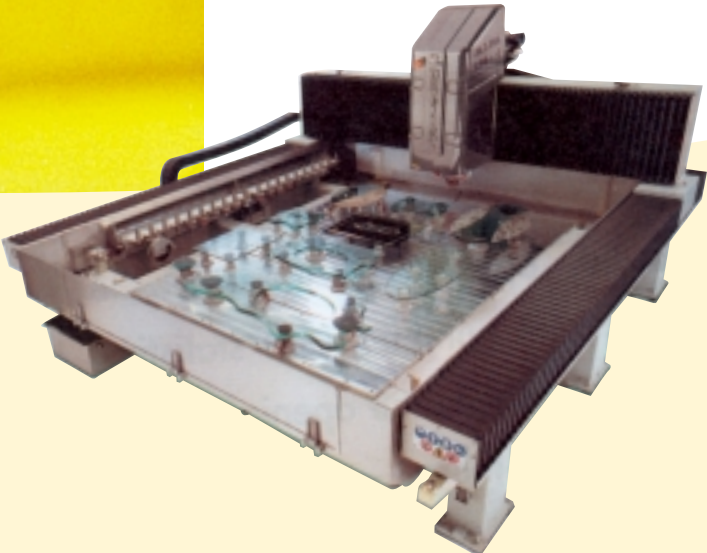
Z. Bavelloni leads the field in glass edge-working machines and tools. The products have been designed to provide superior customer benefits through efficient production and reduced maintenance costs. Z. Bavelloni has become a first-class supplier of high-tech CNC work centres for the glass processing industry.

For the stone processing industry Z. Bavelloni manufactures diamond and polishing tools and CNC work centres.

Efficient manufacturing on a large scale

Z. Bavelloni's manufacturing operations are focused in Italy, where the company has four factories for the manufacturing of cutting lines, edge-working machines and equipment, diamond tools for glass and stone and CNC work centres for stone. In Mexico, the company has a reconditioning unit for second-hand machines.

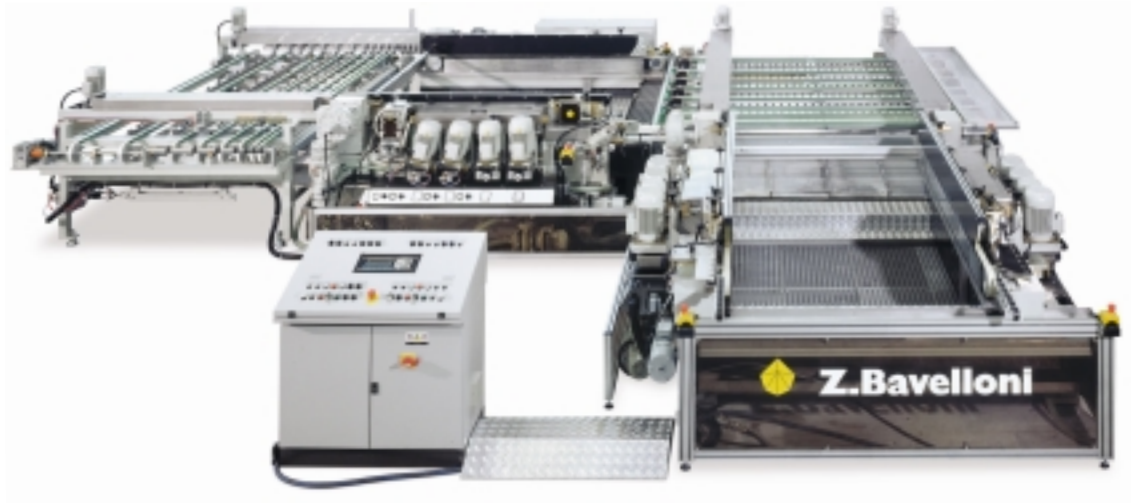
Z. Bavelloni is the only company in its field to produce diamond and polishing tools as well as machines for the stone and glass processing industries. The company produces 200,000 tools a year.



Consolidated net sales and operating profit for Z. Bavelloni and Glasto in 2001

	1999	2000	2001
Net sales, EUR million	70	77	89
Operating profit, EUR million	2	5	8

Z. Bavelloni and Glasto figures will be consolidated with Kyro's Glass and Stone Technology business area as of January 1, 2003.



The tools division is an integral and important part of the company's manufacturing of machines for the glass and stone processing industries. The division has been awarded an ISO 9001 (SGS) certificate for the design and production of tools.

Strong investments in R&D and distribution

The unique competitive position of Z. Bavelloni machines and tools has been achieved through strong investments in R&D. This has resulted in complete product coverage and technology leadership in pre-processing machinery for glass.

Z. Bavelloni invests approximately 3.5% of net sales in R&D. Product development employs 40 engineers working on expanding the range of the company's products and developing new technologies.

The focus of Z. Bavelloni R&D is on developing automation for glass handling

and cutting, which provides growth potential for glass processors by increasing their production efficiency. The latest development in pre-processing machinery for glass is large machine sizes in response to the trend of larger glass sizes used in architectural applications. Z. Bavelloni has also developed new ways of incorporating different materials into diamond tools.

The company invests continuously in its customer service network in order to have strong distribution, sales and service channels. This has resulted in a total of 17,000 machines delivered around the world, with 1,000 machines manufactured annually today.

Close to customers around the world

The international distribution, sales and service network is managed by Glasto. Z. Bavelloni sells its products directly in Italy and world wide through an international agent network. Z. Bavelloni and Glasto

Z. Bavelloni has four factories in Italy covering its entire machine manufacturing operation.





Z. Bavelloni manufactures 200,000 diamond and polishing tools each year.

together have 16 local service units around the world. Z. Bavelloni's share of consolidated net sales is 60% and Glasto's 40%.

Glasto units are located in the Netherlands, France, the UK, the USA, Mexico, Brazil, and Singapore, where they are responsible for local sales and service within their market area. More than 120 persons work in the distribution companies, which maintain their own stocks of standard machines, spare parts and tools.

From the beginning, the mission of Glasto has been to operate as an independent trading company with its own management and commercial strategy. This role has brought Glasto as group of specialised distribution companies a high degree of distribution know-how relating to machines, equipment and tools.

Glasto serves the glass and stone processing industries mainly with Z. Bavelloni machines and tools but it also sells other brands. Glasto's organization maintains continuous customer contacts

due to the fast life cycle of processing machines for glass and stone. For diamond tools, customer contacts are maintained even on a daily basis.

A loyal customer base relying on a wide product range

Z. Bavelloni's customer base is mostly composed of small and medium-sized family-owned companies, which value a strong and well-known brand. With its wide product range, Z. Bavelloni follows on its customers' growth path right from the beginning, as they take up machine-based processing.

The company's customer base is loyal to its supplier. When the companies grow and move on to increasingly significant investments, they prefer not to change their supplier, but stay loyal to Z. Bavelloni's strong brand. The customers of Z. Bavelloni differ greatly in size around the world, ranging from small artisan-type companies to major glass processing corporations.

In November 2002, Tamglass Ltd. acquired a 70% stake in Finton Parvekejärjestelmät Oy, a company manufacturing balcony systems, and in January 2003 a 70% share in Suomen Lämpölasit Oy that manufactures insulated glass units. Tamglass Safety Glass Ltd., a long-time part of the Tamglass Group, and these new group companies, subsequently renamed Tamglass Finton Oy and Tamglass Lämpölasit Oy, constitute the Tamglass Glass Processing business. As an independent business area, Tamglass Glass Processing deepens and expands the overall expertise and market knowledge in glass processing essential to the machine construction activities of Tamglass and Z. Bavelloni.

TAMGLASS GLASS PROCESSING – A RELIABLE “ONE STOP SHOP”



“The expansion of Tamglass Glass Processing from the manufacture of safety glass to balcony systems and insulated glass units strengthens the strategic role of the business area and contributes to its profitable growth in the domestic market.”

Pertti Iivanainen
Director of the Tamglass Glass Processing

**Tamglass Safety Glass Ltd.
– supplier of demanding safety glass**

Tamglass Safety Glass Ltd. is Tamglass Group's own safety glass processing company located in Tampere. The company supplies demanding architectural and automotive glass primarily for the Finnish market. Tamglass Safety Glass Ltd.'s customers include construction and glazing companies as well as appliance and furniture manufacturers. The company supplies glass for vehicles and working machines both as original equipment and spare parts. Tamglass Safety Glass Ltd. has supplied safety glass for a number of stylish building exteriors at major construction projects in Finland.

Tamglass Finton – added value to balconies and exteriors

Tamglass Finton supplies balcony and exterior systems for new buildings and renovation projects. The company is located in Hollola. Tamglass Finton's customers include Finnish construction companies, property management companies and housing co-operatives. With Tamglass Finton's products, it is possible to create versatile and impressive glass exteriors



Tamglass Lasinjalostuksen rakenne

TAMGLASS GLASS PROCESSING		
TAMGLASS TURVALASI	TAMGLASS LÄMPÖLASI	TAMGLASS FINTON

References

JCDecaux Finland Oy	Safety glass for street furniture
Valtra Oy Ab	Tractor cabin glazings
Scania CV	Laminated windscreens
Valmet Automotive Oy	Concept car glazings



Balcony glazing systems are being increasingly used in new construction and building renovation. The fully glazed balconies from Tamglass Finton enliven the building exterior and increase the living space in the apartment. Pictured here is Asunto Oy Merikannonranta in Helsinki.

taking full account of structural and environmental considerations. The balcony and exterior systems consist of a stainless steel or aluminium frame and safety glass panes.

Balcony glazing systems are becoming increasingly popular and often serve as important visual elements in buildings. Glazed balconies enliven building exteriors and increase the living space in apartments while at the same time making the entire neighbourhood more attractive. Tamglass Finton's balcony and exterior systems also enable renovation projects that respect the original style and spirit of the property.

Tamglass Lämpölasii – wide range of energy-saving glass products

Tamglass Lämpölasii supplies insulated glass units and value-added products, such as solar-control, fire-resistant and energy-conserving glass. The company is located in Lempäälä. Tamglass Lämpölasii supplies glass products to the door and window industry and construction companies. The insulated glass units are manufactured at the company's own plant. Safety glass is increasingly being used in the products from Tamglass Lämpölasii.

