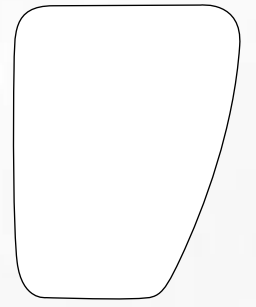
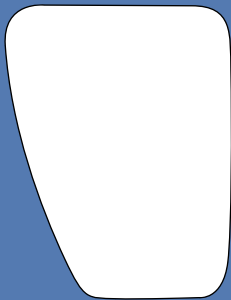


KYRO
TECHNOLOGIES

ANNUAL REPORT





CONTENTS

Kyro in Brief	3
Kyro in 2003	4
Main Events in 2003	5
President's Review	6
Kyro as an Investment	8
Stock Exchange Releases in 2003	9
Glaston Technologies – Glass Machinery Group	10
Glaston Technologies – Glass Processing Group	16
Energy	18
Personnel, Environment and Social Responsibility	20
Information for Shareholders	22
Financial Statement	
Report of the Board of Directors	24
Consolidated Income Statement	27
Consolidated Balance Sheet	28
Consolidated Sources and Application of Funds	29
Income Statement of the Parent Company	30
Balance Sheet of the Parent Company	31
Parent Company Sources and Application of Funds	32
Accounting Principles	33
Notes to the Financial Statements	34
Financial Indicators	45
Calculation of Key Ratios	46
Board's Proposal to the Annual General Meeting	47
Auditor's Report	47
Shares and Shareholders	48
Key Indicators per Share	50
Principles of Corporate Governance	51
Administrative Bodies, Management, and Auditors	52
Kyro Group Structure	54
Locations and Addresses	56
Brokerage Firms Providing Analysis	58



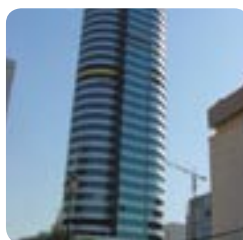
Tempered glass at the **Four Seasons Hotel** in Miami has been manufactured using Tamglass technology. The glazing project has been delivered by Viracon.



The new Pinni building at the **University of Tampere** features glass products processed by Tamglass Glass Processing.



Tamglass Glass Processing manufactured the glass altarpiece designed by artist Hannu Konola for the new **church in Aitolahti**, Tampere.



The large curved glass sheets used in the **Burgan Bank Tower in Kuwait** were bent with a Tamglass ProBend bending and tempering machine. The glazing project has been delivered by Gulf Glass Industries.



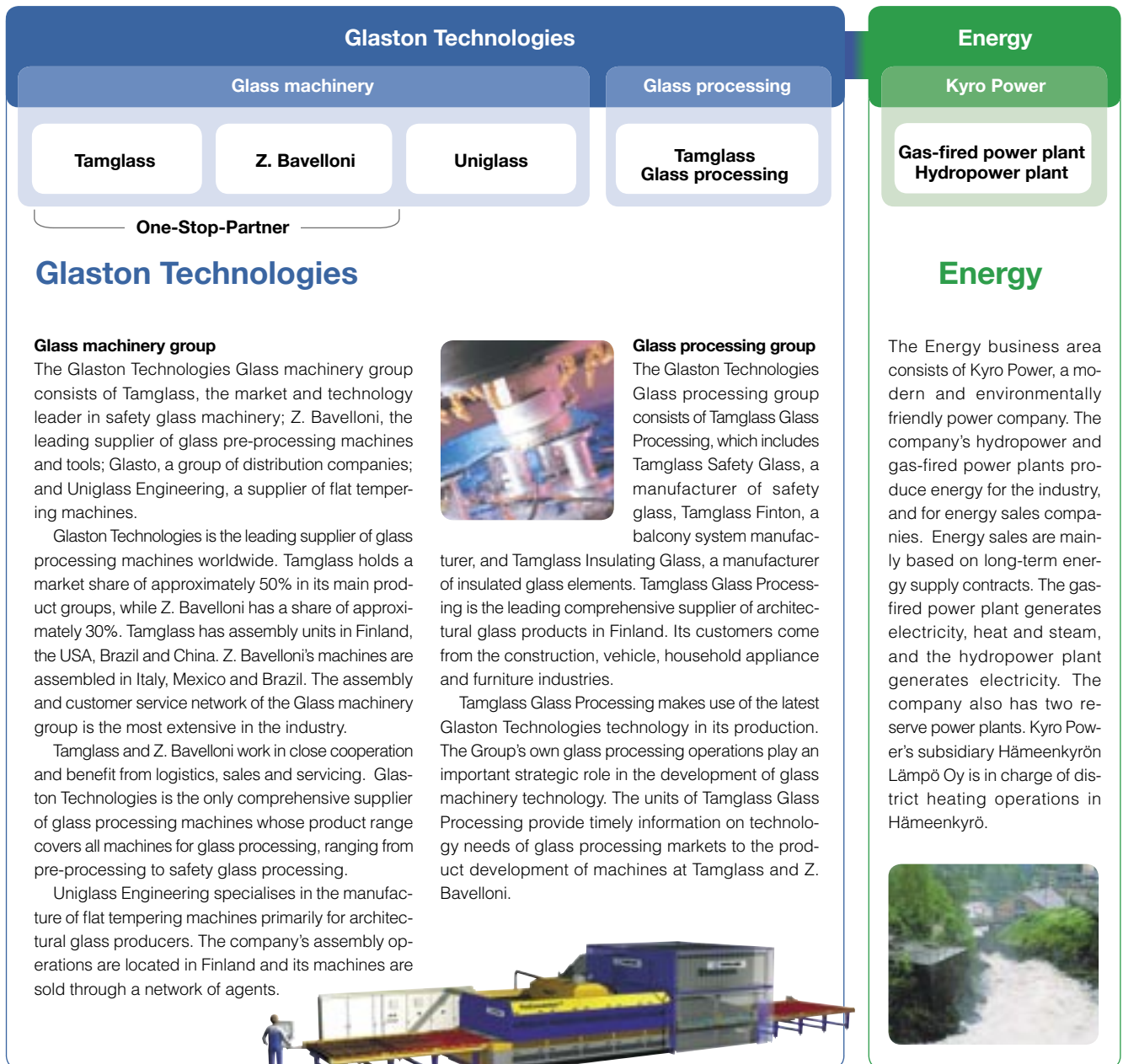
Tamglass Safety Glass was entrusted with the glass structure of the ceiling mechanism of the **Ford Thunderbird** concept car.

ANNUAL REPORT 2003

KYRO IN BRIEF

Kyro is a growing, financially solid global technology group. Its business areas are Glaston Technologies and Energy. Glaston Technologies encompasses the globally operating Glass machinery group and the glass processing group, which focuses on markets in Finland and neighbouring areas. The Energy business area consists of the energy producer Kyro Power Oy.

Kyro Technologies



KYRO IN 2003

Kyro Group

- Net sales EUR 226.7 (144.3) million, growth 57 %.
- Operating profit before amortisation of goodwill EUR 22.9 (18.9) million, growth 21 %.
- Profit before extraordinary items and taxes EUR 20.4 (18.1) million.
- Profit for the financial period EUR 12.2 (11.7) million.
- Earnings/share EUR 0.31 (0.31), equity/share EUR 3.41 (3.36).
- Strong financial position, equity ratio 58.6 (77.1) %, gearing 3.2 (-40.5) %.
- Order book EUR 81.4 (67.4) million.
- Personnel: 1,127 (531), personnel in acquired companies: 704.
- Board's proposal for dividends from 2003: 0.15 euro per share + extra dividend 0.15 euro per share.

Glaston Technologies

- Net sales grew through acquisitions by 68 % to EUR 198.4 (117.3) million.
- Net sales would have been 10% higher at the exchange rates of 2002.
- Operating profit before amortisation of goodwill increased by 27 % to EUR 19.7 (15.5) million, amounting to 9.9 % (13.2 %) of the business area's net sales.
- Tamglass volumes increased clearly and profitability improved thanks to successful products and more efficient logistics.
- Bavelloni net sales and profitability declined due to the strengthening euro and the business cycle impact.
- New upturn in order accumulation for Bavelloni as of Q3.

Energy

- Net sales EUR 28.3 (26.3) million.
- Operating profit EUR 5.6 (5.5) million, 19.6 (20.9) % of net sales, order book EUR 22.6 (22.2) million.
- The cold winter, dry summer and rains decreased the production volumes of Nordic hydropower and increased the market price of electricity in Q1–Q3.
- Rains and the mild autumn decreased the electricity price in Q4.
- On average, the market price of electricity was one third higher than in 2002.

Consolidated income statement, EUR million

	2003	2002
Net sales	226.7	144.3
Operating profit before amortisation of goodwill	22.9	18.9
% of net sales	10.1	13.1
Operating profit	19.8	18.7
% of net sales	8.7	13.0
Profit for the financial period	12.2	11.7

Key figures

	2003	2002
Profit / share, EUR	0.31	0.31
Dividend / share, EUR	0.15*	0.15
Extra dividend / share, EUR	0.15*	0.15
Return on invested capital, %	14.1	13.6
Return on equity, %	10.3	9.4
Equity ratio, %	58.6	77.1
Gearing, %	3.2	-40.5
Research and development, EUR million	9.8	6.6
Personnel, average	1,015	536
Order book 31.12., EUR million	81.4	67.4

*) Board's proposal.

ANNUAL REPORT 2003

MAIN EVENTS IN 2003

JANUARY

- Kyro bought all shares of Z. Bavelloni and the Glasto group of distribution companies. Kyro's Safety Glass Technology business area expanded to the Glass and Stone Technology business area, which operates under the name of Glaston Technologies.
- Tamglass acquired a majority share in Suomen Lämpölasi Oy. It had previously acquired a majority share in Finton Parvekejärjestelmät Oy in November 2002. Tamglass Safety Glass, already part of the Tamglass Group, together with the newly acquired glass processing companies formed Tamglass Glass Processing, which became the leading Finnish comprehensive supplier of architectural glass products.

MARCH

- The Annual General Meeting of Kyro adopted the Board's dividend proposal of EUR 0.15/share for 2002. The Annual General Meeting authorised the Board to purchase and transfer the company's own shares and to convey them as consideration in possible business acquisitions, investment funding and other corporate transactions.

APRIL

- The units of Tamglass Glass Processing were introduced at the fair for facades and exteriors in Helsinki and presented the widest available range of glass processing products to the Finnish construction industry.

MAY

- All of Uniglass Engineering's operations were centralised to the assembly unit, which further improved the efficiency of operations and production.

JUNE

- Over 1,000 glass experts from some 60 countries participated in Glass Processing Days 2003. The expert conference arranged by Tamglass strengthened its position as the leading forum for decision-makers in the glass industry. The number of registered users of the Glassfiles.com portal, part of the conference, exceeded a record number of 12,000.
- Vitrum 2003, the main fair of the year for the glass industry, was held in Milan, with Tamglass and Z. Bavelloni sharing a stand for the first time. The most extensive product range in the field, available from a single supplier, was received enthusiastically by customers, and encouraged new investment decisions already during the fair.

JULY

- Thanks to the success at the Milan fair, Glaston Technologies received new machine orders for a record value of EUR 20 million. As a consequence, the order book stood at a record EUR 65.9 million on 31 July 2003.

SEPTEMBER

- Glass Processing Days launched local conferences focusing on individual markets. GPD UK 2003 was arranged in Birmingham, England.

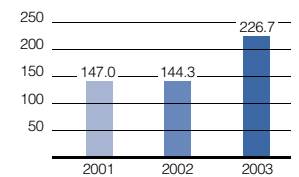
OCTOBER

- Kyro Power acquired the district heating network of the Hämeenkyrö municipality and the operations are transferred to Kyro Power's subsidiary, Hämeenkyrön Lämpö Oy. Kyro Power has already previously supplied heat to the Hämeenkyrö district heating network. The acquisition strengthens the company's district heating business.

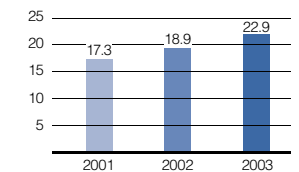
DECEMBER

- The Annual General Meeting adopted the Board's proposal to pay an extra dividend of EUR 0.15 /share for 2002.
- Glaston Technologies broke a new record in monthly order accumulation.
- Bavelloni strengthened its position in Brazil by launching its own machine production.

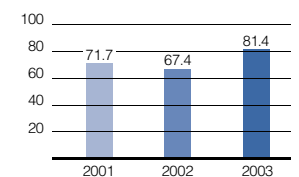
Net sales, EUR million



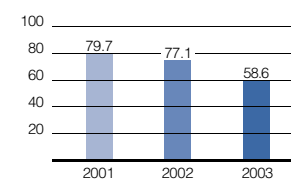
Operating profit before amortisation of goodwill, EUR million



Order book 31.12., EUR million



Equity ratio, %





PRESIDENT'S REVIEW

In the most recent years Kyro has grown profitably and at the same time has successfully implemented a demanding structural change. Following the demerger of 2001, our strategy has focused on the profitable growth of our main business area, Glaston Technologies, in which our success is based on both market and technological leadership.

As the global economy has restricted organic growth, we have implemented our growth strategy through acquisitions. In 2003, through the acquisition of Z. Bavelloni, our main business area expanded from safety glass technology to cover all glass processing technology as well as stone technology. Glaston Technologies took its position as a market leader in glass processing machines. Tamglass and Z. Bavelloni, moreover, are technology leaders in their own sectors. The glass processing group, also strengthened through acquisitions, now provides the widest range of products to architectural glass customers in Finland.