The role of glass has been elevated from windows to value-added products that improve living comfort. The demand for insulated and energy-conserving glass grows as a result of new energy conservation regulations. Insulated glass is increasingly often used in window systems for new buildings. The energy performance of existing buildings is also often improved with insulated glass units when carrying out repairs. The insulated glass units from Tamglass Lämpölasii provide for versatile flat and bent energy glazings.

Reference projects

Nokia Strömberg Square	Silk-printed tempered safety glass
Nokia Valimotie 21	Tempered safety glass
Nokia Head Quarters, phases I and II	Flat and bent tempered safety glass
Botanical Garden	Tempered safety glass
High Tech Center Helsinki	Painted tempered glass
Coxa Oy, Tampere	Painted tempered glass
Bauhaus Turku	Tempered safety glass



Tamglass Safety Glass Ltd. supplies safety glass for architectural and automotive applications mainly for the Finnish market.

Tamglass Glass Processing – business role

The strategy of Tamglass is to master the whole glass processing chain as both a technology supplier and a glass processor, from the cutting of glass to the final end products of architectural, automotive, appliance and furniture glass. The expansion of the glass processing business from safety glass production to balcony systems and insulated glass units supports the product development, production and sales of glass processing machinery, and contributes to profitable growth as an independent business in the domestic market.

Currently the Finnish glass processing sector is undergoing profound restructuring. The market is being polarised. Customers are looking for comprehensive deliveries of glass products, a versatile product assortment and partner-based co-operation as well as small replenishment deliveries. Cost efficiency and smooth performance in logistics are being emphasized in the

sale of processed glass products.

Co-operation between Tamglass Safety Glass, Tamglass Finton and Tamglass Lämpöläsi offers synergy benefits in the form of one-stop-shop offering, cost-efficient materials purchasing and an extended customer base. Together these companies constitute a reliable and financially solid supplier of a complete range of glass products for demanding exterior projects.

Tamglass and Z. Bavelloni receive valuable information from Tamglass Glass Processing concerning the development of the market for safety, insulated and balcony glass and at the same time have the opportunity to acquaint themselves with the processes at its production plants.



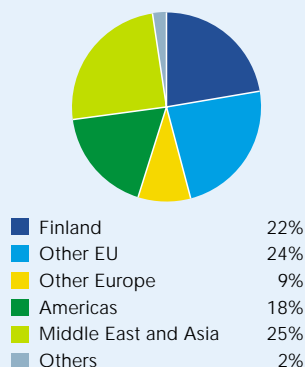
Insulated glass units from Suomen Lämpöläsi can be used to construct extensive energy-efficient glass surfaces for both private and public buildings. Pictured here is the Tampere City Water Works.

FINANCIAL STATEMENTS 1 JAN – 31 DEC 2002



REPORT OF THE BOARD OF DIRECTORS

Distribution of net sales by market area in 2002



NET SALES AND PROFIT

Kyro Group net sales in 2002 amounted to EUR 144.3 (147.0) million (change of -1.8%). Group operating profit was EUR 18.7 (17.2) million and 13.0% (11.7) of net sales. The operating profit was improved by exceptionally good results in both business areas during the last quarter.

Net financial items were EUR -0.6 (-0.9) million. This includes interest and dividend income and exchange value gains from securities worth EUR 3.1 (4.4) million, as well as interest expenses and exchange value losses from securities worth EUR 3.7 (5.3) million.

Profit before taxes and minority interest grew by 11.4% to EUR 18.1 (16.3) million and 12.5% (11.1) of net sales. Profit for the fiscal year grew by 9.0% to EUR 11.7 (10.8) million. Return on invested capital was 13.6% (11.8). Earnings per share grew by 14.8% to EUR 0.31 (0.27). Equity per share amounted to EUR 3.36 (3.43).

Business activities of the parent company Kyro Corporation consist mainly of financing and investing as well as group administration services. Net sales of the parent company were EUR 0.7 (0.7) million and operating result EUR -1.4 (-2.7) million for the fiscal year.

FINANCING

The Group has a strong financial standing. Equity ratio on 31 December 2002 was 77.1% (79.7). Cash flow from operations during the year under review was EUR 14.6 (20.2) million. The Group's liquid cash assets and securities on 31 December 2002 amounted to EUR 55.7 (63.9) million. Interest-bearing liabilities amounted to EUR 3.7 (4.5) million. Net gearing was -40.5% (-45.0).

INVESTMENTS

Group investments totalled EUR 6.8 (3.5) million. Booked investments included the acquisition cost of shares in Uniglass Engineering Oy and Finton Parvekejärjestelmät Oy as well as replacement investments.

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES

Research and product development expenses recorded during the fiscal period were EUR 6.6 (7.4) million.

PERSONNEL

At the end of the fiscal period, Kyro Group had 531 (460) employees, of whom 161 (158) worked abroad. During the fiscal period, the Group employed 536 (471) people on average.

The number of personnel has increased from the previous year by the acquisition of Uniglass Engineering Oy and Finton Parvekejärjestelmät Oy, by recruitment at Tamglass factories in China and Brazil as well as resource additions in Tamglass maintenance activities.

SHARES AND SHARE PRICE DEVELOPMENT

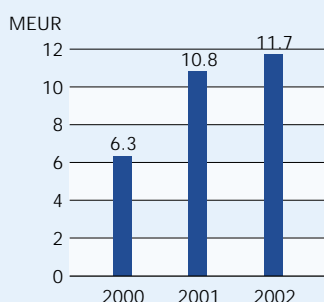
During 2002, a total of 3,084,189 Kyro Corporation shares were traded on the Helsinki Exchanges, which equals 7.8% of the total number of shares. The highest trading price for a Kyro Corporation share was EUR 7.35, and the lowest EUR 5.00. The average price during the year was EUR 6.25.

ACQUISITION AND CONVEYANCE OF OWN SHARES

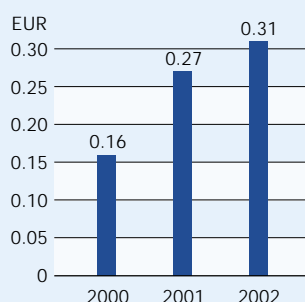
The Annual General Meeting of 3 March 2002 authorised the Board of Directors to acquire the company's own shares for the purpose of using them as consideration in possible business acquisitions, to finance investments, or in other industrial arrangements or to be conveyed in other ways or to be invalidated. According to the authorisation the Board of Directors may acquire the company's own shares using assets available for the distribution of profits, provided that the combined nominal value of the acquired shares together with shares already in the possession of the company corresponds to a maximum of 5% of share capital.

The Annual General Meeting also authorised the Board of Directors to decide on the conveyance of the company's own shares which have been previously acquired based on the authorisation accorded in 2001. These own shares may be used as consideration in possible business acquisitions, to finance investments and in other industrial arrangements in the manner and scope determined by the Board of Directors.

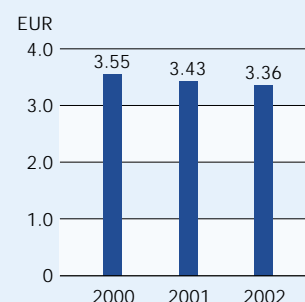
Profit for fiscal years 2000–2002



Earnings per share 2000–2002



Equity per share 2000–2002



The Board of Directors of Kyro Corporation decided on 14 August 2002 to acquire a maximum amount of 1,983,750 own shares through public trading on the Helsinki Exchanges at the current value at the time of acquisition. No own shares were acquired based on this decision in 2002.

Kyro Corporation acquired own shares on the Helsinki Exchanges in January 2002 based on the authorisation granted to the Board of Directors by the Annual General Meeting in 2001. An amount of 1,600 shares were acquired at the average price of EUR 5.70 and an acquisition value of EUR 9,138.24.

Based on the authorisation given by the Annual General meeting to the Board of Directors, Kyro Corporation conveyed its own shares as partial consideration in an acquisition on 19 April 2002, where Kyro Corporation purchased all shares of Uniglass Engineering Oy. A total of 103,570 shares were conveyed at a unit price of EUR 6.47 amounting to 0.3% of all shares of Kyro Corporation.

On 31 December 2002, Kyro Corporation held a total of 1,483,830 own shares with an acquisition value of EUR 8,547,691 and an average unit value of EUR 5.76. The shares constitute 3.7% of all votes and shares.

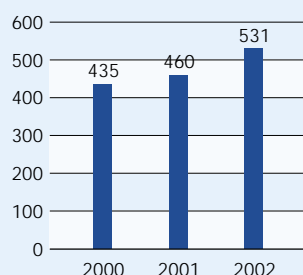
CONVEYANCE OF OWN SHARES IN JANUARY 2003

After the end of the fiscal period, in January 2003, Kyro Corporation conveyed a total of 1,235,538 own shares as partial consideration in the acquisitions of Z. Bavelloni Immobiliare S.p.A and Suomen Lämpöläsi Oy.

In the acquisition of Z. Bavelloni Immobiliare S.p.A., a total of 1,172,533 own shares amounting to 3.0% of all Kyro shares were conveyed at a unit price of EUR 5.97 based on their market price on 12.12.2002 in accordance with the acquisition agreement.

In the acquisition of Suomen Lämpöläsi Oy, a total of 63,005 own shares amounting to 0.2% of all Kyro shares were conveyed at a unit price of EUR 6.35 based on their average market price during 18 December 2002–3 January 2003 in accordance with the acquisition agreement.

Personnel development 2000–2002



Net sales, operating profit and order book of Kyro business areas in 2002 and 2001

EUR millions	Net sales		Operating profit		Order book	
	2002	2001	2002	2001	2002	2001
Safety Glass Technology	117.8	120.9	15.4	15.2	45.2	47.6
Kyro Power	26.3	25.7	5.5	5.2	22.2	24.1
Parent company						
other operations & eliminations	0.2	0.4	-2.2	-3.2		
Group total	144.3	147.0	18.7	17.2	67.4	71.7

On 5 February 2003, Kyro Corporation held a total of 248,292 own shares.