In 2003 uncertainty in the global economy slowed growth and investments in the glass processing industry. Despite this, Glaston Technologies increased its market share. At the same time the second business area of Kyro, Energy, benefited from a favourable market situation. Tamglass and Uniglass, among Kyro Group companies, managed to increase their volumes and to improve their results further, and the net sales of the whole Kyro Group grew by 57% and operating profit (EBITA) by 21%. The value of these accomplishments is heightened by the significant strengthening of the euro during 2003.

One-Stop-Partner

The product ranges and extensive service network of Tamglass and Bavelloni are unique in the sector. The fundamental idea behind the Bavelloni acquisition is

ANNUAL REPORT 2003

to offer glass processors comprehensive service all over the world. In addition to machine deliveries, our One-Stop-Partner service concept also covers complete production lines and plants. The concept is supplemented by a wide range of maintenance services and tools required by glass processors. Customers' satisfaction with the new comprehensive service is concretely indicated by the fact that deals signed at the Milan Fair increased machine orders in July to a new monthly record of EUR 20 million, a figure that was further improved upon by orders totalling EUR 23.5 million in December.

The new glass processing group has been set a target of growth, particularly as a supplier of building glazing and balcony systems. In this respect the year was successful. Our new units Tamglass Insulating Glass and Tamglass Finton received a growth boost from the Group and exceeded their challenging growth targets.

In glass processing, as well as the in Group's machinery units, we also refined our product range, service concept and organisation on the base of customer needs. In the main market, Finland, residential construction continues to be strong, while commercial construction is holding back at the moment. Economic conditions are compensated for by a pick-up in building renovations, where the relative proportion of glass and glazing is even greater than in new construction. In addition, the proportion of glass used in residential building is growing rapidly.

Potential for organic growth

Glaston Technologies operates in a business sector that over the long run typically grows 5-10% per year – even more in certain products and markets. In addition, the proportion of total glass usage accounted for by safety glass is rising. Sector development and investments have been below average in the years 2002 and 2003. It is expected that growth will be returning to its long-term trend.

Glaston Technologies machine manufacturing is founded on an efficient logistics chain based on subcontracting. Therefore we are able to adjust quickly to changes in demand. Flexibility for Tamglass is increased by having our manufacturing units spread across four foreign currency areas, which also provides protection in situations of rapidly fluctuating foreign currency rates, such as prevailing today. Like Tamglass previously, Bavelloni has now set up manufacturing in Brazil and is exploring similar opportunities in China.

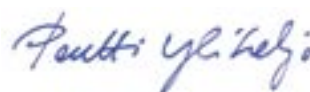
Nevertheless the strength of the euro is a challenge to us. We are responding to it by improving our operational efficiency. Group companies are currently implementing programmes to boost the efficiency of their manufacturing and delivery chains as well as product development projects and cost-cutting programmes aimed at improving the level of relative profitability. Tamglass and Bavelloni have found more synergy benefits and opportunities than expected in sales, logistics and procurement, in addition to the above-mentioned cooperation in products and services. A significant portion of the synergy benefits will be captured during the current year. Some benefits require greater changes and will bring in results later.

Cooperation boosts development

Our personnel includes nearly 1,100 professionals in glass processing technology. We have the widest range of expertise and deepest experience in the world. In future we will continue to invest in developing the professional and service skills of our employees. Cooperation between Tamglass and Bavelloni has proceeded excellently and I believe that it will become closer still with more and more joint projects. Similarly, in our glass processing group close cooperation and a joint desire to develop and grow operations have risen within a short space of time. It has been a great pleasure to see how our company's growth steps and our new units have inspired all the Group's personnel – even those not directly involved at the cooperation interface.

Glaston Technologies today already covers a very large part of glass processing technology needs, but we still have an opportunity to supplement our product range through acquisitions or our own product development. Our wide customer base and extensive network as well as our strong balance sheet create a good basis for this. Our capability to succeed in the present tight market is better than ever and at the same time we are eager and ready for a new growth phase.

Year 2003 was another successful period of change, which has brought many exciting possibilities for the future. I would like to thank our customers for their trust and our personnel, shareholders and partners for their active contribution and commitment to Kyro's development.



– Pentti Yliheljö
President and CEO

KYRO AS AN INVESTMENT

During its long and eventful history Kyro has proved its ability to change, renew itself, develop, and grow profitably. The Group's main business area has developed organically and through acquisitions into a global technology and market leader in glass processing machines. Being the leader in its field and a globally operating technology group, Kyro is well positioned to continue to increase shareholder value also in the future.

Kyro has developed into its present form through structural changes initiated in the 1990s. These include, among others, the sale of forestry and paper industry operations, developing Tamglass into a market leader in its field, withdrawing from the telecommunications sector, and focusing on growing the main business area of glass processing technology through new acquisitions in 2002 and 2003.

Good profitability based on market leadership

Kyro is now a profitably growing technology group, which is continuing its market leadership based growth at a rate faster than the markets in general. The increasing worldwide use of glass, and safety glass in particular, provides Glaston Technologies with a basis for organic growth that exceeds general economic growth. The company has developed its acquisitions into a closely knit whole, whose leading market position and good profitability create a strong foundation for the future and for continued acquisitions in line with the growth strategy.

Stable growth and profit for investors

Kyro's profit development and leadership position in its main business area are evidence of successful business operations and the ability to provide added value for shareholders. The stable business and steady cash flow of the energy producer Kyro Power combined with the growing and increasingly international operations of Glaston Technologies make Kyro an interesting investment, particularly to those looking for long-term growth. In the distribution of dividends, annual consideration is made of the company's solidity and ability to continue to pursue its growth strategy. Positive profit development has enabled a good capacity for paying dividends.

Leadership in a growth sector a good basis for the future

Glaston Technologies is the leading supplier of glass processing machines in a business sector which grows continuously. The growth of glass architecture, the development of safety glass regulations, and renovation construction are increasing the de-

mand for value-added products processed with Glaston Technologies' machines – such as energy, fire and self-cleaning glasses, whose demand is growing faster than the general economy. This calls for continuous development of glass processing technology, which creates Glaston Technologies a good opportunity for future growth as the leading supplier of glass processing machines.

Mission, vision and strategy

The foundation of Kyro's financial success is the added value from business activities, which is based on improving the living environment and the quality of life of the modern person. The Group's mission is to promote the development of a safe and comfortable world through the advanced glass technology of Glaston Technologies.

Kyro's vision is to be the world's leading technology group in glass processing technology and related services in 2007. The Group's growth strategy focuses primarily on growing the Glaston Technologies business area.

The main goals of Kyro's strategy are:

1. Good profitability based on technology and market leadership.
2. Long-term growth in the main business area faster than market.

The organic growth strategy is based on a strong competitive position and on maintaining and further developing good profitability.

The acquisition strategy is based on carefully considered acquisitions that support organic growth and utilise opportunities provided by it.

ANNUAL REPORT 2003

STOCK EXCHANGE RELEASES IN 2003

07.01.2003

Conveyance of Kyro Corporation's own shares.

07.01.2003

Tamglass Ltd. Oy has purchased a 70 % share of Suomen Lämpöläsi Oy.

20.01.2003

Acquisitions of Z. Bavelloni and Glasto by Kyro finalized.

20.01.2003

Conveyance of Kyro Corporation's own shares.

05.02.2003

Kyro's profit improved in 2002.

20.02.2003

Invitation to the Annual General Meeting of shareholders.

12.03.2003

Net sales and operating profit 2002 of Z. Bavelloni and Glasto acquired by Kyro.

19.03.2003

Decisions of the Annual General Meeting on 19 March, 2003.

24.03.2003

The Board of Directors' decision to acquire Kyro Corporation's own shares.

26.03.2003

Kyro Corporation's electronic annual report for 2002 published.

07.05.2003

Net sales and operating profit for January–March grew strongly.

03.07.2003

Kyro's Glaston Technologies received machinery orders worth EUR 15 million.

14.08.2003

Clear growth in January-June net sales and operating profit.

04.09.2003

Conveyance of Kyro Corporation's own shares.

05.11.2003

Kyro's business and results in strong growth.

10.11.2003

Kyro Corporation's extraordinary general meeting.

18.11.2003

Kyro Corporation's extraordinary general meeting December 4, 2003.

04.12.2003

Decisions of the extraordinary general meeting on 4 December, 2003.

18.12.2003

Kyro's financial information for 2004.

GLASTON TECHNOLOGIES

GLASS MACHINERY GROUP

The Glass machinery group consists of Tamglass, the market and technology leader in safety glass machinery, Z. Bavelloni, a leading manufacturer of glass processing machines and tools, and Uni-glass Engineering, a supplier of flat tempering machines. The Glass machinery group has the widest product and service range and customer service network in the glass machinery industry. In addition, Z. Bavelloni manufactures stone processing machines and tools.



"Glaston Technologies has improved its market position as the leading glass processing machinery supplier despite the slowdown of economic growth. This is based on the wide product range of Tamglass and Z. Bavelloni and their extensive regional customer service network."

– Pentti Yliheljo
President and CEO of Tamglass

Glaston Technologies operates in a growing field. The use of glass in construction, vehicles, appliances and furniture is increasing. Glass is an environmentally friendly and recyclable material that creates light and comfortable living environments. New advanced glass products help to save energy and can be used to filter sunlight or improve fire safety. Recent technological development has also introduced self-cleaning glass.

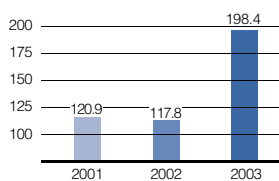
Heightened safety awareness and developing regulations increase the share of safety glass. The processing of glass into safety glass increases its durability and potential applications, which is why new advanced glass products are often made out of safety glass.

The volume of float, i.e. raw glass, produced in 2003 amounted to some 36 million tonnes. Nearly two-thirds were further processed for buildings, approximately one-fourth for vehicles and nearly one-tenth for appliances, furniture and special applications in various industries. Some 10 million tonnes of raw glass used worldwide was processed into safety glass.

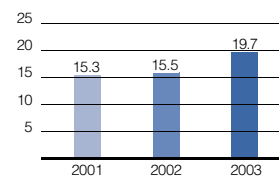
Ordinary glass may be processed into safety glass through tempering or lamination. In tempering, glass is heated close to the point of softening and then quickly cooled, whereby the surface tension created in the glass increases its durability approximately fivefold. Upon breaking, tempered glass

shatters harmlessly into small pieces. In lamination two or more sheets of glass are joined together, usually by means of PVB film. If laminated glass breaks, it remains attached to the plastic film and the glass stays in its frame. Burglar and bullet-proof glass can be produced by increasing the number and thickness of the laminated layers.

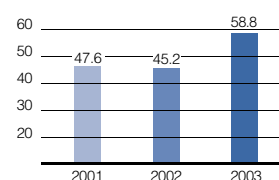
Net sales, EUR million



Operating profit before amortisation of goodwill, EUR million

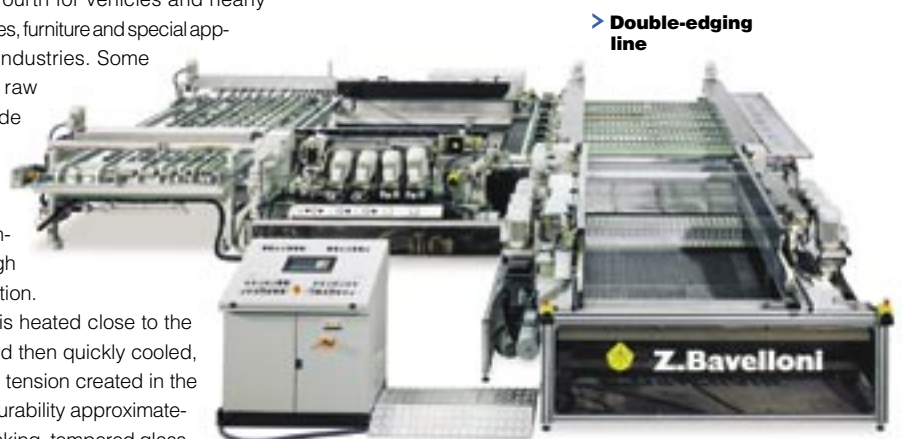


Order book 31.12., EUR million



Glaston Technologies – Key figures

	2003	2002	2001
Net sales, MEUR	198.4	117.8	120.9
Operating profit before amortisation of goodwill, MEUR	19.7	15.5	15.2
Order book 31.12., MEUR	58.8	45.2	47.6
Personnel, average	991	482	429





Extensive range of machines for all markets

The uses and processing needs of glass vary around the world, depending on the development phase of the markets. This requires the manufacturer of glass processing machines to offer a wide product range for various processing needs and to continue to develop processing technology. As the leading player in the field, Glaston Technologies offers machines and related services suitable for the needs of each glass processing customer.

In developing glass processing markets ordinary glass is still the most common option, but urbanisation and the growing number of cars foretell an increase in the demand for safety glass and safety glass machinery. In developed markets coated glass accounts for a considerable share of all of the glass used. It is usually tempered into safety glass for better durability.