OPTION SCHEME

An extraordinary general meeting of Tamglass Ltd. Oy on 20 December 2002 approved a new option programme, which may be applied to Tamglass key personnel and Kyro management. The option programme consists of 35,000 A-options with an exercise period of 1 May 2005–31 May 2009 and 35,000 B-options with an exercise period of 1 May 2007–31 May 2009. The price for share subscription with an option is EUR 140, and a total of 70,000 Tamglass Ltd. Oy shares may be subscribed, corresponding to 8.0% of shares in the company.

In accordance with limitations in the option programme, share subscription with options is possible only by permission of Kyro Corporation, but the options may be sold to Kyro Corporation during their exercise period at a price, which is defined as the difference between the calculated value of the share and the subscription price. Two thirds of the calculated value of the share are based on the results of the Tamglass and one third on the price development of the Kyro share.

BOARD OF DIRECTORS AND AUDITORS

Members of the current Board of Directors of Kyro Corporation are: Lauri Fontell, Lars Hammarén, Carl-Olaf Homén, Barbro Koljonen, Carl-Johan Numelin, Carl-Johan Rosenbröjjer, Christer Sumelius and Gerhard Wendt. The term of office for the Board members is 2001–2004.

When convened on 20 March 2002, the Board elected Carl-Johan Numelin as Chairman and Christer Sumelius as Deputy

Chairman. The Annual General Meeting on 20 March 2002 unanimously elected KPMG Wideri Oy Ab as auditor with KHT Sixten Nyman as the responsible auditor.

THE BOARD'S DIVIDEND PROPOSAL FOR THE FISCAL YEAR 2002

The Board of Kyro Corporation proposes that a dividend of EUR 0.15 per share be distributed for the fiscal year 2002, amounting to EUR 5.9 million in total. On 5 February 2003, shares entitling to dividends numbered 39,426,708.

The dividend is paid to a shareholder listed on the ownership list of the Finnish Central Securities Depository Ltd on the date of record, which is 24 March 2002. In accordance with the proposal by the Board, the dividend will be paid on 31 March 2003.

ACQUISITIONS

Kyro Corporation acquired all shares of Uniglass Engineering Oy on 19 April 2002. Uniglass Engineering manufactures and sells tempering ovens for flat glass and thus complements the product range of the Safety Glass Technology business area.

Tamglass Ltd. Oy acquired a 70% share in Finton Parvekejärjestelmät Oy on 5 November 2002. The company supplies glazings for balconies and building exteriors.

ACQUISITIONS IN JANUARY 2003

On 20 January 2003, Kyro Corporation acquired all shares of Z. Bavelloni Immobiliare S.p.A. and Glasto Holding B.V. Z. Bavelloni manufactures machines and tools for the glass and stone processing industries. The company has a market share of 30% in its main product categories. Glasto is an international group of sales and service companies with Bavelloni machines and tools as its main products.

By way of these acquisitions, the Glass and Stone Technology business area of Kyro has grown to become the largest machine and equipment supplier to the glass processing industry. The Group's business activities have also expanded to machines for the stone industry. The Glass and Stone Technology business area of Kyro is called Glaston Technologies.

Additionally, on 7 January 2003 Tamglass Ltd. Oy acquired a 70% share in Suomen Lämpöläsi Oy, a producer of in-

Number of personnel on Dec 31

	2002	2001
Safety Glass Technology	497	427
Kyro Power	24	21
Kyro Corporation	10	12
Kyro Group	531	460

sulated glass elements. The glass processing company Tamglass Safety Glass Ltd., already previously part of the Tamglass Group, together with two of the above mentioned companies now known as Tamglass Finton and Tamglass Lämpöläsi form the Tamglass Glass Processing business with the important function of deepening and expanding the overall glass processing and market expertise, which is important to the machine businesses of Tamglass and Z. Bavelloni.

SAFETY GLASS TECHNOLOGY

Net Sales, Operating Profit and Order Book

Net sales for the Safety Glass Technology business area were EUR 117.8 (120.9) million. Operating profit was EUR 15.4 (15.2) million amounting to 13.1 (12.5) % of net sales. The operating profit during the last quarter was excellent at 18.8 (10.6) % of net sales due to the profitability of factories in Finland, Brazil and China. Profitability was improved among other things by manufacturing cost savings and new products.

On 31 December 2002, despite high delivery volumes at the end of the year, the order book was good at EUR 45.2 (47.6) million and grew to EUR 53.2 (50.1) million by 31 January 2003. During December and January, the Safety Glass Technology business area received new orders worth approximately EUR 30 million.

Markets and sales

Demand for safety glass and safety glass machines continues along its long-term growth trend. The use of safety glass increases as glass architecture and value-added glass products are becoming more common, and regulations and rules for safety glass develop. The increase in glass surfaces for vehicles and the increased variety of shapes also increase the demand for safety glass machines.

Uncertainty in the world economy slowed down investment decisions during 2002, mainly in Europe and the United States. However, the demand for safety glass machines in the United States turned to new growth at the end of the year. Demand in Asia grew clearly from the previous year. The demand for safety glass machines in Tamglass's areas of focus, Brazil and China, is good.

The volume of new orders received by the Safety Glass Technology business area grew slightly from the previous year. Orders received for architectural glass machines were at last year's level. The sales volume of machines for vehicle glass grew.

The most significant fair for the glass industry during 2002 was Glasstec, held in Düsseldorf in October. During the fair, the Safety Glass Technology business area made a new record in receiving approximately EUR 15 million worth of new machine orders for delivery during 2003.

Production and new products

The production capacity of the factories of the Safety Glass Technology business area was well utilised in Finland, Brazil and China. Production capacity and personnel at the machine factory in the U.S.A. was adapted to correspond to the low demand at the beginning of the year. By the end of the year the capacity of the US factory was also well utilised.

Uniglass Engineering operations were reorganised following its acquisition. The company focuses on the manufacture and sales of UGF and UGC flat tempering machines for selected markets. The new management and organisation of Uniglass Engineering have succeeded in making the operations more effective, and the company has a strengthened position in its own product categories.

The ProConvection furnace launched by Tamglass has exceeded market expectations and enables an increasingly efficient tempering of coated glass. The new machine has become the company's success product with 15 orders received during 2002.

Another new main product is ProBend, created for the bending of large glass surfaces and enabling the production of large, bent glass in various lot sizes. The new bending and tempering machine creates completely new possibilities for architects in the use of arched glass shapes in buildings. Several orders were also received for ProBend.

Maintenance

The high degree of capacity utilisation by glass processors emphasises the importance of preventive maintenance and increases demand for maintenance services and spare parts.

The number of maintenance agreements for both companies in the Safety Glass Technology business area is growing, as customers of both Tamglass and Uniglass Engineering most often make maintenance and service agreements upon purchasing a machine.

The sale of maintenance services, accessories and used machines as part of Tamglass's maintenance operations increased significantly from the previous year. Personnel resources in maintenance services were increased during the year.

ENERGY

Net Sales, Operating Profit and Order Book

Kyro Power net sales amounted to EUR 26.3 (25.7) million. Operating profit improved from last year to EUR 5.5 (5.2) million and 20.9 (20.2) % of net sales.

Profitability was exceptionally good during the last quarter of the fiscal year due to a brisk rise in the market price of electricity at the end of the year.

The order book of Kyro Power on 31 December 2002 (12 months) was EUR 22.2 (24.1) million.

Development of the energy markets

During 2002, there have been considerable fluctuations in the market price of electricity. The dry weather prevalent in the Nordic countries since the summer reduced the volume of hydro-electric power generation and in conjunction with cold weather strongly raised the market price of electricity from October onwards. The exceptionally cold autumn and early winter also increased the sales of heat by Kyro Power towards the end of the year.

Long-term energy delivery contracts guarantee that Kyro Power's customers receive a more stable price even while there is wild fluctuation in the market price of electricity.

The power plants operated without interruption in 2002. However, limited water resources restricted the capacity utilisation of the hydropower plant.

FUTURE OUTLOOK

The starting point of Kyro Group and its business areas for the year 2003 is good. The long-term growth in the market for glass processing machinery is estimated to continue. The Glass and Stone Technology business area of Kyro, Glaston Technologies, is the world market leader in its field.

Kyro Power's net sales and operating profit in 2003 are estimated to be roughly at the previous year's levels.

Kyro net sales will increase strongly due to the acquisitions already made. Currency exchange rate developments, investments in acquired companies, and the current economic cycle may decrease the relative profitability of the Group in the short term, but the cash flow from operations is expected to grow.