Good reception for the new business concept

Tamglass and Z. Bavelloni launched a close cooperation in 2003, which resulted in a unique business concept for the glass processing industry: the One-Stop-Partner approach. The companies cooperate in sales, logistics, maintenance and subcontracting. This cooperation has brought synergy benefits in the form of new services, increased market share and cost savings. Thanks to the One-Stop-Partner concept, glass processing customers can acquire their machinery and equipment from a single supplier. This enables pre-processing machines and safety glass machines to be integrated into a single, efficient production line. Cyclical factors slowed demand for glass processing machines mostly in Central Europe and the USA, where the investment climate saw a clear positive upturn at the end of the year. In the Far East demand remained moderate despite the effects of SARS. South American demand came mostly from Brazil. The Iraq war and unstable environment still af-

fect the demand in the Middle East.

Tamglass and Z. Bavelloni first introduced their cooperation in June at Vitrum 2003, the year's largest glass fair held in Milan. The cooperation, as well as the One-Stop-Partner concept, met with an excellent reception from the glass processing industry. Glaston Technologies contracted new orders at the fair for machines to Europe, the USA and Asia amounting to some 15 million euros at the fair.

> UGCPlus UniCharge
-convection furnace



Tamglass delivered its 100th windshield line

Nearly all glass surfaces in vehicles are already

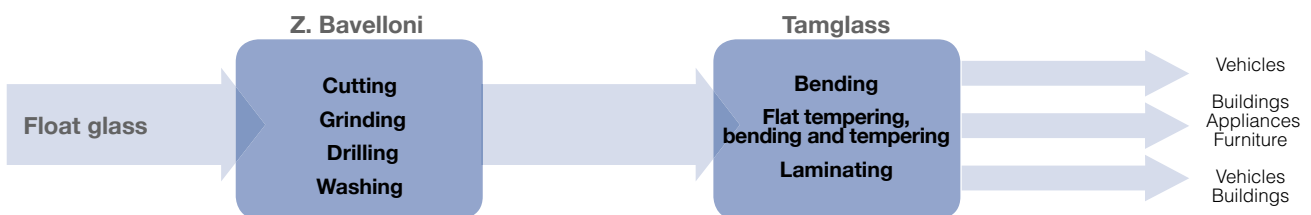


made of safety glass. The use of glass in the vehicle industry however continues to grow as the number of vehicles increases, glass surfaces get larger and new shapes are developed. Larger surfaces ensure all-around visibility, which improves driving safety. Even glass panorama ceilings contribute to the increasing use of glass in vehicles.

Tamglass has been developing glass processing processes for the vehicle industry since the early 1970s. Today the company is the world's leading producer of windshield glass lines. In 2003 Tamglass supplied its one-hundredth automatic serial bending furnace for windshields, ESU EcoMax. Approximately half of the world's replacement windshields are already being manufactured using technology developed by Tamglass. The latest development in ESU EcoMax consists of "press bending", which enables the bending of increasingly difficult glass shapes.

Glaston Technologies' One-Stop-Partner concept

Processed glass is used in:



Preprocessing always precedes safety glass processing.





“The close cooperation between Z. Bavelloni and Tamglass has expanded the customer base and brought cost benefits through joint purchasing of materials and components.”

– Dino Bavelloni
President of Z. Bavelloni

as a manufacturer of machines and tools by investing heavily into product development. Last year the company introduced a CNC grinding line for large glass surfaces. ALPA 450 is an example of glass pre-processing technology suited to architectural applications better than before. The EcoWheels tool range decreases the customer’s production costs.

Uniglass Engineering introduced last year a new model of its UGC convection furnace suitable for all glass types and developed the new UGT UniTop model to broaden its product range of flat tempering machines. All operations of Uniglass Engineering were centralised alongside assembly, which further improves efficiency.

Expert in the field – leader in development

Glaston Technologies is the leading expert in the glass processing industry. Its research and development work aims at technology leadership and the development of glass processing machines and equipment. Glaston Technologies aims at continuous development of the glass processing industry.

The business area includes Tamglass Glass Processing, which offers a view over the glass processing markets.

In-house glass processing continuously provides the latest information on the developing needs of glass processing customers.

Tamglass product development has focused in the recent years particularly on heat treatment and bending technology. The high-capacity ProConvection flat tempering machine and the ProBend bending and tempering machine have developed into successful products with a leading position in the most demanding product groups. Furthermore, Tamglass launched in the past year the HTF Super, a new model of the world’s best-selling HTF flat tempering machine.

Z. Bavelloni has achieved its unique market position

Significance of maintenance grows

The number of Glaston Technologies’ maintenance contracts continued to grow in 2003. Customers increasingly opt for a service and maintenance contract when purchasing a machine. Maintenance services already account for approximately one-fifth of overall net sales for Tamglass. The share for Bavelloni is smaller, but increasing.

Cyclical factors slowed growth in the maintenance business. The growing number and increasing technical complexity of glass processing machines will, however, increase the demand for service and maintenance contracts, spare parts, machine updates and second-hand machines in the future.

Service and maintenance are important for Glaston Technologies companies. Customer contacts through maintenance, spare part sales and product updates provide important background information on developing glass processing and investment needs. The refurbishing and resale of second-hand machinery facilitates the market entry of new processing companies.

Tamglass maintenance services increased its personnel in 2003 and widened its geographic reach by establishing service points, for example in Poland and Iran.

> ESU EcoMax



- Customer service
- Assembly



> Glaston Technologies has the most extensive global service network in the industry and assembly in six countries.



The GDP conference develops the global glass industry

The Glass Processing Days (GDP) conference and the Glassfiles.com portal, which are organised by Tamglass, play an important part as developer and trendsetter in the glass processing industry. They promote the safe and comfortable use of glass, as well as develop glass processing by encouraging a wide exchange of opinions and experiences between participants. The most prestigious conference in the glass business is arranged every two years and brought in June more than 1,000 glass experts from 60 countries together in the Tampere Hall. The Glassfiles.com service surpassed a record number of 12,000 registered users. The service already includes more than 5,000 pages of technical material.



GLASS PROCESSING GROUP

The glass processing group, Tamglass Glass Processing, focuses on markets in Finland and neighbouring areas. Tamglass Glass Processing consists of Tamglass Safety Glass, a manufacturer of safety glass, Tamglass Finton, a producer of balcony systems, and Tamglass Insulating Glass, a manufacturer of insulated glass elements, which together form the leading supplier of comprehensive architectural glass solutions in Finland.



"Tamglass Glass Processing has reached already during its first year of operation a remarkable position as a comprehensive supplier of glass processing products."

– Pertti Iivanainen
Director of Tamglass Glass Processing

In-house glass processing offers Glaston Technologies a unique competitive edge as the leading supplier of glass processing machines. Glass processing and machine construction form a unique whole, whose skills range from pre-processing and safety glass machines to processed glass products and their installation.

Glass Processing supplies tempered and laminated safety glass, balcony systems and glazings, as well as insulated glass elements. Its customers include construction and glazing companies, window and door manufacturers, and vehicle manufacturers among others.

Glass Processing deepens the overall know-how in machine manufacturing and market intelligence. New products from the Glaston Technologies' Glass machinery group are tested and developed in the Glass Processing units. Glass Processing factories also function as training and product demonstration units for machine customers.



From glass processing products to overall solutions

The business model launched in 2003 aiming at comprehensive glass processing deliveries had a good reception. Tamglass Glass Processing is able to supply all balcony systems and internal and external glazings that feature safety and insulated glass.

This is a significant competitive advantage since buyers of glass products increasingly require comprehensive deliveries, as well as close partnership-based cooperation. There is also demand for individual product deliv-

ries selected from a comprehensive product range.

Glass processing increased its volumes in 2003 and strengthened its market share in a difficult market situation. The close co-operation between Tamglass Safety Glass, Tamglass Finton and Tamglass Insulating Glass has brought significant and expected synergy benefits, particularly in sales growth. Synergy benefits have also been achieved through centralising purchases and logistical activities.

Demanding deliveries of glass processing products

The comprehensive product range of Glass Processing ensures demanding deliveries. Significant delivery projects for tempered insulated glass in 2003 included the main post office in Stockholm, the ferry terminal in the southern port of Helsinki and the Ikea headquarters in Helsingborg. Other safety glass deliveries included the expansion of the University of Tampere. Tamglass Glass Processing was also entrusted with the glass structure of the ceiling mechanism of the Ford Thunderbird concept car.

The new safety glass regulation

The Finnish Flat Glass association has compiled a book on glass construction skills. The manual deals with the regulations, instructions and European standards on the properties and use of safety glass that have been adopted by the Finnish construction industry. It introduces part F2 of the National Building Code, which entered into force in late 2001 and provides instructions on the use of safety glass.

The manual brings together all the instructions and recommendations, which have previously been dispersed and at times difficult to access. The summary provided by the Finnish Flat Glass association is the first attempt at creating a uniform procedure in Finland binding designers and guiding the use of safety glass. Explicit rules are expected to clearly increase the share of safety glass. United Kingdom, Europe's leading user of safety glass, already has a corresponding standard. The guide recommends that the use of safety glass be increased in Finland.



ENERGY

ENERGY – KYRO POWER

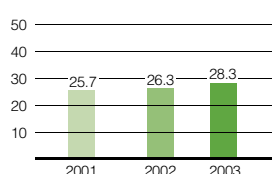
Kyro Power is a modern, environmentally friendly energy producer, providing a steady cash flow. The company's hydropower and gas-fired power plants located in Hämeenkyrö, by Kyröskoski, generate energy for the industry, energy retailers and distributors and to households through the district heating network. Both power plants are new in terms of their economic life.



"The strong increase in the market price of electricity has emphasized the position of Kyro Power as an energy supplier concentrating on long-term deliveries."

– Esa Kujala
President of Kyro Power

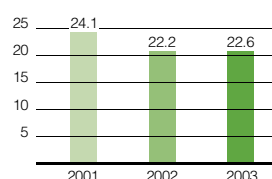
Net sales, EUR million



Operating profit before amortisation of goodwill, EUR million



Order book 31.12., EUR million



The core of the company's operations is the gas-fired co-generation power plant introduced in 1995, which produces electricity, heat and steam. The gas turbine generating electricity is equipped with combustion chambers based on low-emission Dry Low Nox technology. The steam produced by the heat recovery boiler connected to the gas turbine is used to operate a back-pressure and a condensate turbine.

The hydropower plant began electricity generation in 1997. It is located in facilities excavated in rock. Above-the-ground structures such as the water discharge basin and the water inlet on the shore of Lake Kyrösjärvi have been landscaped to become a recreational area popular among the locals.

Kyro Power is a reliable and environmentally friendly energy producer that has used low-emission natural gas as its main fuel since 1986. The energy production of Kyro Power's power plants is based on an ISO 14001-compliant environmental management system, whose quality is indicated by an environmental certificate awarded to the company in 2003.

Significant regional energy producer

Kyro Power acquired the district heating network of the Hämeenkyrö municipality in 2003 and the operations were transferred to Kyro Power's subsidiary, Hämeenkyrön Lämpö Oy. Kyro Power had previously supplied heat to the Hämeenkyrö municipality's network and the transfer of the ownership of the network further supports the company's district heating operations.

Kyro Power supplies electricity to local forest industry. Other customers are supplied electricity through the

national network. The utilisation rate of the hydropower plant is dependent on the water situation in Lake Kyrösjärvi located above the Kyröskoski rapids. The poor water situation in 2003 strongly limited hydro power generation.