Unless the general economic situation weakens, the profitability of the Kyro Group is estimated to be at a good level in 2003.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2002		Official 31 Mar–31 Dec 2001		Pro forma 1 Jan–31 Dec 2001	
			%		%		%
Net sales	1	144,263	100.0	110,881	100.0	146,966	100.0
Increase (+) and decrease (-) in inventories of finished products and work in progress		-2,225		114		611	
Production for own use				34		126	
Other operating income	2	902		83		108	
Materials and services	3	66,046		58,868		78,229	
Personnel expenses	4	23,434		17,284		23,038	
Depreciation	5	5,422		3,870		5,102	
Other operating expenses	6	29,337		18,013		24,266	
Operating result		18,701	13.0	13,077	11.8	17,177	11.7
Financial income and expenses	7	-598		1,110		-921	
Profit before taxes and minority interest		18,103	12.5	14,187	12.8	16,256	11.1
Income tax	10	-5,741		-3,653		-4,337	
Minority interest		-645		-1,077		-1,167	
Profit for the financial year		11,717	8.1	9,456	8.5	10,752	7.3

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec 2002	Official 31 Dec 2001
ASSETS			
Fixed assets			
Intangible assets	11	6,190	1,974
Tangible assets	11	54,601	57,505
Investments	12, 13	4,260	3,378
Own shares	12	8,548	9,040
Fixed assets, total		73,599	71,898
Current assets			
Inventories	14	15,682	15,735
Imputed tax receivable	15	6,061	4,050
Long-term receivables	16	1,221	2,451
Short-term receivables	16	34,773	33,377
Bonds and securities	17	6,441	11,155
Cash at bank and in hand		49,279	52,712
Current assets, total		113,457	119,479
		187,056	191,377
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	6,348	6,348
Share premium fund	18	31,332	31,212
Reserve of own shares	18	8,548	9,040
Retained earnings	18	78,736	83,682
Profit for the financial year	18	11,717	9,456
Subordinated loan	18	428	
Shareholders' equity, total		137,109	139,738
Minority interest		745	3,416
Liabilities			
Deferred tax liability	20	6,872	7,084
Long-term liabilities	21	2,572	3,037
Short-term liabilities	22	39,759	38,102
Liabilities, total		49,203	48,223
		187,056	191,377

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

EUR 1,000	2002	Pro forma 2001
Cash flow from business operations		
Payments from sales	145,593	150,107
Payments from other operating income	891	108
Operating costs	-125,946	-124,528
Cash flow from business operations before financial items and taxes	20,538	25,688
Paid interest and payments for other financing of business operations	-3,486	-3,052
Received interest from business operations	2,721	4,378
Received dividends from business operations	218	195
Paid direct taxes	-5,324	-7,002
Cash flow from business operations	14,668	20,207
Cash flow from investments		
Investments on tangible and intangible assets	-1,628	-3,548
Profit from tangible and intangible assets	543	4
Aquisition of subsidiaries	-2,329	
Cash flow from investments	-3,413	-3,543
Cash flow from financing		
Acquisition of own shares	-9	-9,040
Assignment of own shares	670	
Change in current receivables	135	-1,016
Decrease in long-term liabilities	-4,388	-961
Dividends paid and other distribution of profit	-13,318	-11,891
Other financial items, purchase/sale (+/-)	2,223	-339
Cash flow from financing	-14,687	-23,247
Change in liquid assets	-3,432	-6,584
Liquid assets at the start of the financial year	52,712	59,296
Liquid assets at the end of the financial year	49,279	52,712
	-3,432	-6,584

INCOME STATEMENT OF THE PARENT COMPANY

EUR 1,000	Note	31 Jan–31 Dec 2002	Official 31 Mar–31 Dec 2001
Net sales	1	660	543
Other operating income	2	784	5
Personnel expenses	4	1,647	1,299
Depreciation	5	133	116
Other operating expenses	6	1,084	1,147
Operating result		-1,420	-2,015
Financial income and expenses	7	12,743	2,350
Profit before extraordinary items		11,323	336
Extraordinary items	8	3,800	
Profit before appropriations and taxes		15,123	336
Appropriations	9		-2
Income tax	10	-4,872	-180
Profit for the financial year		10,251	154

BALANCE SHEET OF THE PARENT COMPANY

EUR 1,000	Note	31 Dec 2002	Official 31 Dec 2001
ASSETS			
Fixed assets			
Intangible assets	11	17	34
Tangible assets	11	2,488	2,593
Investments	12,13	33,890	24,002
Own shares	12	8,548	9,040
Fixed assets, total		44,943	35,668
Current assets			
Long-term receivables	16		825
Short-term receivables	16	16,760	12,464
Bonds and securities	17	6,441	11,155
Cash at bank and in hand		42,913	45,063
Current assets, total		66,114	69,507
		111,057	105,175
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	6,348	6,348
Share premium fund	18	31,332	31,212
Reserve for own shares	18	8,548	9,040
Retained earnings	18	16,625	29,303
Profit for the financial year	18	10,251	154
Shareholders' equity, total		73,103	76,057
Accumulated appropriations	19	12	12
Liabilities			
Short-term liabilities	22	37,942	29,107
Liabilities, total		37,942	29,107
		111,057	105,175

PARENT COMPANY SOURCE AND APPLICATION OF FUNDS

Official

EUR 1,000	31 Jan–31 Dec 2001	31 Mar–31 Dec 2001
Cash flow from business operations		
Payments from sales	825	441
Payments from other operating income	784	5
Operating costs	-4,449	-1,897
Cash flow from business operations before financial items and taxes	-2,841	-1,451
Paid interest and payments for other financing of business operations	-3,183	-1,253
Received interest from business operations	2,676	2,913
Received dividends from business operations	2,218	2,924
Paid direct taxes		-1,123
Cash flow from business operations	-1,129	2,010
Cash flow from investments		
Investments on tangible and intangible assets	-12	-8
Investments in subsidiaries	-7,172	
Profit from sales of other investments	506	
Cash flow from investments	-6,677	-8
Cash flow from financing		
Acquisition of own shares	-9	-9,040
Assignment of own shares	670	
Change in current receivables	7,593	-257
Increase in short-term liabilities	8,496	8,174
Dividends paid and other distribution of profit	-13,318	-201
Other financial items, purchase/sale (+/-)	2,223	-731
Cash flow from financing	5,655	-2,055
Change in liquid assets	-2,150	-54
Liquid assets at the start of the financial year	45,063	45,117
Liquid assets at the end of the financial year	42,913	45,063
	-2,150	-54

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.

Accounting principles used in reference calculations

On 31 March 2001, the Kyro Group demerged into Kyro Corporation and Tecnomen Holding Corporation. Reference data for the Kyro Group's current structure, entered in the financial statements under the pro forma text, have been prepared for 2000–2001. The reference data combines that of the parent company Kyro Corporation, the Tamglass subgroup as well as Kyro Power Oy. The tax amounts reported in the income statement are the calculated tax amounts in accordance with the current valid tax rates. Internal eliminations have been carried out to comply with the Group structure established through the demerger.

CONSOLIDATED FINANCIAL STATEMENTS

Scope of the consolidated financial statements

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

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 been entered as Group goodwill [KM1]. 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 inter-company deliveries, internal group profit distribution and inter-company 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 in the income statement and balance sheet. Obligations resulting from Tamglass bonds with warrants are recognised as a minority share.

Foreign subsidiaries

The income statements of Group companies outside the euro zone have been changed to euro based on the average rate of the fiscal

year, and balance sheet items, excluding the operating profit of the fiscal year, have been changed to euro based on the exchange rate of the European Central Bank 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 have been translated into euro using the exchange rate quoted by the Bank of Finland on the date of the financial statements. 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 divided into different periods throughout 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 the corresponding hedged items. The exchange rate gains and losses related to actual business operations are managed as correction items for net sales and operational costs. Exchange rate differences caused by financial activities have been entered under financial income and expenses.

Net sales

Net sales comprise sales profits from which indirect taxes, exchange rate differences and discounts have been deducted. Revenue recognition takes place in connection with delivery.

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 processed as rental costs. 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 fixed assets

Fixed assets have been valued at the original acquisition cost in the balance sheet, decreased by accrued straight-line depreciation according to plan. Depreciation according to plan has 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 of goodwill shall take place during its validity, however, no later than within 20 years. The determination of the depreciation period is based on the Group's strategic planning and long-term profit expectancy resulting from the nature of operations.

Depreciation according to plan:

Intangible rights	5–10 years
Group goodwill	5–20 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	5–40 years

Valuation of inventories

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

Own shares

Own shares have been entered as fixed assets at their acquisition price. When calculating the key ratios, own shares have been eliminated from equity and the number of shares.

Accrued financial statement transfers

The difference between accumulated depreciation and depreciation 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 accrual differences between 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 to the amount of the estimated probable claim.

NOTES TO THE FINANCIAL STATEMENTS

INCOME STATEMENT	Group			Parent Company			
	EUR 1,000	2002	31 Mar–31 Dec 2001	Official 2001	Pro forma 2001	Official 2002	31 Mar–31 Dec 2001
1. Net sales							
Net sales by business group							
Parent company	208		222		293		
Safety glass industry	117,753		92,212		120,931		
Energy	26,302		18,446		25,742		
Net sales, total	144,263		110,881		146,966		
Net sales by market area							
Finland	32,213		25,907		36,011		
Other EU member states	34,001		23,479		32,764		
European countries outside EU	12,914		11,245		12,906		
North and South America	26,064		34,094		42,559		
Middle East and Far East	35,742		13,600		18,499		
Others	3,329		2,555		4,227		
Total	144,263		110,881		146,966		
2. Other operating income							
Sales revenue from selling fixed assets	32		0		1		
Rental income	39		21		28		
Other income	831		62		79	784	5
Other operating income, total	902		83		108	784	5
The Parent Company's other operating income in 2002 primarily consists of the rebate of the transfer tax paid for the sale of shares in association with the listing of Tecnomen Corporation.							
3. Materials and services							
Materials and supplies							
Purchases during the financial year	46,706		39,456		54,611		
Changes in inventories of materials and supplies	-248		405		-153		
	46,458		39,861		54,458		
External services	19,588		19,007		23,771		
Materials and supplies, total	66,046		58,868		78,229		
4. Personnel expenses							
Salaries and fees	18,884		13,590		18,241	1,296	1,015
Pension expenses	2,616		1,809		2,422	263	236
Other personnel expenses	1,935		1,885		2,375	88	48
Total	23,434		17,284		23,038	1,647	1,299
Salaries and remuneration paid to members of the Board and Managing Directors							
	1,164		667		1,947	784	367

The President of the Parent Company is entitled to retire at the age of 55. The pension liability in question is covered. The retirement age of the managers of certain Group companies is set at 60–62 years. The members of the Board are covered by voluntary pension insurance accrued from board membership fees. 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.