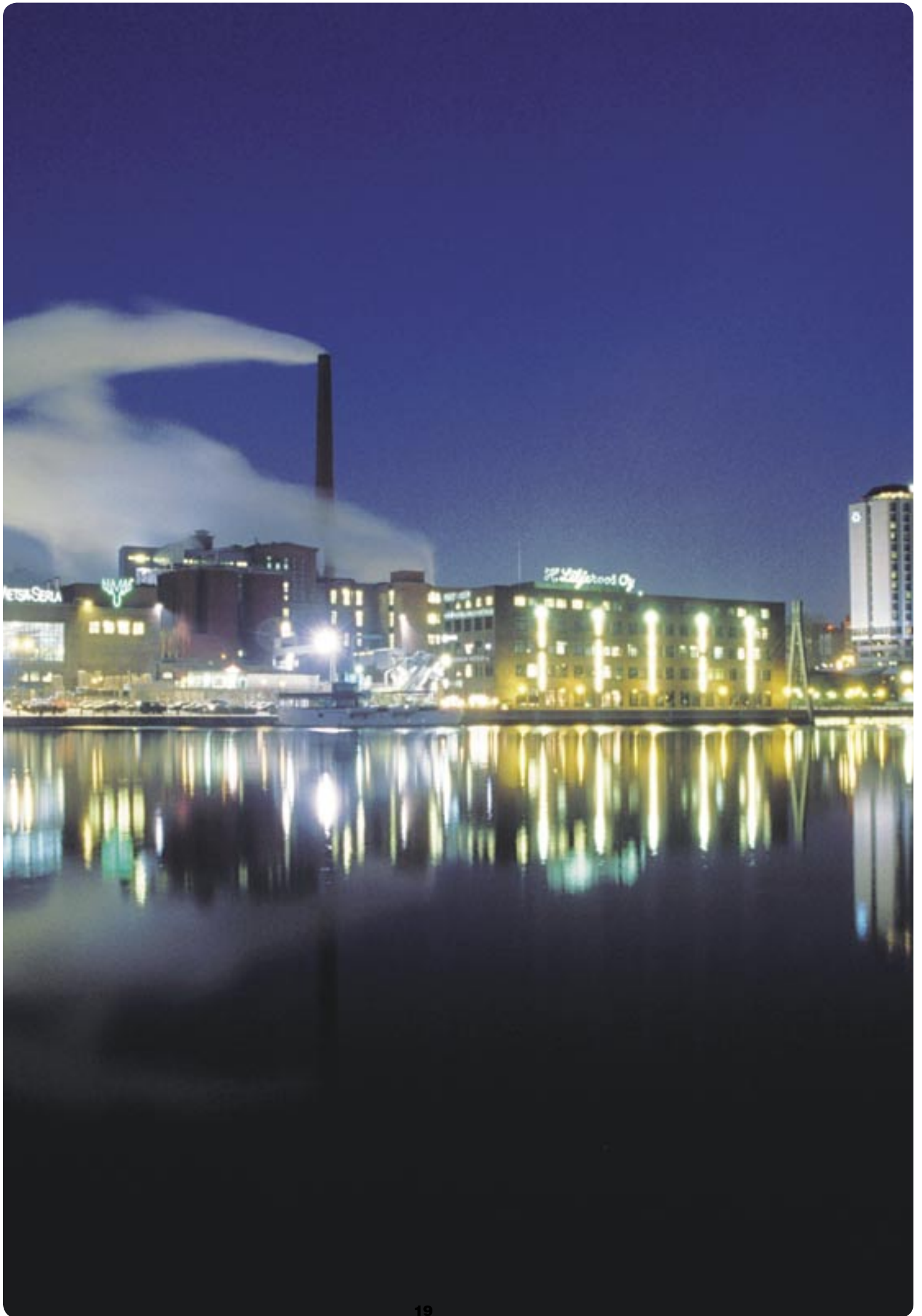
Strong increase in electricity prices

The market price of electricity in 2003 was approximately one-third higher than during the previous year because of the poor water situation and cold winter in the Nordic countries. Dry weather also increased the price of electricity in Europe and other Nordic countries. Thanks to good electricity prices, Kyro Power managed to use all of its production capacity and even produce condensing power, which increased energy production and improved profitability.

Due to the strong increase in electricity prices, Kyro Power's contract customers profited clearly from long-term energy supply agreements in 2003. Long-term agreements keep electricity prices stable for contract customers, even when market prices fluctuate heavily. On the other hand, long-term agreements ensure a stable demand for energy, producing a predictable cash flow for Kyro.

Energy – Key figures

	2003	2002	2001
Net sales, MEUR	28.3	26.3	25.7
Operating profit before amortisation of goodwill, MEUR	5.6	5.5	5.2
Order book 31.12., MEUR	22.6	22.2	24.1
Personnel, average	24	24	23



PERSONNEL, ENVIRONMENT AND SOCIAL RESPONSIBILITY

Kyro Group's personnel work around the world. The Group's operations are socially responsible. Glaston Technologies' glass processing technology contributes to the construction of a safer and lighter living environment while Kyro Power generates environmentally friendly energy.

The goal: the best personnel and skills in the field

Each of the Kyro Group's companies has its own practices for developing and providing incentives for its employees. The close cooperation between Group companies enables the sharing of good personnel policies within the Group. The personnel strategy and project for work environment development created by Tamglass act as examples for other Group companies. Bavelloni has adopted personnel policies, work-orientation methods and practices to promote learning at work that match its culture and current situation.

The personnel strategy of Tamglass aims at achieving the best personnel and skills in the field. This includes promoting a culture of discussion, developing skills and management by means of internal and external training, and incentive systems to motivate good work performance. The values of Tamglass – result orientation, customer focus, reliable cooperation, continuous learning and respect for others create the basis for effective policies and guide the personnel towards good work performance.

Regular meetings and performance appraisals help to promote an open atmosphere for discussion. Performance appraisals, held at least once a year throughout the organisation, aim to determine the current skills level and define development needs based on the company's goals. The effectiveness of personnel policies and personnel satisfaction are monitored through regular surveys, comparisons and audits. The results are used to draw up work development plans jointly with the personnel.

Tamglass works in close cooperation with its occupational health care organisation, the goal being to create safe working conditions for everyone. Tamglass and several other enterprises in the Pirkanmaa province have launched a regional skills development centre called the Tampere Business Campus (TBC). The member organisations make use of each others' skills and experience to create new learning methods, skills sharing, and joint learning. Cooperation has enabled Tamglass to provide training and development services to its personnel more cost-efficiently than before.



ANNUAL REPORT 2003



Sustainable machine technology

The environmental friendliness of machine construction is guaranteed through making machines to endure tough use and enable recycling and refurbishing. Second-hand machines replaced by new investments are often serviced and refurbished for use in another customer's production. Repairing and re-selling machines is both an environmental approach and a business opportunity.

Since much of glass processing is based on the heat treatment and cooling of glass, attention is paid in machine construction on the consumption of energy, which is minimised through structural solutions for machines and technology for heating control. Many Tamglass units have adopted an environment system compliant with the ISO 14001 standard.

Natural energy

Kyro Power produces energy in an environmentally friendly manner. The gas-fired power plant mainly uses environmentally friendly natural gas and its turbines are equipped with low-emission combustion chambers. The water level in lake Kyrösjärvi and the situation of the surrounding environment are taken into consideration in the hydropower plant's operations. Release of water into the Kyröskoski rapids is carried out according to environmental norms. The power plants' environmentally friendly operations are based on the requirements of the ISO 14001-compliant environment system. The system was audited in late 2003 and Kyro Power was awarded the ISO 14001 environmental certificate.

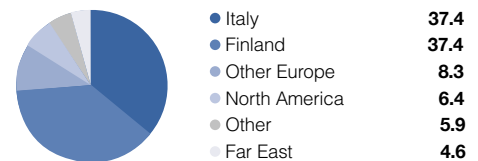
High quality ensures competitiveness and sustainable development

Ensuring the quality of operations and products in the Kyro Group is an important factor in the companies' competitiveness. The quality policy aims to ensure that products and services correspond to requirements set by the Group companies, as well as their customers and other interest groups. For example, the core units of Tamglass have quality assurance systems based on the ISO 9001 quality standard, which are registered and regularly audited by an external institution. The company also aims to reduce the consumption of raw materials and energy, as well as environmental damage, through its own actions.

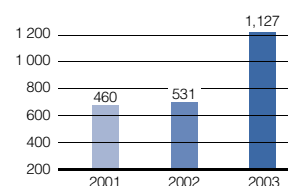
Personnel by function, %



Geographical distribution of personnel, %



Personnel development



Small effort brought great joy

In June 2003 Tamglass arranged a charity auction in conjunction with the Glass Processing Days to collect funds to buy computers for the children's ward at the University Hospital of Tampere. The auction brought in nearly 8,500 euro, which was used to purchase laptops, computer games and computer tables. The laptops make it easier for children with cancer to carry out schoolwork during their hospitalization. The donation was welcomed since the lack of computers had restricted especially the bed patients' possibilities for study and leisure-time activities.



More information:

More information about the Kyro Group and its business areas is available through the company's www-pages, interim reports, and customer magazines of subsidiaries.

Group www-pages: www.kyro.fi

Subsidiary www-pages: www.tamglass.com,

www.bavelloni.com, www.uniglass.com

www.kyropower.fi

In addition, the Tamglass subsidiary of Kyro publishes the most extensive information portal for the global glass industry, the www.glassfiles.com service, which contains more than 5000 pages of technical articles on the latest innovations in the glass industry.

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of Kyro Corporation will be held on Wednesday, 17 March 2004, at 4:00 p.m. at hotel Hilton Helsinki Kalastajatorppa, Helsinki.

Shareholders entered in the register maintained by the Finnish Central Securities Depository Ltd. on 5 March 2004 are entitled to attend the Annual General Meeting.

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

Shareholders wishing to attend the Annual General Meeting must inform the Company by 4:00 p.m. on 12 March 2004 either in writing, addressed to Kyro Corporation, FIN-39200 Kyröskoski, Finland, or by telephone on + 358 3 382 3072 (Ms Terttu Uusitalo), or by e-mail at terttu.uusitalo@kyro.fi

Dividend

The board proposes that a dividend of EUR 0.15 per share and extra dividend EUR 0.15 per share, or a total of EUR 11.9 million, be paid for the fiscal period 2003. The dividend is paid to shareholders listed on the shareholder list of the Finnish Central Securities Depository Ltd on the date of record, which

is 22 March 2004. In accordance with the Board's proposal, the dividend will be paid on 29 March 2004.

Kyro Corporation's financial reporting during 2004

The financial statement was published on 4 February 2004, and the annual report will become available during week 11. Interim reports will be published as follows:

Interim report 1/2004 (1 Jan–31 Mar 2004) will be published 5 May 2004

Interim report 2/2004 (1Jan–31 June 2004) will be published 12 August 2004

Interim report 3/2004 (1Jan–31 Sept 2004) will be published 3 November 2004

The annual and interim reports will be published in Finnish, Swedish and English. Kyro's annual and interim reports can be ordered by phone on +358 3 382 3111, or by e-mail at kristiina.springfelt@kyro.fi.

Ordering stock exchange releases to your e-mail address

It is possible to order stock exchange releases published by Kyro Corporation directly to your e-mail account. As soon as the releases become available at the Helsinki Exchanges, they are sent automatically by e-mail to those who have signed up for the distribution service on the company's home pages, at www.kyro.fi.

Kyro Corporation

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FIN-33731 Tampere

Tel. +358 3 382 3111

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The Annual Report is a translation of the original Finnish text.

KYRO
TECHNOLOGIES
FINANCIAL STATEMENT

2003

REPORT OF THE BOARD OF DIRECTORS

KYRO GROUP STRUCTURE

Kyro's main business area, Glaston Technologies, consists of the glass processing machinery group, which is the leading global player in its field, and the glass processing group, which focuses on markets in Finland and neighbouring countries. Kyro's second business area is Energy, which consists of Kyro Power Oy.

Glaston Technologies grew strongly through acquisitions in 2002 and 2003. The comparison figures for Glaston Technologies in 2002 include only companies acquired by the end of the year 2002. Z. Bavelloni, Glasto and Suomen Lämpöläsi Oy have been consolidated as of 1 January 2003.

NET SALES AND PROFIT

Kyro Group net sales in 2003 grew by 57% through acquisitions and amounted to EUR 226.7 (144.3) million. The strengthening of the euro against other billing currencies slowed the growth of net sales as well as sales. The relative effect of currency exchange rates on profitability was larger. However, Group operating profit before amortisation of goodwill grew by 21% to EUR 22.9 (18.9) million. Its share of net sales was 10.1% (13.1%). Amortisation of goodwill was EUR 3.1 (0.2) million and operating profit after amortisation amounted to EUR 19.8 (18.7) million.

Net financial items amounted to EUR 0.58 (-0.60) million. This includes interest, dividend and other financial income of EUR 2.47 (3.06) million, and interest and other financial expenses of EUR 1.89 (3.66) million. Profit before extraordinary items grew by 13% to EUR 20.4 (18.1) million. Its share of net sales was 9.0% (12.5%).

Profit for the financial year was EUR 12.2 (11.7) million. Return on invested capital stood at 14.1% (13.6%). Earnings per share totalled EUR 0.31 (0.31) and equity per share EUR 3.41 (3.36). Key figures are influenced by the fact, that the number of shares outstanding has grown by 1,318,878 (3.3 %) since the end of the comparison year, because treasury shares have been used as partial consideration in acquisitions.

Business activities of the Group's parent company consist of financing and investing activities, as well as group administration services. The parent company's net sales totalled EUR 0.7 (0.7) million and its profit for the financial period was EUR 41.2 (10.3) million. In the profit has been entered EUR 43.7 million as dividends from subsidiaries under financial income and EUR 17.8 million as group

contributions under extraordinary items.

Kyro's order book increased to EUR 81.4 (67.4) million despite unfavourable currency rate developments. The order book was boosted by a good commercial success in the last quarter and the order books of newly acquired Group companies.

FINANCING

The Group's financial standing is good. Acquisitions and higher than normal dividends decreased the equity ratio to 58.6 (77.1) %. A total of EUR 11.8 million was paid as dividends, of which EUR 5.9 million as dividends decided by the Annual General Meeting and EUR 5.9 million as supplementary dividends decided by an Extraordinary Shareholders' Meeting in December.

Cash flow from business operations was EUR 19.6 (14.7) million. The Group's liquid funds totalled EUR 29.1 (55.7) million. Interest bearing net liabilities amounted to EUR 4.4 (-52.2) million. Gearing stood at 3.2% (-40.5%).

INVESTMENTS

Kyro Group investments amounted to EUR 62.7 (6.8) million, the bulk of which consisted of the purchase cost of Z. Bavelloni, Glasto and Suomen Lämpöläsi Oy shares.

RESEARCH AND PRODUCT DEVELOPMENT EXPENSES

Research and development expenses entered in the income statement for the financial period totalled EUR 9.8 (6.6) million, all relating to Glaston Technologies.

PERSONNEL

At the end of the financial period Kyro Group had 1,127 (531) employees, of whom 706 (161) worked abroad. The average number of employees was 1,015 (536). The number of employees has increased due to acquisitions as well as recruitment at Tamglass plants in China and Brazil. The acquired companies employed 704 persons on 31 December 2003.