Group and Parent Company employees during financial year, average

Clerical staff	309		271		266	10	12
Workers	227		200		198		
Total	536		471		464	10	12

EUR 1,000	Group		Pro forma 2001	Parent Company	
	2002	Official 31 Mar–31 Dec 2001		2002	Official 31 Mar–31 Dec 2001
5. Depreciation					
Depreciation according to plan					
Intangible assets					
Intangible rights	337	221	290	10	11
Group goodwill	219	62	83		
Other capitalised long-term expenses	254	194	256	7	10
Tangible assets					
Buildings and structures	1,305	967	1,281	66	49
Machinery and equipment	3,022	2,218	2,917	28	28
Other tangible assets	286	208	275	23	19
Depreciation according to plan, total	5,422	3,870	5,102	133	116
6. Other operating expenses					
Fixed assets sales loss	6	4	5		
Rents	1,269	843	1,063	127	90
Other expenses	28,061	16,972	22,681	957	1,057
Portion of the result of associated company		194	521		
Other operating expenses, total	29,337	18,013	24,266	1,084	1,147
7. Financial income and expenses					
Dividend income					
from Group companies				14,085	2,817
from others	189	93	260	189	93
Dividend income, total	189	93	260	14,274	2,910
Other interest and financial income					
from Group companies				167	345
from others	2,881	2,673	4,125	2,410	2,326
Interest income, total	2,881	2,673	4,125	2,577	2,671
Interest income from long-term investments and other interest and financial income, total	2,881	2,673	4,125	2,577	2,671
Investment depreciation					
Depreciation on fixed asset investment	-411			-1,236	-1,514
Depreciation on current asset financing bonds	-2,222	-1,186	-4,259	-2,222	-1,129
Depreciations, total	-2,632	-1,186	-4,259	-3,458	-2,643
Interest and other financial expenses					
to Group companies				-644	-531
to others	-1,036	-470	-1,047	-6	-57
Interest expenses, total	-1,036	-470	-1,047	-650	-588
Interest and other financial expenses, total	-3,668	-1,655	-5,306	-4,108	-3,231
Financial income and expenses, total	-598	1,110	-921	12,743	2,350
Other financial income and expenses					
include foreign exchange differences (net)	11	74	40	0	0

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Group			Parent Company	
	2002	Official 31 Mar–31 Dec 2001	Pro forma 2001	2002	Official 31 Mar–31 Dec 2001
8. Extraordinary income					
Other extraordinary income				3 800	
Extraordinary income and expenses, total				3 800	
9. Financial statement transfers					
Difference between depreciation according to plan and actual depreciation in taxation					-2
Total					-2
10. Income taxes					
Income tax for extraordinary items				1 102	
Income taxes for actual business operations	5 936	4 110	5 419	3 770	180
Change in deferred tax receivable					
From Group Companies' own financial statements	86				
Combination measures	219	102	88		
Periodisation differences	-288	-631	-1 243		
Change in deferred tax liability					
Appropriations	-212	73	73		
Total	5 741	3 653	4 337	4 872	180

BALANCE SHEET

EUR 1,000	Intangible rights	Group goodwill	Other capitalised long-term expenses	Total
11. Fixed assets and other long-term investments				
Intangible assets, Group				
Acquisition cost 1 January 2002	3,553	2,187	4,599	10,338
Translation difference	-57		-76	-133
Increase	440	4,602	22	5,064
Decrease	-39			-39
Transfers between items	-33		26	-6
Acquisition cost 31 December 2002	3,864	6,789	4,571	15,224
Accrued depreciation 1 January 2002	-2,525	-1,991	-3,848	-8,364
Translation difference	25		75	101
Accrued depreciation from deductions and transfers	39			39
Depreciation during the fiscal year	-337	-219	-254	-810
Accrued depreciation 31 December 2002	-2,797	-2,210	-4,027	-9,034
Book value 31 December 2002	1,067	4,579	544	6,190
Book value 31 December 2001	1,028	196	751	1,974
Intangible assets, Parent Company				
Acquisition cost 1 January 2002	129		175	303
Acquisition cost 31 December 2002	129		175	303
Accrued depreciation 1 January 2002	-108		-162	-270
Depreciation during the fiscal year	-10		-7	-17
Accrued depreciation 31 December 2002	-117		-169	-286
Book value 31 December 2002	11		6	17
Book value 31 December 2001	21		13	34

	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Investments in progress	Total
Tangible assets, Group						
Acquisition cost 1 January 2002	3,299	28,006	47,910	6,031	251	85,498
Translation difference	2	66	-289			-221
Increase	95	198	1,216	109	239	1,856
Decrease			-116		-4	-120
Transfer between items		279	189		-462	6
Acquisition cost 31 December 2002	3,396	28,549	48,909	6,140	24	87,018
Accrued depreciation 1 January 2002		-8,451	-18,150	-1,392		-27,993
Translation difference		-25	186			161
Accrued depreciation from deductions and transfers			30			30
Depreciation during the fiscal year		-1,305	-3,024	-286		-4,615
Accrued depreciation 31 December 2002		-9,782	-20,958	-1,678		-32,417
Book value 31 December 2002	3,396	18,767	27,951	4,462	24	54,601
Book value 31 December 2001	3,299	19,555	29,760	4,639	251	57,505

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Investments in progress	Total
Tangible assets, Parent Company						
Acquisition cost 1 January 2002	1,500	993	296	422		3,210
Increase			12			12
Acquisition cost 31 December 2002	1,500	993	307	422		3,222
Accrued depreciation 1 January 2002		-135	-233	-250		-617
Depreciation during the fiscal year		-66	-28	-23		-116
Accrued depreciation 31 December 2002		-201	-260	-273		-734
Book value 31 December 2002	1,500	792	47	149		2,488
Book value 31 December 2001	1,500	858	63	172		2,593

Group	2002	2001
Book value of the production machinery and equipment	27,351	29,475

	Shares Group companies	Shares others	Own shares	Total
12. Investments, Group				
Acquisition cost 1 January 2002		3,378	9,040	12,418
Increase		881	9	891
Decrease			-501	-501
Acquisition cost 31 December 2002		4,260	8,548	12,808
Book value 31 December 2002		4,260	8,548	12,808
Book value 31 December 2001		3,378	9,040	12,418

Investments, Parent Company				
Acquisition cost 1 January 2002	20,634	3,368	9,040	33,041
Increase	9,009	880	9	9,898
Decrease			-501	-501
Acquisition cost 31 December 2002	29,643	4,247	8,548	42,438
Book value 31 December 2002	29,643	4,247	8,548	42,438
Book value 31 December 2001	20,634	3,368	9,040	33,041

Group companies	Domicile	Group ownership %	Parent Company ownership %	Number	Parent Company shares/holdings	
					Nominal value EUR 1,000	Book value EUR 1,000
Kyro Power Oy	Kyröskoski, Finland	100.0%	100.0%	1,505,500	3,011	9,470
Uniglass Engineering Oy	Tampere, Finland	100.0%	100.0%	20,000	400	5,710
Tamglass Ltd. Oy	Tampere, Finland	100.0%	100.0%	800,000	1,600	14,463
Tamglass Engineering Ltd. Oy	Tampere, Finland	100.0%				
Tamglass Turvalasi Oy	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	100.0%				
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%				
Tamglass South America Ltda.	São Paulo, Brazil	70.0%				
Tamglass Tianjin Co. Ltd	Tianjin, China	100.0%				
Tamglass Finton Oy	Hollola, Finland	70.0%				
Kiint. Oy Kauppilaiskatu 2	Tampere, Finland	100.0%				
Kiint. Oy Alhonmetsä	Tampere, Finland	100.0%				
Total						29,643

Other shares and holdings owned by the Parent Company

	Ownership %	Number	Nominal value EUR/share	Book value EUR 1,000
Shares and holdings				
Tecnomen Corporation		733,162	0.08	880
Kiinteistö Oy Torikyö	63.4%	804	84	240
Other housing companies				194
Other shares and holdings				41
Total				1,356
Other Parent Company investments				
Pohjolan Voima Oy C		61,856	2	2,892
Pohjolan Voima Oy H		1,860	2	
Total				2,892

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Group		Parent Company	
	2002	Official 2001	2002	Official 2001
14. Fixed assets				
Materials and supplies	5,365	5,040		
Work in progress	10,091	10,449		
Finished products/goods	226	246		
Fixed assets, total	15,682	15,735		
15. Inputed tax receivable				
In the Group companies' own balance sheets	1,775			
Periodising differences	3,718	3,262		
Combination measures	569	788		
14. Inputed tax receivables, total	6,061	4,050		
16. Receivables				
Long-term receivables				
Accounts receivable	1,221	1,626		
Other receivables		825		825
Long-term receivables, total	1,221	2,451		825
Division of accounts receivable into short and long term receivables has been adopted by the Group. The corresponding data has been changed accordingly.				
Short-term receivables				
Accounts receivable	27,818	25,795		
Loan receivables	105	156	84	156
Other receivables	584	216		
Prepaid expenses and accrued income	6,266	7,209	1,741	1,775
	34,773	33,377	1,825	1,931
Receivables from Group companies				
Loan receivables			1,113	8,474
Prepaid expenses and accrued income			13,823	2,059
			14,935	10,533
Short-term receivables, total	34,773	33,377	16,760	12,464
Prepaid expenses and accrued income				
Personnel expenses	102	294	11	68
Interest income	40	193	59	130
Income taxes	1,259	3,526	8	887
Indirect taxes	1,139	1,846	209	119
Dividends receivable			10,000	
Group contribution			3,800	
Others	3,726	1,350	1,478	2,630
Prepaid expenses and accrued income, total	6,266	7,209	15,564	3,835
17. Financial assets				
Financial assets include shares and bonds traded on the open market.				
Replacement price	6,569	11,515	6,569	11,515
Book value	6,441	11,155	6,441	11,155
Difference	128	360	128	360

EUR 1,000	Group		Parent Company	
	2002	Official 2001	2002	Official 2001
18. Shareholders' equity				
Share capital 31 March		6,348		6 348
Share capital 1 January	6,348		6,348	
Share capital 31 December	6,348	6,348	6,348	6,348
Share premium account 31 March		31,212		31,212
Share premium account 1 January	31,212		31,212	
Profit from the assignment of own shares	120		120	
Share premium account 31 December	31,332	31,212	31,332	31,212
Reserve for own shares 1 January	9,040		9,040	
Transfer from earnings of previous fiscal year	9	9,040	9	9,040
Assignment of own shares	-501		-501	
Reserve for own shares 31 December	8,548	9,040	8,548	9,040
Retained earnings	93,138	92,909	29,457	38,343
Dividends	-13,331		-13,331	
Exchange rate and translation difference	-1,570	-186		
Transfer to reserve of own shares	-9	-9,040	-9	-9,040
Assignment of own shares	501		501	
Dividends not drawn	7		7	
Retained earnings 31 December	78,736	83,682	16,625	29,303
Profit for the financial year	11,717	9,456	10,251	154
Subordinated loan	428			
Shareholders' equity on 31 December	137,109	139,738	73,103	76,057

The primary terms and conditions of the subordinated loan:

Equity, interest and other compensations at the liquidation and bankruptcy of the company may only be paid via a preference lower than all debts. Otherwise, equity can only be returned, if the tied-up shareholders' equity and other non-distributable items according to the balance sheet audited for the company's last completed fiscal period are fully covered. Interest and other compensation may only be paid if the amount to be paid can be used for distribution according to the balance sheet audited for the company's last completed fiscal period. The subordinated loan will be paid back in 2003. Interest on the loan has been entered in the interest expenses of the income statement.

Account of distributable funds, 31 December

Retained earnings	78,736	83,682	16,625	29,303
Profit for the financial year	11,717	9,456	10,251	154
Reserve of own shares	8,548	9,040	8,548	9,040
Portion of accrued depreciation differences and voluntary reserves entered under shareholders' equity	-16,772	-17,373		
Acquisition cost of own shares	-8,548	-9,040	-8,548	-9,040
Distributable funds	73,681	75,766	26,876	29,457

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Group		Parent Company	
	2002	Official 2001	2002	Official 2001
19. Accumulated appropriations				
Accumulated depreciation difference 1 January			12	
Accumulated depreciation difference 31 March				9
Increase (+) Decrease (-)				2
Accumulated depreciation difference 31 December			12	12
Accumulated appropriations in the Parent Company consist of accumulated depreciation difference.				
20. Deferred tax liability				
Deferred tax liabilities				
Financial statement transfers	6,872	7,084		
Deferred tax liabilities	6,872	7,084		
21. Long-term liabilities				
Loans from financial institutions	2,333	2,883		
Other liabilities	239	154		
Long-term liabilities	2,572	3,037		
Liabilities expiring after five years				
Other liabilities		31		
Total		31		
Short and long term non-interest-bearing debts				
Non-interest-bearing liabilities	38,675	36,655	1,540	2,405
Deferred tax liability	6,872	7,084		
Non-interest-bearing debts, total	45,547	43,739	1,540	2,405
22. Short-term liabilities				
Loans from financial institutions	1,084	961		
Advances received	11,379	14,023		
Accounts payable	6,312	7,050	194	30
Short-term liabilities, total	18,775	22,034	194	30
Debts to Group companies				
Accounts payable			3	1
Other liabilities			36,402	27,809
Accrued liabilities and deferred income			149	191
Debts to Group companies, total			36,554	28,000
Other short-term liabilities	2,042	819	296	111
Accrued liabilities and deferred income	18,942	15,249	899	965
Short-term liabilities, total	39,759	38,102	37,942	29,107
Accrued liabilities and deferred income				
Salary and other periodised personnel expenses	3,851	3,687	856	893
Interest	105	233	155	241
Direct taxes	1,006	3,002		
Other	13,980	8,327	37	23
Accrued liabilities and deferred income, total	18,942	15,249	1,048	1,156

EUR 1,000	Group		Parent Company	
	2002	Official 2001	2002	Official 2001
23. Contingent liabilities				
Mortgages as securities for loans				
Loans from financial institutions	439			
Company mortgages	486			
Securities on behalf of Group companies and on own behalf				
Mortgage on company assets				
On own behalf	168	168		
Contingent liabilities and liabilities not included in the balance sheet				
Leasing liabilities				
With due date in the current financial year	370	267	19	16
With a later due date	443	335	37	8
Total	813	602	56	25

Normal conditions apply to the leasing agreements.

Pledges

On own behalf	1,863	871		
On behalf of Group companies			9,573	7,238
On behalf of others	46			
Repurchase commitments	3,252	2,543	1,812	
Other liabilities	1,625	904	438	316

24. Values of the underlying instruments of derivative contracts

	2002		2001	
	Market value	Value of underlying instrument	Market value	Value of underlying instrument
Currency derivatives				
Forward agreements	17,522	18,442	28,813	29,226

Management of financial and energy price risks

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 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 within 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 the euro at the beginning of 1999, the currency risk has mainly been caused by changes in the rates of the 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.

Energy price risk

The Group company Kyro Power Oy operates as an independent party within the free electricity market producing electricity, process steam and district heating at its power stations. Uncertainties associated with the sale of electric power and production costs are managed by the Kyro Power Oy management according to the operating principles confirmed by the Kyro Power Oy Board, with the aim of ensuring profitability of operations.

The sale price risk of electric power is managed through long-term electric supplier contracts and derivative contracts for electricity.

Derivatives are not used in the management of the electric power fuel risk.

On 31 December 2002, Kyro Power Oy had financial contracts for electricity worth 91.9 GWh (2001: 7.5 GWh). Kyro Power Oy electricity sales in 2002 amounted to 431 GWh (2001: 473 GWh).

FINANCIAL PERFORMANCE INDICATORS

EUR million	2002	Pro forma 2001	Compar. pf* 2000	Pro forma 2000	Official 31 Mar–31Dec 2001
Consolidated income statement					
Net sales	144.3	147.0	117.3	117.3	110.9
change	-1.8	25.2	18.5	18.5	
Exports and international operations	112.0	111.0	85.0	85.0	85.0
as % of net sales	77.7	75.5	72.4	72.4	76.6
Depreciation	5.4	5.1	4.9	4.9	3.9
Operating profit	18.7	17.2	16.4	55.3	13.1
as % of net sales	13.0	11.7	14.0	47.2	11.8
Financial items	-0.6	-0.9	-4.9	-4.1	1.1
Profit before taxes	18.1	16.3	11.5	51.2	14.2
as % of net sales	12.5	11.1	10.0	43.6	12.8
Income tax	-5.7	-4.3	-3.4	-14.9	-3.7
Minority interest	-0.6	-1.2	-1.7	-1.7	-1.1
Profit for the fiscal year	11.7	10.8	6.3	34.5	9.5
Balance sheet					
Fixed assets	73.6	71.9		65.1	71.9
Current assets					
Inventories	15.7	15.7		15.0	15.7
Imputed tax receivable	6.1	4.0		2.9	4.0
Receivables	91.7	99.7		107.7	99.7
Shareholders' equity	137.1	139.7		140.7	139.7
Minority interest	0.7	3.4		2.2	3.4
Liabilities					
Interest-bearing liabilities	3.7	4.5		5.9	4.5
Non-interest-bearing liabilities	38.7	36.7		34.8	36.7
Deferred tax liability	6.9	7.1		7.0	7.1
Balance sheet total	187.1	191.4		190.7	191.4
Return on capital invested, %	13.6	11.8		36.3	14.1
Return on equity, %	9.4	8.6		28.3	10.5
Equity ratio, %	77.1	79.7		80.9	79.7
Debt/equity ratio, %	-40.5	-45.0		-47.0	-45.0
Interest-bearing net liabilities	-52.2	-60.4		-67.2	-60.4
as % of net sales	-36.2	-41.1		-57.3	-40.8
Gross investments	6.8	3.5		6.6	2.6
as % of net sales	4.7	2.4		5.6	2.3
Research and development	6.6	7.4		5.4	6.3
as % of net sales	4.6	5.1		4.6	5.7
Order book	67.4	71.7		87.7	71.7
Personnel, average	536	464		428	471
Personnel at year-end	531	460		435	460
in Finland	370	302		301	302

*) Comparable income statement without the effect of the profit from the sale of Tecnomen shares.

CALCULATION OF KEY RATIOS

Equity ratio, % =

$$\frac{\text{Equity + minority share - own shares}}{\text{Balance sheet total - received advance - own shares}} \times 100$$

Gearing in % =

$$\frac{\text{Net interest-bearing liabilities}}{\text{Equity + minority share - own shares}} \times 100$$

Net interest-bearing liabilities =

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

Return on equity, % (ROE) =

$$\frac{\text{Profit or loss before extraordinary items - income taxes}}{\text{Equity + minority share - own shares (average)}} \times 100$$

Return on invested capital, % (ROI) =

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

Earnings per share (EPS) =

$$\frac{\text{Profit or loss before extraordinary items - income taxes -/+ minority share}}{\text{Average share amount of the financial period without own shares}}$$

Equity/share =

$$\frac{\text{Equity - own shares}}{\text{Number of shares at the end of the fiscal year - own shares}}$$

Dividend/share =

$$\frac{\text{Dividend distribution during the fiscal year}}{\text{Number of shares at the end of the fiscal year - own shares}}$$

Dividend/result, % =

$$\frac{\text{Dividend/share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, % =

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

P/E ratio =

$$\frac{\text{Adjusted share price at the end of the fiscal year}}{\text{Earnings per share}}$$

Market capitalisation =

Number of shares x adjusted share price on 31 December

BOARD'S PROPOSAL FOR THE ANNUAL GENERAL MEETING

According to the consolidated balance sheet on 31 Dec 2002, equity amounts to EUR 99,000,879 of which distributable assets amount to EUR 73,681,416.

According to the balance sheet on 31 Dec 2002, the Parent Company's equity amounts to EUR 35,423,513, of which distributable funds amount to EUR 26,875,823.

On 4 February 2003, dividend-entitling shares numbered 39,426,708.

The Board proposes to the Annual General Meeting that dividends be distributed at EUR 0.15 per share, in other words at a total of EUR 5,914,006. This leaves EUR 20,961,817 of unused profit funds at the Parent Company.

Helsinki, 4 February 2003

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

Pentti Yliheljo
President

AUDITOR'S REPORT

To the shareholders of Kyro Corporation

We have audited the accounting, the financial statements and the administration of Kyro Corporation for the financial period 1 January–31 December 2002. 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 financial 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, 4 February 2003

KPMG WIDERI OY AB

Sixten Nyman
Authorised 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 6,348,000 and the nominal value of one share is EUR 0.16. The company's minimum share capital is EUR 4 million and the maximum share capital is EUR 16 million, and the share capital can be increased and reduced within these limits 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, Article 13).