	Number of personnel on 31 December	
	2003	2002
Glaston Technologies	1,093	497
Energy	24	24
Kyro Corporation	10	10
Kyro Group	1,127	531

SHARES AND SHARE PRICES

A total of 3,116,471 Kyro Corporation shares were traded on the Helsinki Exchanges in 2003, which equals 7.9 (7.8) % of the total number of shares. The lowest price paid for a Kyro Corporation share on the Helsinki Exchanges was EUR 5.40 and the highest price EUR 8.20. The average price during the year was EUR 7.16.

REPURCHASE AND CONVEYANCE OF TREASURY SHARES

Based on the authorisation given by the Annual General Meeting on 19 March 2003, the Board of Directors decided on 21 March 2003 to purchase a maximum of 1,983,750 treasury shares through public trading on the Helsinki Stock Exchanges at the market value at the time of purchase. The period for share acquisition ends on 19 March 2004. The company had not exercised the authorisation by 4 February 2004.

MANAGEMENT INCENTIVE PROGRAMME

An extraordinary general meeting of Tamglass Ltd. Oy on 20.12.2002 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 1.5.2005-31.5.2009 and 35,000 B options with an exercise period of 1.5.2007-31.5.2009. The options entitle the subscription of at most 70,000 Tamglass Ltd. Oy shares, which correspond to 8.0% of shares in the company.

In accordance with restrictions in the incentive programme, share subscription using options is possible only by permission from 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 calculational value of the share and the subscription price. Two thirds of the calculational value of the share is based on the results of the Tamglass Group and one third on the development of the Kyro share price.

BOARD OF DIRECTORS AND AUDITORS

The term of office of Kyro Corporation's Board of Directors is 2001- 2004. Board members at the beginning of the year were Lauri Fontell, Lars Hammarén, Carl-Olaf Homén, Barbro Koljonen, Carl-Johan Numelin, Carl-Johan Rosenbröjjer, Christer Sumelius and Gerhard Wendt.

On 10 March 2003 Lauri Fontell notified the company that he wished to leave Kyro Corporation's Board of Directors before the end of his term. He was replaced by Heikki Mairinoja for the remainder of the board's term by an unanimous vote. KPMG Wideri Oy were appointed as the company's auditors with Sixten Nyman as the responsible auditor.

The board elected C-J Numelin to continue as the chairman and C Sumelius as the deputy chairman.

Net sales, operating profit and order book, EUR million

	Nets sales		Operating profit**		Order book	
	2003	2002	2003	2002	2003	2002
Glaston Technologies*	198.4	117.8	19.7	15.5	58.8	45.2
Energy	28.3	26.3	5.6	5.5	22.6	22.2
Parent company, other operations	0.0	0.2	-2.4	-2.1		
Group total	226.7	144.3	22.9	18.9	81.4	67.4

* Glaston Technologies' comparison figures for 2002 do not include companies consolidated only after 31 December 2002. ** Operating income before amortisation of consolidation goodwill.

BOARD'S PROPOSAL FOR DIVIDEND FOR THE FINANCIAL PERIOD 2003

The Kyro Corporation Board proposes that a dividend of EUR 0.15 per share plus extra dividend of EUR 0.15 per share totalling EUR 11.8 million, will be paid for the financial period 2003. Dividend-entitling shares totalled 39,510,048 on 4 February 2004.

The dividend is paid to shareholders listed on the ownership list of the Finnish Securities Depository Ltd by the date of record 22 March 2004. The Board proposes that the dividend be paid on 29 March 2004.

ACQUISITIONS

On 20 January 2003 Kyro Corporation purchased all shares of Z. Bavelloni Immobiliare S.p.A. and Glasto Holding B.V. Merging the parent company Z. Bavelloni Immobiliare S.p.A with its operational subsidiary, Z. Bavelloni S.p.A and Kyro Italy S.p.A to form a single company Z. Bavelloni S.p.A. was completed in December. On 7 January 2003 Tamglass Ltd. Oy also purchased a 70% share in Suomen Lämpöläsi Oy, a manufacturer of insulating glass elements.

IFRS ACCOUNTING POLICIES

Kyro Group will adopt accounting policies compliant with the international IFRS standard during 2005. Financial statements and interim reports for 2004 will be based on Finnish accounting principles but the company will simultaneously collect comparison data for the transition period. The most significant changes to accounting principles relate to net sales recognition, the discontinuation of goodwill amortisation, and its replacement with annual impairment testing.

GLASTON TECHNOLOGIES – NET SALES, OPERATING PROFIT AND ORDER BOOK

Glaston Technologies net sales grew by 68% through acquisitions and amounted to EUR 198.4 (117.8) million. The impact of the strengthening of the euro is evident in that net sales would have been 10% higher if exchange rates had remained at their 2002 levels.

Operating profit before amortisation of goodwill increased by 27% to EUR 19.7 (15.5) million, despite a larger relative effect from exchange rates on profitability than on net sales. Operating profit before amortisation of goodwill amounted to 9.9% (13.2%) of net sales. Net sales and operating profit before amortisation of goodwill reached again their highest level for the year in the last quarter.

The sales volume of the Tamglass Group grew clearly, but the increase in the net sales was less due to the currency impact mentioned before. Regional machine manufacturing in Tamglass has been set up to partly cover against strong exchange rate fluctuations and it compensated partly for the impact of the strong euro on profits. Profitability was further improved by new successful products and efficient logistics.

The strengthening of the euro and current economic cycle reduced the net sales and profitability of the Bavelloni Group. The company's new orders have been increasing again since the third quarter.

The order book of Glaston Technologies grew to EUR 58.8 (45.2) million thanks to a record amount of machine orders in December worth EUR 23.5 million. The order book of Bavelloni is clearly smaller than that of Tamglass relative to business volumes because the company's products are mainly supplied from stock, except for some of the biggest CNC lines.

GLASTON TECHNOLOGIES – MACHINERY GROUP

The Glass processing machinery group of Glaston Technologies consists of Tamglass - the market and technology leader in safety glass machinery, Z. Bavelloni - a leading supplier of glass pre-processing machines and tools, Glasto - a group of distribution companies and Uniglass Engineering - a supplier of flat tempering machines. Bavelloni also manufactures machines and tools for stone processing.

Synergies between Tamglass and Bavelloni

Bavelloni and Tamglass launched close cooperation in sales, maintenance and logistics. Synergy benefits were achieved already during the period under review in the form of increased market share as well as cost savings from cooperation in purchasing and logistics. The companies introduced a One-Stop-Partner concept, which offers comprehensive deliveries of glass processing machines and was enthusiastically received.

Markets and sales

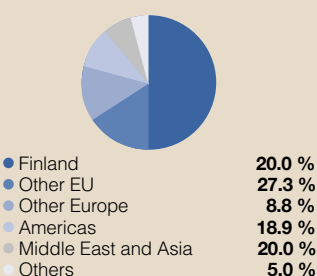
The popularity of glass in architecture, the increasingly general application of value-added glass products, the growing size and new forms of glass surfaces in vehicles, and safety glass regulations all contribute to an increased demand for glass. This establishes a basis for long-term growth by the glass processing machinery group, wherein the the largest growth is seen for safety glass machines.

The current economic cycle slowed the sales of glass processing machines, particularly at the beginning of the year in the U.S. and Central Europe. The investment climate took a clear positive turn in the U.S. in the last quarter. The demand in the Far-East turned good for the whole year, despite the effects of SARS. The situation for Kyro in South America is set by Brazil, where reasonable demand continued. The Iraq war and uncertain situation affected demand in the Middle East.

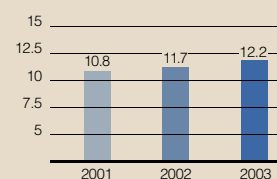
Production and new products

The capacity utilisation rate of machine production in Glaston Technologies was at a good level in the latter part of the year. The production at all

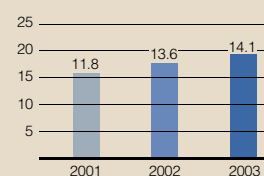
Geographical distribution of net sales 2003



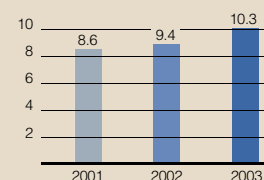
Profit for the year, EUR million



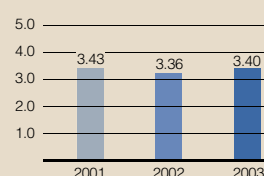
Return on invested capital, %



Return on equity, %



Equity per share, EUR



machinery companies is based on assembly and subcontracting, which enables flexible use of capacity.

Bavelloni strengthened its position in Brazil by starting regional production and acquiring a sales network. The leading position of Tamglass ProBend and ProConvection success products in the most demanding product categories continues to strengthen. Tamglass introduced a new HTF Super version of the world's most popular HTF flat tempering machine. Bavelloni launched, e.g., CNC lines for large glass sheets and a cost-effective grinding machine.

All operations of Uniglass Engineering were centralised at the company's machinery plant, which creates cost savings and improves operational efficiency. To complement its flat tempering machine range, Uniglass Engineering launched a new UGT UniTop model in late 2003.

Maintenance services

The current economic cycle and the situation in Middle East lowered the capacity utilisation rate of the glass processing industry, which affected sales of maintenance services. Still, the number of maintenance contracts continued to grow. Purchase decisions for secondhand machines have also largely been postponed to the beginning of 2004.

Tamglass launched several renovation and change packages, which may be used to enhance machine operations to meet new processing needs. The global maintenance network of Tamglass and Bavelloni was expanded in Eastern Europe and other locations.

GLASTON TECHNOLOGIES – GLASS PROCESSING

The glass processing group of Glaston Technologies consists of Tamglass Glass Processing, which includes Tamglass Safety Glass - a safety glass processor, Tamglass Finton – a balcony systems manufacturer and Tamglass Insulating Glass – an insulating glass element manufacturer.

Markets and sales

The use of glass in Finnish construction is at a good level. The economic situation reduces new office construction, which is a very important application area for glass. Building renovations, on the other hand, have a strong emphasis on glass construction.

The business concept of Tamglass Glass Processing, which provides comprehensive deliveries, has been well received by customers. Tamglass Finton and Tamglass Insulated Glass increased their volumes significantly after becoming part of Tamglass Glass Processing.

Tamglass Glass Processing launched a business concept for comprehensive deliveries of glass processing products, which was well received by customers. In addition, glass processing units strengthened their sales organisations.

Tamglass Glass Processing delivered glass to several demanding construction projects, such as the main post office in Stockholm, the ferry terminal in the southern port of Helsinki, the Ikea headquarters in Helsingborg, and the new annex at

the University of Tampere among others.

Essential overall glass processing expertise

Tamglass Glass Processing enhanced its operations to meet the demands of its new business concept. The glass processing plants have achieved cost savings from internal deliveries and centralised purchasing. Based on its own efficient operations, Tamglass Glass Processing provides the product development of the glass processing machinery group with market information concerning trends in glass processing requirements and acts as a testing and demonstration plant for new machines.

ENERGY

Net sales, operating profit and order book

The net sales of the energy business area was EUR 28.3 (26.3). Operating profit amounted to EUR 5.6 (5.5) million. Its share of net sales was 19.6% (20.9%). Kyro Power's order book (12 months) totalled EUR 22.6 (22.2).

Development of energy markets

The market price of electricity fluctuated greatly. The volume of Nordic hydropower production decreased during the cold winter and dry summer, which led to an increase in the electricity prices. Rains and a mild early winter, however, reduced the price of electricity in the latter part of the year. On average, the market price of electricity exceeded that of the previous year by one-third.

Energy production

The turbine of the gas power plant underwent corrective maintenance in the autumn. Low water levels in Kyrösjärvi restricted the utilisation rate of the hydropower plant.

Acquisition of the Hämeenkyrö district heating network

Kyro Power acquired the district heating network of the Hämeenkyrö municipality, which strengthens the company's district heating operations. The district heating operations of Hämeenkyrö were transferred to Kyro Power's subsidiary, Hämeenkyrön Lämpö Oy, in October.

FUTURE OUTLOOK

The basic set-ups for the business areas within the Kyro Group are good. Glaston Technologies is the world market leader in a growing business segment, and it has a good order book. The business of Kyro Power is stable and profitable.

The major unknowns in 2004 concerning Kyro relate to the exchange rate of the euro and changes in it, as well as the general economic development, particularly in the large EU countries.

Glaston Technologies aims at improving its profitability by developing its operations and making use of synergy benefits. If the exchange rate of the euro remains at its current level or strengthens further, year 2004 will be more challenging to Kyro than the previous one.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan-31 Dec 2003	%	1 Jan-31 Dec 2002	%
Net sales	1	226,689	100.0	144 263	100.0
Increase (+) and decrease (-) in inventories of finished products and work in progress		1,164		-2,225	
Production for own use		80			
Other operating income	2	1,566		902	
Materials and services	3	109,181		66,046	
Personnel expenses	4	50,970		23,435	
Amortisation and write-downs	5	9,900		5,422	
Other operating expenses	6	39,635		29,337	
Operating profit		19,813	8.7	18,701	13.0
Net financial items	7	578		-598	
Profit before taxes		20,391	9.0	18,103	12.5
Income tax	10	-6,716		-5,741	
Minority interest		-1,458		-645	
Profit for the financial year		12,217	5.4	11,717	8.1

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec 2003	31 Dec 2002
ASSETS			
Fixed assets			
Intangible assets	11	57,514	6,190
Tangible assets	11	55,973	54,601
Investments	12,13	4,202	4,260
Treasury shares	12	950	8,548
Fixed assets, total		118,640	73,599
Current assets			
Inventories	14	32,218	15,682
Deferred tax asset	15	8,347	6,062
Long-term receivables	16	4,599	1,221
Short-term receivables	16	53,187	34,773
Marketable securities	17	8,400	6,441
Cash and equivalents		20,747	49,280
Current assets, total		127,498	113,457
		246,138	187,056
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	6,348	6,348
Share premium fund	18	31,618	31,332
Reserve shares	18	950	8,548
Retained earnings	18	84,501	78,736
Profit for the financial year	18	12,217	11,717
Subordinated loan	18	245	428
Shareholders' equity, total		135,879	137,109
Minority interest		2,235	745
Obligatory reserve	20	5,574	
Liabilities			
Deferred taxes	21	8,425	6,872
Long-term liabilities	22	1,432	2,572
Short-term liabilities	23	92,594	39,759
Liabilities, total		108,024	49,203
		246,138	187,056

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

EUR 1,000	2003	2002
Cash flow from business operations		
Payments from sales	238,506	145,593
Payments from other operating income	610	891
Operating costs	-213,486	-125,946
Cash flow from business operations before financial items and taxes	25,631	20,538
Paid interest and other financial expenses	-2,225	-3,486
Interest from business operations	1,429	2,721
Dividends from business operations	263	218
Direct taxes	-5,474	-5,324
Cash flow from business operations	19,623	14,668
Cash flow from investments		
Investments in tangible and intangible assets	-5,543	-1,628
Proceeds from tangible and intangible assets	226	543
Acquisition of subsidiaries	-69,425	-2,329
Cash flow from investments	-74,742	-3,413
Cash flow from financing		
Share repurchases		-9
Assignment of treasury shares	8,000	670
Change in current receivables	1,396	135
Increase in short-term liabilities	31,000	
Decrease in long-term liabilities	-2,132	-4,388
Dividends paid and other distributions of profit	-11,746	-13,318
Other financial items, purchase/sale (+/-)	69	2,223
Cash flow from financing	26,587	-14,687
Change in cash and equivalents	-28,533	-3,432
Cash and equivalents at the start of the financial year	49,280	52,712
Cash and equivalents at the end of the financial year	20,747	49,280
	-28,533	-3,432

INCOME STATEMENT OF THE PARENT COMPANY

EUR 1,000	Note	1 Jan–31 Dec 2003	1 Jan–31 Dec 2002
Net sales	1	722	660
Other operating income	2	26	784
Personnel expenses	4	1,888	1,647
Depreciation	5	129	133
Other operating expenses	6	1,270	1,084
Operating profit		-2,539	-1,420
Net financial income	7	42,084	12,743
Profit before extraordinary items		39,544	11,323
Extraordinary items	8	17,800	3,800
Profit before appropriations and taxes		57,344	15,123
Appropriations	9	-8	
Income tax	10	-16,164	-4,872
Profit for the financial year		41,172	10,251

BALANCE SHEET OF THE PARENT COMPANY

EUR 1,000	Note	1 Jan–31 Dec 2003	1 Jan–31 Dec 2002
ASSETS			
Fixed assets			
Intangible assets	11	61	17
Tangible assets	11	2,537	2,488
Investments	12,13	56,737	33,890
Own shares	12	950	8,548
Fixed assets, total		60,284	44,943
Current assets			
Short-term receivables	16	80,711	16,760
Bonds and securities	17	7,630	6,441
Cash at bank and in hand		11,593	42,913
Current assets, total		99,934	66,114
		160,218	111,057
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	6,348	6,348
Share premium fund	18	31,618	31,332
Reserve for own shares	18	950	8,548
Retained earnings	18	22,633	16,625
Profit for the financial year	18	41,172	10,251
Shareholders' equity, total		102,721	73,104
Accumulated appropriations	19	20	12
Liabilities			
Short-term liabilities	23	57,477	37,942
Liabilities, total		57,477	37,942
		160,218	111,057

PARENT COMPANY SOURCE AND APPLICATION OF FUNDS

EUR 1,000	1 Jan–31 Dec 2003	1 Jan–31 Dec 2002
Cash flow from business operations		
Payments from sales	633	825
Payments from other operating income	17	784
Operating costs	-3,272	-4,449
Cash flow from business operations before financial items and taxes	-2,621	-2,841
Paid interest and payments for other financing of business operations	-1,319	-3,183
Received interest from business operations	583	2,676
Received dividends from business operations	10,263	2,218
Cash flow before extraordinary items	6,906	-1,129
Cash flow from extraordinary items in business operations	3,800	
Cash flow from business operations	10,706	-1,129
Cash flow from investments		
Investments on tangible and intangible assets	-231	-12
Acquisition of subsidiaries	-22,463	-7,172
Profit from sales of other investments	50	506
Cash flow from investments	-22,644	-6,677
Cash flow from financing		
Acquisition of own shares		-9
Assignment of own shares	8,000	670
Change in current receivables	-19,563	7,593
Increase in short-term liabilities	3,859	8,497
Dividends paid and other distribution of profit	-11,746	-13,318
Other financial items, purchase/sale (+/-)	68	2,223
Cash flow from financing	-19,382	5,656
Change in liquid assets	-31,320	-2,150
Liquid assets at the start of the financial year	42,913	45,063
Liquid assets at the end of the financial year	11,593	42,913
	-31,320	-2,150

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.

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.

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. 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	3–10 years
Other tangible assets	5–40 years

Valuation of inventories

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

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.

Compulsory provisions

The severance pay of the Italian personnel, spread in accordance with local legislation and practice, as well as the resulting obligation, have been recorded as compulsory provisions

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

EUR 1,000	Group		Parent company	
	2003	2002	2003	2002
1. Net sales				
Net sales by business area				
Parent company	223	208		
Glaston Technologies	198,393	117,753		
Energy	28,074	26,302		
Net sales, total	226,689	144,263		
Net sales by market area				
Finland	45,252	32,214		
EU Member States	61,821	34,001		
European countries outside EU	19,988	12,914		
North and South America	42,796	26,064		
Middle East and Far East	45,407	35,742		
Others	11,426	3,329		
Total	226,689	144,263		
2. Other operating income				
Sales revenue from selling fixed assets	169	32		
Rental income	46	39		
Other income	1,352	832	26	784
Other operating income, total	1,566	902	26	784
3. Materials and services				
Materials and supplies				
Purchases during the financial year	77,738	46,706		
Changes in inventories of materials and supplies	2,320	-248		
	80,058	46,458		
External services	29,123	19,588		
Materials and supplies, total	109,181	66,046		
4. Personnel expenses				
Salaries and fees	39,283	18,884	1,513	1,296
Pension expenses	3,427	2,616	310	263
Other personnel expenses	8,261	1,935	65	88
Total	50,970	23,435	1,888	1,647
Salaries and remuneration paid to members of the Board and Presidents	2,021	1,164	844	784
<p>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 directors' fees. The president of the Parent Company has received a loan of EUR 84,093. The interest rate charged on the loan is the basic rate confirmed by the Ministry of Finance.</p>				
Group and Parent Company employees during financial year, average				
Management and administrative personnel	474	309	10	10
Production personnel	541	227		
Total	1,015	536	10	10

EUR 1,000	Group		Parent company	
	2003	2002	2003	2002
5. Depreciation and amortisation				
Depreciation according to plan				
Intangible assets				
Intangible rights	776	337	9	10
Group goodwill	3,070	219		
Other capitalised expenditures	325	254	6	7
Tangible assets				
Buildings and structures	1,299	1,305	66	66
Machinery and equipment	3,933	3,022	25	28
Other tangible assets	498	286	23	23
Depreciation according to plan, total	9,900	5,422	129	133
6. Other operating expenses				
Loss on disposal of fixed assets	11	6		
Rents	3,277	1,269	139	128
Other expenses	36,348	28,061	1,131	957
Other operating expenses, total	39,635	29,337	1,270	1,084
7. Net financial items				
Dividend income				
from Group companies			43,656	14,085
from others	363	189	363	189
Dividend income, total	363	189	44,020	14,274
Interest income from long-term investments from Group companies				
Other interest and financial income				
from Group companies			1,053	168
from others	2,108	2,881	617	2,410
Interest income, total	2,108	2,881	1,670	2,577
Interest income from long-term investments and other interest and financial income, total	2,108	2,881	1,670	2,577
Investment depreciation write downs				
Depreciation on fixed asset investment	-6	-411	44	-1,236
Depreciation on securities carried as current assets	689	-2,222	689	-2,222
Depreciations total	683	-2,632	733	-3,458
Interest and other financial expenses				
to group companies			-520	-644
to others	-2,577	-1,036	-3,819	-6
Interest expenses, total	-2,577	-1,036	-4,339	-650
Interest and other financial expenses, total	-1,894	-3,669	-3,606	-4,108
Net financial items, total	578	-598	42,084	12,743
Other financial income and expenses include foreign exchange gains (net)	-665	11	-1	0

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Group		Parent company	
	2003	2002	2003	2003
8. Extraordinary income				
Extraordinary income				
Received Group contributions			17,800	3,800
Extraordinary income and expenses, total			17,800	3,800
9. Financial statement transfers				
Difference between depreciation according to plan and actual depreciation in taxation			9	
Total			9	
10. Income taxes				
Income tax for extraordinary items			5,162	1,102
Income taxes for actual business operations	8,365	5,936	11,002	3,770
Change in deferred tax receivable				
Based on Group companies' own financial statements	-595	86		
Consolidation measures	73	219		
Timing differences	-897	-288		
Change in deferred tax liability				
Appropriations	-231	-212		
Total	6,716	5,741	16,164	4,872

BALANCE SHEET

EUR 1,000	Intangible rights	Goodwill	Group goodwill	Other capitalised long-term expenses	Total
11. Fixed assets and other long-term investments					
Intangible assets, Group					
Cost basis 1 January 2003	3,864		6,789	4,571	15,224
Translation difference	-48			-71	-120
Additions	1,604	1,284	51,967	803	55,658
Disposals				-151	-151
Reclassification of items	19			-19	
Acquisition cost 31 December 2003	5,438	1,284	58,756	5,133	70,611
Accumulated amortisation 1 January 2003	-2,797		-2,210	-4,027	-9,034
Translation difference	21			30	51
Accrued depreciation from deductions and transfers	-0			57	57
Depreciation during the fiscal year	-776		-3,070	-325	-4,171
Accrued depreciation 31 December 2003	-3,552		-5,280	-4,265	-13,097
Book value 31 December 2003	1,886	1,284	53,476	868	57,514
Book value 31 December 2002	1,067		4,579	544	6,190
Intangible assets, Parent Company					
Acquisition cost 1 January 2003	129			175	303
Increase	54			5	59
Acquisition cost 31 December 2003	182			180	362
Accrued depreciation 1 January 2003	-117			-169	-286
Depreciation during the fiscal year	-9			-6	-15
Accrued depreciation 31 December 2003	-126			-175	-301
Book value 31 December 2003	56			5	61
Book value 31 December 2002	11			6	17

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, Group						
Acquisition cost 1 January 2003	3,396	28,549	48,909	6,140	24	87,019
Translation difference	-22	-246	-370	-123		-760
Increase	33	435	5,328	1,567	291	7,654
Decrease			-1,550	-161		-1,711
Acquisition cost 31 December 2003	3,407	28,738	52,318	7,423	316	92,202
Accrued depreciation 1 January 2003		-9,782	-20,958	-1,678		-32,417
Translation difference		92	298	89		479
Accrued depreciation from deductions and transfers			1,290	150		1,440
Depreciation during the fiscal year		-1,299	-3,933	-498		-5,729
Accrued depreciation 31 December 2003		10,988	-23,303	-1,937		-36,228
Book value 31 December 2003	3,407	17,750	29,015	5,486	316	55,973
Book value 31 December 2002	3,396	18,767	27,951	4,462	24	54,601
Tangible assets, Parent Company						
Acquisition cost 1 January 2003	1,500	993	307	422		3,222
Increase	33	63	74	3		173
Decrease			-31			-31
Acquisition cost 31 December 2003	1,533	1,056	350	425		3,364
Accumulated depreciation 1 January 2003		-201	-260	-273		-734
Accumulated depreciation from deductions and transfers			21			21
Depreciation during the fiscal year		-66	-25	-23		-114
Accumulated depreciation 31 December 2003		-267	-265	-296		-827
Book value 31 December 2003	1,533	789	85	129		2,537
Book value 31 December 2002	1,500	792	47	149		2,488
Group	2003	2002				
Book value of the production machinery and equipment	26,840	27,351				

EUR 1,000	Shares Group companies	Shares others	Own shares	Total
12. Investments, Group				
Acquisition cost 1 January 2003		4,260	8,548	12,808
Decrease		-58	-7,598	-7,656
Acquisition cost 31 December 2003		4,202	950	5,152
Book value 31 December 2003		4,202	950	5,152
Book value 31 December 2002		4,260	8,548	12,808
Investments, Parent Company				
Acquisition cost 1 January 2003	29,643	4,247	8,548	42,438
Increase	30,796			30,796
Decrease	-7,891	-58	-7,598	-15,547
Acquisition cost 31 December 2003	52,547	4,189	950	57,687
Book value 31 December 2003	52,547	4,189	950	57,687
Book value 31 December 2002	29,643	4,247	8,548	42,438