Trading on the Helsinki Exchanges

Kyro Corporation's shares are listed on the Helsinki Exchanges (HEX Ltd, Helsinki Securities and Derivatives Exchange, Clearing House). The quotation of the shares began on 2.4.2001.

During the period 1 January 2002 to 31 December 2002, the shares of the new Kyro Corporation were traded at a total of 3,084,189, i.e. 7.8 per cent of the maximum share amount.

At the end of the period under review, the market value of the share capital was EUR 251,539,500. At the end of the same period, the company had 3,240 shareholders listed in the book-entry system.

Share price development

The highest price paid for a Kyro Corporation share on the Helsinki Exchanges was EUR 7.35, the lowest price EUR 5.00. The average price during the fiscal year was EUR 6.25.

Taxable value in Finland

The taxable value of a Kyro Corporation share in Finland under 2002 taxation is EUR 4.43 per share.

Kyro's shareprice development 2002



Management ownership of shares

The total number of shares owned by the members of the board and the Managing Director on 31 December 2002 was 3,330,200. These shares account for 8.40% of the entire share portfolio.

MANAGEMENT SHARE OPTIONS

Tamglass Ltd. Oy warrants

In 1997, 1998 and 1999, the Annual General Meetings of Tamglass Ltd. Oy, a fully owned subsidiary of Kyro Corporation, 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. On the basis of warrants outstanding, 51,500 Tamglass Ltd. Oy shares can be subscribed, constituting about 6% of the company's share capital. By 31 December 2002, a share equalling the subscription of 50,750 of Tamglass Ltd. Oy's warrants outstanding had accumulated for Kyro Corporation through acquisitions and redemption. The amount contains all warrants for which the subscription period began in 2000–2002. The time for using the options shall begin on 2 May 2003 and 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 where the decision was made, and it consists of the financial statements book value per share adjusted by later dividend payments and Group contributions.

In accordance with valid, separate terms and conditions of the agreement, Tamglass Ltd. Oy 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, yet no later than 31 May 2004, at a price de-

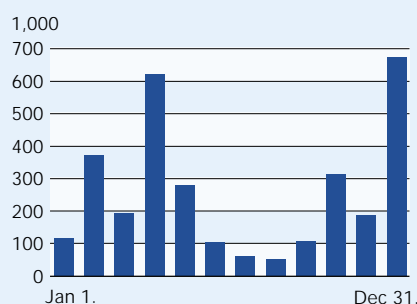
termined on the basis of the difference between the subscription price and the calculated value of the share. The calculated value of the share is based on the financial statements of the Tamglass Group that precede the sale, and it is calculated as the weighted average per share of book value (one third) and earning capacity value (two thirds), where the 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.

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

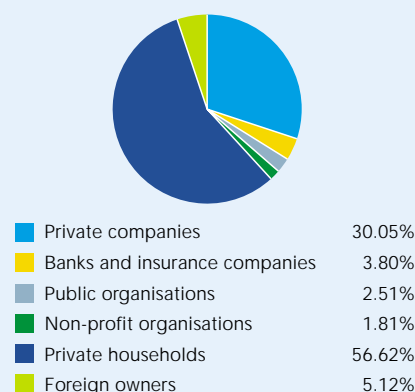
On 20 December 2002, the Annual General Meeting of Tamglass Ltd. Oy approved a new option scheme which can be made available to the Tamglass Group key personnel and the Kyro management. The option scheme includes 35,000 A options to be used between 1 May 2005 and 31 May 2009 and 35,000 B options to be used between 1 May 2007 and 31 May 2009. The subscription price per share with options is EUR 140, and a total 70,000 Tamglass Ltd. Oy shares can be subscribed with warrants, representing 8.0% of the company's total share portfolio.

According to the limitation applicable to the option scheme, subscription of shares with warrants is allowed only by permission of Kyro Corporation, but they can be sold to Kyro Corporation during the period reserved for subscription at a price determined by the difference between the subscription price and the calculated value of the share. Two thirds (2/3) of the calculated value of the share are determined by the results of the Tamglass and Kyro Groups, and one third (1/3) on the basis of the Kyro share price trend.

Monthly share trading volume in 2002



Share ownership by sector on 31 December 2002



Distribution of share ownership

The ownership of Kyro Corporation shares was distributed at the end of the period under review as follows:

Number of shares	Owners	% of shares	Number of shares	% portfolio
1–500	1,857	57.33	455,591	1.15
501–1,000	594	18.33	469,104	1.18
1,001–5,000	513	15.83	1,254,002	3.16
5,001–10,000	72	2.22	556,787	1.40
10,001–50,000	104	3.21	2,753,338	6.94
50,001–100,000	36	1.11	2,542,386	6.41
100,001–500,000	51	1.57	10,615,231	26.76
500,001–	13	0.40	20,990,961	52.91
Total	3,240	100.00	39,637,400	99.91
In the joint account			37,600	0.09
Total			39,675,000	100.00

Major shareholders at 31 December 2002

	Shares	%
G.W.Sohlberg Corporation	8,296,400	20.9
Lars Hammaren	2,224,300	5.6
Henning Sumelius	1,821,300	4.6
Marina Sumelius	1,122,400	2.8
Oy Investsum Ab	910,000	2.3
The Helena Suutarinen estate	901,200	2.3
Maria Sumelius	802,200	2.0
Charlie von Christierson	800,000	2.0
Bjarne Sumelius	737,000	1.9
Nordea Bank Finland	728,131	1.8
Mutual Pension Insurance Company Ilmarinen	607,200	1.5
Birgitta Sumelius-Fogelholm	557,000	1.4
Marianne Storhannus	500,000	1.3
Samuel Huber	454,400	1.1
Christer Sumelius	401,900	1.0
Shares held in trust	2,858,727	7.2
Others	14,469,012	36.6
	38,191,170	96.3
Own shares in the possession of the company	1,483,830	3.7
Total	39,675,000	100.0

Ownership by sector

	%
Private companies	30.05
Banks and insurance companies	3.80
Public organisations	2.51
Non-profit organisations	1.81
Private household and individuals	56.62
Foreign owners	5.12
In the joint account	0.09
Total	100.00

In 2002, Kyro Corporation purchased and assigned own shares as follows:

Period	Amount	Average price/share	Total price, EUR
Purchase 25.–28.1.	1,600	5.70	9,138.24
Assignment 19.4.	103,570	6.47	670,000.00

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 2002. 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.

On 14 August 2002, the Board of Directors of Kyro Corporation, based on the authorisation by the Annual General Meeting on 20 March 2002, decided to purchase a maximum of 1,983,750 own shares by way of Helsinki Stock Exchange public trading and at the market value at the time of purchase.

According to this authorisation, the company may purchase own shares to be used to fund possible acquisitions, investments or other industrial organisations, or to be otherwise assigned or nullified.

Based on the authorisation granted to the Board by the Annual General Meeting, Kyro Corporation acquired own shares on the Helsinki Exchanges during January 2002. The number of shares acquired was 1,600 at EUR 5.70 per share, totalling EUR 9,138.24.

Based on the authorisation granted to the Board by the Annual General Meeting, Kyro Corporation assigned on 19 April 2002 its own shares as part payment in a deal with which Kyro Corporation acquired the entire share portfolio of Uniglass Engineering. A total of 103,570 shares for EUR 6.47 per share were assigned, i.e. 0.3% of the entire Kyro Corporation share portfolio.

On 31 December 2002, Kyro Corporation had acquired a total of 1,483,830 own shares at an acquisition price of EUR 8,547,691.16. The shares constitute 3.7% of all votes and shares.

KEY INDICATORS PER SHARE

	2002	Official 31 Mar–31Dec 2001 2001	Pro forma 2001	Pro forma 2000
Earnings per share, EUR	0.31	0.24	0.27	0.87
Comparable earnings/share, EUR	0.31	0.24	0.27	0.16
Equity per share, EUR	3.36	3.43	3.43	3.55
Dividend per earnings, %	48.9	145.8	129.6	
Dividend per share, EUR	0.15*	0.14		
Extra dividend per share, EUR		0.21		
Effective dividend yield, %	2.4	6.3	6.3	
P/E ratio	20.5	23.3	20.7	
Number of shares, 1,000				
Average	38,160	39,266	39,367	39,675
At end of year	38,191	38,089	38,089	39,675

*) Board's proposal

Share price trend				
average price, EUR	6.25	5.18		
lowest price, EUR	5.00	3.60		
highest price, EUR	7.35	5.95		
Share price at the end of the year, EUR	6.34	5.58		
Market capitalisation of all shares at the end of the year, EUR million	251.5	221.4		
Turnover, No. of shares	3,084,189	13,271,674		
Turnover, % of the total number	7.8	33.5		
Turnover, EUR million	19.3	68.8		

The Kyro Corporation shares (KRO) have been quoted at the Helsinki Exchanges since 2.4.2001, for which reason the Performance Indicators associated with the trading price of the shares can only be calculated from 2001.

PRINCIPLES OF CORPORATE GOVERNANCE

The principles followed in Kyro Corporation's corporate governance are in line with the provisions of the Finnish Companies' Act, as well as the instructions and recommendations regarding the administration of a public company given by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Annual General Meeting

The Annual General Meeting of Kyro Corporation is the highest decision-making authority in the company. The Board of Directors calls the Annual General Meeting. At the Annual General Meeting of Kyro Corporation, decisions are made regarding the approval of financial statements, the distribution of the year's profits, the release of Board members and the President and CEO from liability, the selection of Board members and auditors, and the remunerations payable to them.

The Annual General Meeting of Kyro Corporation is called by publishing a summons to the meeting as a stock exchange bulletin at the Helsinki Exchanges, by mailing the summons to shareholders, and by advertising the meeting in one Finnish and one Swedish language newspaper of the Board's choice.

At the Annual General Meeting, each shareholder has one vote per share and the possibility to vote with no more than one-fifth of all shares represented at the meeting.

Board of Directors

Kyro Corporation's Board of Directors is responsible for the company's administration and the appropriate organisation of operations. Members of the Board of Directors are elected by the the Annual General Meeting. According to Kyro Corporation's articles of association, the Board of Directors comprises no less than four and no more than eight members.