NOTES TO THE FINANCIAL STATEMENTS

13. Companies owned by the Group and the Parent Company

Parent Company shares/holdings

Group companies	Domicile	Group ownership %	Parent Company %	Number	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
Hämeenkyrön Lämpö Oy	Kyröskoski, Finland	100.0				
Uniglass Engineering Oy	Tampere, Finland	100.0	100.0	20,000	400	6,351
Tamglass Ltd. Oy	Tampere, Finland	100.0	100.0	800,000	1,600	6,728
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, U.S.A	100.0				
Tamglass Tempering Systems, Inc.	Cinnaminson, N.J., U.S.A	100.0				
Tamglass UK Ltd.	Nottinghamshire, UK	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	85.0				
Tamglass Tianjin Co. Ltd	Tianjin, China	100.0				
Tamglass Finton Oy	Hollola, Finland	64.9				
Tamglass Lämpölasi Oy	Lempäälä, Finland	70.0				
Kiint. Oy Kauppilaisenkatu 2	Tampere, Finland	100.0				
Kiint. Oy Alhonmetsä	Tampere, Finland	100.0				
Z. Bavelloni S.p.A.	Bregnano, Italy		100.0	10,000,000	10,000	11,479
Glasto Holding BV	Sittard, Netherlands		100.0	200	18	18,520
Glasto Finance BV	Sittard, Netherlands	100.0				
Z. Bavelloni Netherlands BV	Hoensbroek, Netherlands	100.0				
Z. Bavelloni UK Ltd.	Rugby, United Kingdom	100.0				
Z. Bavelloni France SA	Chassieu, France	100.0				
Z. Bavelloni Mexico S.A. de C.V.	Jalisco, Mexico	100.0				
Z. Bavelloni Servicios S.A. de C.V.	Jalisco, Mexico	100.0				
Z. Bavelloni USA Inc.	Greenboro NC, U.S.A	100.0				
Z. Bavelloni Singapore Pte Ltd	Singapore	100.0				
Z. Bavelloni Imp. e Export Ltda	São Paulo, Brazil	100.0				
Total						52,547

Other shares and holdings owned by the Parent Company

Shares and holdings	Ownership %	Number	Nominal value EUR/share	Book value
Tecnomen Corporation		733,162	0.08	880
Kiinteistö Oy Torikyrö	63.4	804	84	240
Other housing companies				194
Other shares and holdings				39
Total				1,353

Other Parent Company investments	Number	Nominal value, EUR/share	Book value
Pohjolan Voima Oy C	52,877	2	2,472
Pohjolan Voima Oy V	7,788	2	364
Pohjolan Voima Oy H	1,860	2	
Total			2,836

EUR 1 000	Group		Parent company	
14. Current assets	2003	2002	2003	2002
Materials and supplies	10,904	5,365		
Work in progress	12,067	10,091		
Finished goods	9,247	226		
Fixed assets, total	32,218	15,682		
15. Deferred tax assets				
Inputed tax receivables				
In the Group companies' own balance sheets	3,145	1,775		
Periodising differences	4,372	3,718		
Combination measures	830	569		
Inputed tax receivables, total	8,347	6,062		
16. Receivables				
Long-term receivables				
Accounts receivable	4,114	1,221		
Other receivables	486			
Long-term receivables, total	4,599	1,221		
Short-term receivables				
Accounts receivable	45,484	27,818		
Loan receivables	177	105	88	84
Other receivables	2,300	584		
Prepaid expenses and accrued income	5,226	6,267	426	1,741
	53,187	34,773	514	1,825
Receivables from Group companies				
Loan receivables			26,101	1,113
Prepaid expenses and accrued income			54,096	13,823
			80,197	14,935
Short-term receivables, total	53,187	34,773	80,711	16,760
Prepaid expenses and accrued income				
Personnel expenses	160	102	4	11
Interest income	16	41	910	59
Income taxes	1,826	1,259		8
Indirect taxes	1,473	1,139	375	209
Dividends receivable			30,996	10,000
Group contribution			17,800	3,800
Others	1,751	3,726	4,437	1,478
Prepaid expenses and accrued income, total	5,226	6,267	54,522	15,564
17. Marketable assets				
Financial assets include publicly traded equities and debt instruments.				
Replacement value	9,100	6,569	8,330	6,569
Book value	8,400	6,441	7,630	6,441
Difference	700	128	700	128

NOTES TO THE FINANCIAL STATEMENTS

EUR 1,000	Group		Parent company	
18. Shareholders' equity	2003	2002	2003	2002
Share capital 1 January	6,348	6,348	6,348	6,348
Share capital 31 December	6,348	6,348	6,348	6,348
Share premium account 1 January	31,332	31,212	31,332	31,212
Profit from the assignment of own shares	286	120	286	120
Share premium account 31 December	31,618	31,332	31,618	31,332
Reserve of own shares 1 January	8,548	9,040	8,548	9,040
Transfer from earnings of previous fiscal year		9		9
Assignment of treasury shares	-7,598	-501	-7,598	-501
Reserve of own shares 31 December	950	8,548	950	8,548
Retained earnings	90,453	93,138	26,876	29,457
Dividends	-11,841	-13,331	-11,841	-13,331
Exchange rate and translation difference	-1,709	-1,570		
Transfer to reserve of treasury shares		-9		-9
Assignment of own shares	7,598	501	7,598	501
Dividends not drawn		7		7
Retained earnings 31 December	84,501	78,736	22,633	16,625
Profit for the financial year	12,217	11,717	41,172	10,251
Subordinated loan	245	428		
Shareholders equity on 31 December	135,879	137,109	102,721	73,104

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 after all debts. Otherwise, equity can only be returned, if the restricted 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 2004. Interest on the loan has been entered in the interest expenses of the income statement.

Account of distributable funds, 31 December				
Retained earnings	84,501	78,736	22,633	16,625
Profit for the financial year	12,217	11,717	41,172	10,251
Reserve of own shares	950	8,548	950	8,548
Activated research and product development expenses	-99			
Portion of accrued depreciation differences and voluntary reserves entered under shareholders' equity	-16,220	-16,772		
Acquisition cost of own shares	-950	-8,548	-950	-8,548
Distributable funds	80,399	73,681	63,805	26,876

EUR 1,000	Group		Parent company	
19. Accumulated appropriations	2003	2002	2003	2002
Accumulated depreciation difference 1 January			12	12
Increase (+) Decrease (-)			9	
Accumulated depreciation difference 31 December			20	12
Accumulated appropriations in the Parent Company consist of accumulated depreciation difference.				
20. Obligatory reserves				
Obligatory reserve for personnel in Italy	5,574			
Obligatory reserves	5,574			
21. Deferred taxes				
Deferred taxes				
Financial statement transfers	8,425	6,872		
Deferred taxes	8,425	6,872		
22. Long-term liabilities				
Loans from financial institutions	1,150	2,333		
Other liabilities	282	239		
Long-term liabilities	1,432	2,572		
Long- and short-term non-interest-bearing liabilities				
Non-interest-bearing liabilities	66,161	38,675	4,945	1,540
Deferred tax liability	8,425	6,872		
Non-interest-bearing debts, total	74,585	45,547	4,945	1,540
23. Short-term liabilities				
Loans from financial institutions	2,197	1,084		
Other liabilities	30,000			
Advances received	11,530	11,379		
Accounts payable	17,292	6,312	50	194
Short-term liabilities, total	61,019	18,775	50	194
Liabilities to Group companies				
Accounts payable			5	3
Other liabilities			44,836	36,402
Accrued liabilities and deferred income			142	149
Liabilities to Group companies, total			44,983	36,554
Other short-term liabilities	6,654	2,042	7,913	296
Accrued liabilities and deferred income	24,921	18,942	4,532	899
Short-term liabilities, total	92,594	39,759	57,477	37,942
Accrued liabilities and deferred income				
Salary and other periodised personnel expenses	4,513	3,851	968	856
Interest	469	105	190	155
Direct taxes	4,203	1,006	3,388	
Other	15,737	13,981	128	37
Accrued liabilities and deferred income, total	24,921	18,942	4,674	1,048

EUR 1,000	Group		Parent company	
	2003	2002	2003	2002
24. Contingent liabilities				
Mortgages as securities for loans				
Loans from financial institutions	64	439		
Company mortgages	420	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	777	370	17	19
With a later due date	648	443	20	37
Total	1,425	813	37	56

Normal conditions apply to the leasing agreements.

Pledges

On own behalf	1,423	1,863		
On behalf of Group companies			28,097	9,573
On behalf of others		46		
Repurchase obligations	2,060	3,252	1,486	1,812
Other liabilities	13,534	1,625	34	438

25. Values of the underlying instruments of derivative contracts

	2003		2002	
	Market value	Value of underlying instrument	Market value	Value of underlying instrument
Currency derivatives				
Forward agreements	22,697	24,122	17,522	18,442
Derivative contracts for electricity	2,534	2,664	5,427	3,174

MANAGEMENT OF FINANCIAL RISKS AND ENERGY PRICE RISK

Financial risks

The Group's financial risks comprise currency risks, interest rate risks, and liquidity risks. The Group's principle is to hedge itself against the negative impact these risks may have on the result and on the balance sheet. Management of risks related to currency and counterparties in connection with normal business transactions is a part of the operational activities of the Group companies. The rest of the Group's financial activities are concentrated in the Parent Company, which is in charge of bank relations, arrangements for long-term financing, investments, and the Group's internal allocation of funds according to the need for liquidity in the Group companies. The Group has no foreign currency denominated loans in Finland. Credit lines of a working capital nature secured by subsidiaries outside Finland are held in the currencies of the

countries concerned. Currency positions consist of receivables and liabilities by non-euro, and of currency income and expenses based on binding orders. The net positions are primarily hedged by means of forward contracts for a maximum of 12 months. After the introduction of euro at the beginning of 1999, the currency risk has mainly been caused by the changes in the rates of euro and US dollar. The Group has not hedged the shareholders' equity in its subsidiaries outside Finland. Liquid funds are invested prudently to ensure that the Group retains the capability to make investments and acquisitions. Funds are invested in money market instruments, 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 longterm electric supplier contracts and derivative contracts for electricity. Derivatives are not used in the management of the electric power fuel risk. On 31 December 2003, Kyro Power Oy had financial contracts for electricity worth 82.5 GWh (2002: 91,9 GWh). Kyro Power Oy electricity sales in 2003 amounted to 466 GWh (2002: 431 GWh).

FINANCIAL PERFORMANCE INDICATORS

EUR million			Official	pf	Compar. pf	pf
	2003	2002	31.3–31.12.01	2001	2000	2000
Consolidated income statement						
Net sales	226.7	144.3	110.9	147.0	117.3	117.3
change	57.1	-1.8		25.2	18.5	18.5
Exports and international operations	181.4	112.1	85.0	111.0	85.0	85.0
as % of net sales %	80.0	77.7	76.6	75.5	72.4	72.4
Depreciation and amortisation without consolidated goodwill	6.8	5.2	3.9	5.0	4.7	4.7
Operating profit before amortisation of consolidated goodwill	22.9	18.9	13.2	17.3	16.6	55.5
as % of net sales %	10.1	13.1	11.8	11.7	14.2	47.3
Amortisation of consolidated goodwill	3.1	0.2	0.1	0.1	0.2	0.2
Operating profit	19.8	18.7	13.1	17.2	16.4	55.3
as % of net sales %	8.7	13.0	11.8	11.7	14.0	47.2
Net financial items	0.6	-0.6	1.1	-0.9	-4.9	-4.1
Profit before taxes	20.4	18.1	14.2	16.3	11.5	51.2
as % of net sales %	9.0	12.5	12.8	11.1	10.0	43.6
Income tax	-6.7	-5.7	-3.7	-4.3	-3.4	-14.9
Minority interest	-1.5	-0.6	-1.1	-1.2	-1.7	-1.7
Profit for the fiscal year	12.2	11.7	9.5	10.8	6.3	34.5
Balance sheet						
Fixed assets	118.6	73.6	71.9	71.9		65.1
Current assets						
Inventories	32.2	15.7	15.7	15.7		15.0
Deferred tax assets	8.3	6.1	4.0	4.0		2.9
Receivables	86.9	91.7	99.7	99.7		107.7
Shareholders' equity	135.9	137.1	139.7	139.7		140.7
Minority interest	2.2	0.7	3.4	3.4		2.2
Obligatory reserves	5.6					
Liabilities						
Interest-bearing liabilities	33.4	3.7	4.5	4.5		5.9
Non-interest-bearing liabilities	60.6	38.7	36.7	36.7		34.8
Deferred tax liability	8.4	6.9	7.1	7.1		7.0
Balance sheet total	246.1	187.1	191.4	191.4		190.7
Return on capital invested %	14.1	13.6	14.1	11.8		36.3
Return on equity %	10.3	9.4	10.5	8.6		28.3
Equity ratio %	58.6	77.1	79.7	79.7		80.9
Debt/equity ratio %	3.2	-40.5	-45.0	-45.0		-47.0
Interest-bearing net liabilities	4.4	-52.2	-60.4	-60.4		-67.2
as % of net sales %	1.9	-36.2	-40.8	-41.1		-57.3
Gross investments	62.7	6.8	2.6	3.5		6.6
as % of net sales	27.7	4.7	2.3	2.4		5.6
Research and development	9.8	6.6	6.3	7.4		5.4
as % of net sales	4.3	4.6	5.7	5.1		4.6
Order book	81.4	67.4	71.7	71.7		87.7
Personnel, average	1,015	536	471	464		428
Personnel at year-end	1,127	531	460	460		435
in Finland	421	370	302	302		301

*) Comparative income statement without the effect of the gain from 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 =

$$\text{Net interest-bearing liabilities – interest – bearing receivables – cash and other liquid financial assets}$$

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, % =

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

P/E ratio =

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

Market capitalisation =

$$\text{Number of shares} \times \text{adjusted share price on 31 December}$$

BOARD'S PROPOSAL FOR THE ANNUAL GENERAL MEETING

According to the consolidated balance sheet on 31 Dec 2002, equity amounts to EUR 97,668,275 of which distributable assets amount to EUR 80,399,191.