A board member's term of office is three years at a time, after which the member may be re-elected. The Board appoints a Chairman and a Vice Chairman from among its members for one year at a time.

The term of office of the current Board is 2001-2004. Kyro Corporation's Board of Directors convened 13 times in 2002.

Kyro Corporation's Board members are introduced on page 53. None of the present members are employed by the company.

President and CEO

Kyro Corporation's Board of Directors appoints a President and CEO for the company. The key terms and conditions of the President's employment are defined in a written contract. The President and CEO is in charge of the Kyro Group's operational management in accordance with the Board's instructions. The President and CEO of Kyro, Mr Pentti Ylihjeljo, is also the Managing Director of the subsidiary Tamglass Ltd. Oy

Administration of the Group companies

The Kyro Group includes the company's wholly-owned active subsidiaries Tamglass Ltd. Oy, Bavelloni Immobiliare S.p.A. and Glasto Holding B.V., with their subsidiaries, and Uniglass Engineering Oy and Kyro Power Oy.

Each subsidiary has its own Board of Directors consisting primarily of the management of Kyro Group and its subsidiaries. In addition, the Boards of Directors of Tamglass, Z. Bavelloni and Kyro Power have one expert member from outside the company. The organisations of the subsidiaries are presented by function on pages 54-55.

Management remunerations and other benefits

The Annual General Meeting decides on the remunerations payable to the members of the Board. The Board of Directors decides on the remuneration and other benefits payable to the President and CEO. The salaries, remunerations and other benefits paid to members of the Group's Board of Directors and managing directors are shown in the notes to the financial statements. Members of the Board employed by the subsidiaries do not receive any remuneration.

Incentive schemes

Tamglass Ltd.Oy has an option scheme under which options have been offered to the management of the Tamglass and Kyro Groups. The terms and conditions governing share subscription are presented in more detail in the Annual Report under the section Shares and Shareholders. On 20 December 2002, The Annual General Meeting of Tamglass Ltd. Oy also approved a new option scheme presented on page 49.

To support the goals of the personnel strategy, Kyro Corporation's subsidiaries have their own bonus schemes, which aim to encourage the personnel towards good performance in accordance with the company's values and goals.

Insider obligations

Kyro Corporation applies the Guidelines for Insiders published by the Helsinki Exchanges, and registers all insiders with the Finnish Central Securities Depository.

Members of the Board, the management of Kyro Corporation and the auditor are legally considered insiders. Owing to their positions, the managing directors of the subsidiaries, members of management teams and people responsible for finance and communications in all Kyro Group companies are also considered insiders.

Information concerning the company's permanent insiders and their shareholding is available from the SIRE system maintained by the Finnish Central Securities Depository and from Kyro Corporation's website.

ADMINISTRATIVE BODIES AND AUDITORS



Members of the Board of Directors. From left to right: Lauri Fontell, Lars Hammarén, Barbro Koljonen, Gerhard Wendt, Carl-Johan Numelin, Carl-Johan Rosenbröijer, Christer Sumelius ja Carl-Olaf Homén.

BOARD OF DIRECTORS

Chairman

Carl-Johan Numelin (65)
M.Sc. (Eng)
From 1990
Term of office 2001–2004
Shareholding on 31 Dec 2002
60,000 shares

Deputy Chairman

Christer Sumelius (56)
M.Sc. (Econ.)
From 1995
Term of office 2001–2004
Shareholding on 31 Dec 2002
401,900 shares

Lars Hammarén (60)
B.Sc. (Eng)
From 1982
Term of office 2001–2004
Shareholding on 31 Dec 2002
2,224,300 shares

Lauri Fontell (67)
Lic.Phil.
From 1987
Term of office 2001–2004
Shareholding on 31 Dec 2002
195,200 shares

Barbro Koljonen (50)
M.Sc. (Agr.)
From 1996
Term of office 2001–2004
Shareholding on 31 Dec 2002
392,800 shares

Carl-Johan Rosenbröijer (38)
Dr.Sc. (Econ.)
From 1996
Term of office 2001–2004
Shareholding on 31 Dec 2002
32,000 shares

Carl-Olaf Homén (66)
Master of Laws
From 1997
Term of office 2001–2004
Shareholding on 31 Dec 2002
4,000 shares

Gerhard Wendt (68)
Ph.D.
From 1998
Term of office 2001–2004

MANAGEMENT

President

Pentti Yliheljo (57)
M.Sc. (Eng)
From 1992
Shareholding on 31 Dec 2002
20,000 shares

Chief Financial Officer

Veli Kronqvist (48)
M.Sc. (Econ.)
From 1999


Senior Vice President,
Corporate planning
Esko Rantala (41)
M.Sc. (Eng), MBA
From 1998
Shareholding on 31 Dec 2002
50,000 shares

Vice President,
Corporate Communications
Mika Nevalainen (33)
M.Sc. (Econ. & BA)
From 1999

AUDITORS

KPMG WIDERI OY AB
Responsible Auditor
Sixten Nyman, APA

KYRO'S CORPORATE STRUCTURE AS OF 1 JAN 2003


PARENT COMPANY
Board of Directors
Chairman Carl-Johan Numelin
Deputy Chairman Christer Sumelius
Lars Hammarén
Lauri Fontell
Barbro Koljonen
Carl-Johan Rosenbröijer
Carl-Olaf Homén
Gerhard Wendt
Management
President and Chief Executive Officer Pentti Yliheljo
Chief Financial Officer Veli Kronqvist
Senior Vice President, Corporate Planning Esko Rantala
Vice President, Corporate Communications Mika Nevalainen

	
GLASTON TECHNOLOGIES	
President	Pentti Yliheljo
Business Areas	
Building glass industry	Mauri Leponen
Automotive glass industry	Tommi Salenius
After Sales	Tapio Rauhala
Functions	
Sales	Pentti Salin
Technology	Juha Liettyä
Manufacturing and purchase	Kimmo Korhonen
Finance	Veli Kronqvist
Personnel	Veli Kronqvist, Stiina Enqvist
Quality	Erkki Kekkonen
Marketing Communications	Pia Salonen
Sales and Service Offices	
Tamglass EMA Sales	Seppo Lautamäki
Scandinavia, 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.	Jarko Salo
South-East Asia, Australia, New Zealand	
Tamglass Middle East	Tapio Rauhala
Middle East (After sales)	
Tamglass GmbH	Hermann Frey
German speaking Europe, Poland, Slovakia ja Czech Republic	
Cattin Machines S.A.	Georges Béguet
Switzerland	
Tamglass S.A.R.L.	Richard Bazin
France, Spain, Benelux, Portugal, French speaking Africa	
Tamglass UK Ltd.	Steve Brammer
Great Britain, Ireland, South Africa	
Glass Processing Machine Manufacturing Units	
Tamglass Engineering Ltd. Oy, Finland	Mikko Runsten
Tamglass Tempering Systems Inc., USA	Ernie Thomas
Tamglass South America Ltda., Brazil	Jean Paul Clément
Tamglass Tianjin Co. Ltd., China	Pekka Hukia
Tamglass Glass Processing	Pertti Iivanainen
Tamglass Safety Glass Ltd., Finland	Pertti Iivanainen
Tamglass Finton Oy, Finland	Ari Laitinen
Tamglass Lämpöläsi Oy, Finland	Jorma Nenonen



President Dino Bavelloni

Business Areas

Glass & Stone Machinery Fiorentino Picariello
Tools Cosimo Gabriele
After Sales Giorgio Clerici

Functions

Sales Franco Pirola
Manufacturing Fiorenzo Talenti
Finance Gianfranco Basurini
Personnel Franco Serra
Purchase Andrea Cassineri
Quality Claudio Cirla
Marketing Stefano Bavelloni
Communications Simona Bavelloni
Innovation Franco Bavelloni

Sales and Service Offices

Z.Bavelloni UK Ltd Stan Leeding
 Great Britain, Ireland
Z.Bavelloni U.S.A. INC. Jack Van Meerbeeck
 USA, Canada
Z.Bavelloni France SA Alain Leboutet
 France, French speaking Switzerland
Z.Bavelloni Singapore Freddy Tan
 Singapore, Malaysia, Indonesia, Thailand,
 Myanmar, Indochina (Vietnam, Laos, Cambodia), Borneo, Brueni, Bhutan
Z.Bavelloni Netherlands B.V. Gust Verbruggen
 Netherlands, Germany, Belgium, Luxemburg,
 Austria, Switzerland (German speaking area), Czech Republic, Denmark, Iceland
Z.Bavelloni Imp. Exp. Ltda Sandro Marchetti
 Brazil
Z.Bavelloni Mexico S.A. de C.V. Idilio Bolchini
 Mexico, Central America
 (Panama, Costa Rica, Nicaragua, Salvador, Honduras, Belize, Guatemala),
 Caribbeans (Haiti, Dominican Republic), Puerto Rico, South America
Machine Manufacturing Units Fiorenzo Talenti
Tools Manufacturing Unit Fiorenzo Talenti

President Petri Mölsä **UNIGLASS**

Functions

Sales Jukka Rantala
Product Development Jukka Vehmas
Finance Tuija Lahtoniemi
Marketing Communications Leena Kauhanen
After Sales Anna Enroth

ENERGY



President Esa Kujala

Production Units

Gas-fired Power Plant
 Hydro Power Plant

LOCATIONS AND ADDRESSES

KYRO CORPORATION

Head office

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Communications and Business Development

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FUNCTIONS

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Quality

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Personnel

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Marketing and communications

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Tamglass Ltd. Oy

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Tamglass Ltd. Oy

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Tamglass Lämpölasi Oy

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UNIGLASS ENGINEERING

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Z. BAVELLONI

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CUSTOMER SERVICE OFFICES

Glasto Holding BV

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e Exportacoes Ltda
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Z. Bavelloni 3

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Tools Manufacturing Unit

Z. Bavelloni

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KYRO POWER

Kyro Power Oy

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BROKERAGE FIRMS PROVIDING ANALYSIS OF KYRO

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Deutsche Bank

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