According to the balance sheet on 31 Dec 2003, the Parent Company's equity amounts to EUR 64,754,834 of which distributable funds amount to EUR 63,804,594.

On 3 February 2004, dividend-entitling shares numbered 39,510,048.

The Board proposed to the Annual General Meeting a dividend of EUR 0.15 per share, that is, a total of EUR 5,926,507, and an additional dividend of EUR 0.15 per share, or a total of EUR 5,926,507. This leaves EUR 51,951,579 of unused profit funds at the Parent Company.

Carl-Johan Numelin	Christer Sumelius
Lars Hammarén	Barbro Koljonen
Carl-Johan Rosenbröjjer	Carl-Olaf Homén
Gerhard Wendt	Heikki Mairinoja

Pentti Yliheljo, President

AUDITORS' 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 2003. 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, 3 February 2004
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 2003 to 31 December 2003, the shares of the new Kyro Corporation were traded at a total of 3,116,471, i.e. 7.9 per cent of the maximum share amount. At the end of the period under review, the market value of the share capital was EUR 313,432,500. At the end of the same period, the company had 3,656 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 8.20 the lowest price EUR 5.40. The average price during the fiscal year was EUR 7.16.

Management ownership of shares

The total number of shares owned by the

members of the board and the Managing

Director on 31 December 2003 was 3,140,100. These shares account for 7.91% of the entire share portfolio.

Management incentive and commitment programme

On 20 December 2002, the Extraordinary Shareholders' Meeting of Tamglass Ltd. Oy approved a new incentive programme for the management, which can be made available to Tamglass Group's key personnel and Kyro's management. The incentive programme includes 35,000 A warrants to be used between 1 May 2005 and 31 May 2009, and 35,000 B warrants to be used between 1 May 2007 and 31 May 2009. The warrants can be used to subscribe to a total of 70,000 Tamglass Ltd. Oy shares, corresponding to 8.0% of the company's share capital.

According to the limitation applicable to the incentive programme, subscription of shares with warrants is only allowed with permission of Kyro Corporation, but shares 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.

Kyro Corporation purchased the warrants included in the incentive programme approved by the Annual General Meetings of Tamglass Ltd. Oy in 1997, 1998 and 1999 from their original holders before 31 December 2003. Kyro Corporation has cancelled the warrants it purchased.

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

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 2003. A register of shareholders is maintained by the Finnish Central Securities Depository Ltd.

Board authorisations

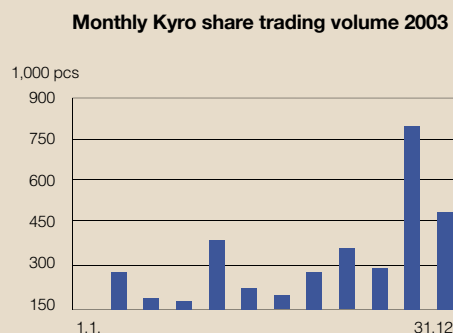
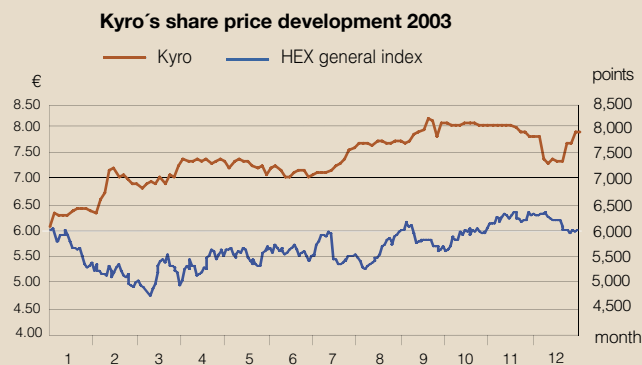
The Board of Directors has no authorisation to change the share capital. Kyro Corporation's Annual general meeting on 19 March 2003 authorized the Board of Directors of Kyro Corporation to purchase a maximum of 1,983,750 own shares by way of Helsinki Stock Exchange public trading and at the market value 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.

The company has not exercised this authorisation during fiscal period.

Based on the authorisation granted to the Board by the Annual General Meeting, Kyro Corporation assigned on January 2003 its own shares as part payment in a deal of Z. Bavelloni Spa, Italy, and Suomen Lämpöläsi Oy and on September 2003 as part payment in a deal with which Kyro Corporation acquired the entire share portfolio of Uniglass Engineering Oy.

On 31 December 2003 Kyro Corporation had acquired a total of 164,952 own shares at an acquisition price of EUR 950,240,69. The shares constitute 0.4% of all votes and shares.

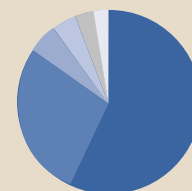


Distribution of share ownership

The ownership of Kyro Corporation on shares was distributed at 31 December as follows:

Number of shares	Owners	% of shares	Number of shares	% of portfolio
1-500	2,072	56.67	515,246	1.30
501-1,000	708	19.37	563,620	1.42
1,001-5,000	581	15.89	1,381,314	3.48
5,001-10,000	79	2.16	607,473	1.53
10,001-50,000	113	3.09	2,967,863	7.48
50,001-100,000	40	1.09	2,829,680	7.13
100,001-500,000	50	1.37	10,305,989	25.98
500,001-	13	0.36	20,466,215	51.58
Total	3,656	100.00	39,637,400	99.92
In the joint account			37,600	0.09
Total			39,675,000	100.00

Ownership by sector



Private household and individuals	57.4 %
Private companies	26.8 %
Foreign owners	5.1 %
Banks and insurance companies	4.6 %
Non-profit organisations	3.5 %
Public organisations	2.6 %

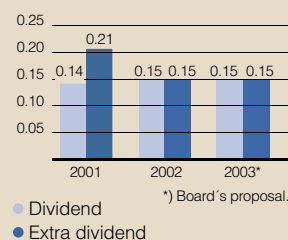
Major shareholders at 31 December 2003

	Shares	%
G.W.Sohlberg Corporation	8,116,600	20.5
Lars Hammarén	2,224,300	5.6
Henning Sumelius	1,821,300	4.6
Marina Sumelius	1,122,400	2.8
Nordea Bank Finland	1,031,715	2.6
Oy Investsum Ab	910,000	2.3
The Helena Suutarinen estate	901,200	2.3
Svenska Litteratursällskapet i Finland	850,300	2.1
Maria Sumelius	802,200	2.0
Charlie von Christierson	800,000	2.0
Bjarne Sumelius	722,000	1.8
Mutual Pension Insurance Company Ilmarinen	607,200	1.5
Birgitta Sumelius-Fogelholm	557,000	1.4
Marianne Storhannus	485,000	1.2
Samuel Huber	454,400	1.1
Christer Sumelius	401,900	1.0
Shares held in trust	1,132,715	2.9
Others	16,569,818,	41.9
	39,510,048	99.6
Own shares in the possession of the company	164,952	0.4
Total	39,675,000	100.0

Taxable value in Finland

The taxable value of a Kyro Corporation in Finland under 2003 taxation is EUR 5.46 per share.

Dividend, EUR



In 2003, Kyro Corporation assigned own shares as follows

Acquisition	Period	Amount	Average price/share	Total price, EUR
Suomen Lämpölasi Oy	7.1.	63,005	6.35	400,000
Z. Bavelloni group	20.1.	1,172,533	5.97	7,000,000
Uniglass Engineering Oy	4.9.	83,340	7.20	600,048

KEY INDICATORS PER SHARE

			Official 31.3.-31.12.	pf	pf
	2003	2002	2001	2001	2000
Earnings per share, EUR	0.31	0.31	0.24	0.27	0.87
Equity per share, EUR	3.41	3.36	3.43	3.43	3.55
Dividend per earnings %	96.8	96.8	145.8	129.6	15.2
Dividend per share, EUR	0.15*	0.15	0.14		
Extra dividend per share, EUR	0.15*	0.15	0.21		
Effective dividend yield %	3.8	4.7	6.3	6.3	
P/E ratio	25.5	20.5	23.3	20.7	
Number of shares, 1,000					
average	39,388	38,160	39,266	39,367	39,675
at end of year	39,510	38,191	38,089	38,089	39,675
*) Board's proposal					
Share price trend, EUR					
average price	7.16	6.25	5.18		
lowest price	5.40	5.00	3.60		
highest price	8.20	7.35	5.95		
Share price at the end of year	7.90	6.34	5.58		
Market capitalisation of all shares at the end of year, MEUR	313,40	251,5	221,4		
Turnover, no. of shares	3,116,471	3,084,189	13,271,674		
Turnover, % of the total number, no. of shares	7.9	7.8	33.5		
Turnover, MEUR	22,3	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 of corporate governance in Kyro Corporation follow the provisions of the Finnish Companies' act, as well as the instructions and recommendations for the administration of a public company issued by the Helsinki Exchanges, the Central Chamber of Commerce and the confederation of Finnish Industry and Employers. New instructions concerning the proper corporate governance of public companies in Finland will come into force on 1 July 2004.

The Annual General Meeting of Kyro Corporation is the highest decision-making authority in the company. The Annual General Meeting is called by the Board of Directors of the company. At the Annual General Meeting of Kyro Corporation, decisions are made concerning the adoption of financial statements, the distribution of the year's profits, the discharge of Board members and the President and CEO from liability, the election 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 announcing 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 may vote with no more than one-fifth of all shares represented at the meeting.

Board of Directors

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

The term of office of a Board member 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 President and CEO of Kyro Corporation, or another member of corporate management assigned by him, acts as presenter to the Annual General Meeting.

The term of office of the current Board is 2001–2004. The term of office ends at the time of the Annual General Meeting. The Board of Directors of Kyro Corporation convened a total of 11 times during 2003. The members of the Board of Directors of Kyro Corporation are introduced on page 52. None of the present Board members are employed by the company.

President and CEO

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

Administration of subsidiaries

Kyro Group has two business areas, Glaston Technologies and Energy. Glaston Technologies consists of the fully-owned operational subsidiaries Tamglass Ltd. Oy, Z. Bavelloni S.p.A. and Glasto Holding B.V., together with their own subsidiaries, and Uniglass Engineering Oy. The Energy business area consists of Kyro Power Oy, which is fully owned by Kyro Corporation, together with its subsidiary Hämeenkyrön Lämpö Oy.

The boards of directors of subsidiaries consist mostly of group and subsidiary management as well as expert members from outside the companies. The organisation of the subsidiaries is presented by function on pages 54–55.

Management remunerations and other benefits

The Annual General Meeting approves the

remunerations payable to members of the Board of Directors. The Board of Directors decides on the remuneration and other benefits payable to the President and CEO. Salaries, remunerations and other benefits paid to members of the boards of directors and managing directors within the group are shown in the notes to the financial statements on page 48. Employees do not receive remuneration for acting as board members in subsidiaries.

Incentive schemes

Tamglass Ltd. Oy has a long-term management incentive program, which is described under the section Shares and Shareholders on pages 48–49. Additionally, various units within Group companies have their own short-term incentive schemes which follow practices of their location countries.

Insider obligations

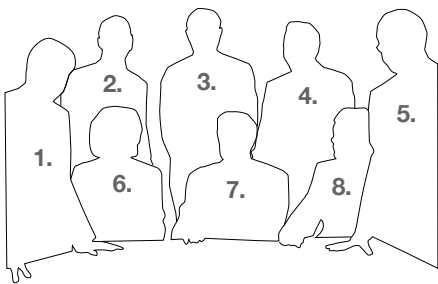
Kyro Corporation applies the Guidelines for Insiders issued by the Helsinki Exchanges, and registers all insiders with the Finnish Central Securities Depository. By law, the Members of the Board, the management of Kyro Corporation and auditors are considered as insiders.

Due to their positions, managing directors and management teams of subsidiaries, and persons responsible for finance and communications in various Kyro Group companies are also considered as 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 the website of Kyro Corporation. Kyro Corporation does not arrange investor meetings during the three weeks preceding the publication of financial statements or interim reports.

ADMINISTRATIVE BODIES AND AUDITORS

	Since	Term of office		Since
BOARD OF DIRECTORS			MANAGEMENT	
Chairman			President	
Carl-Johan Numelin (66), M.Sc. (Eng) Shareholding on 31 Dec 2003 63,100 shares	1990	2001–2004	Pentti Yliheljo (58), M.Sc. (Eng) Shareholding on 31 Dec 2003 20,000 shares	1992
Deputy Chairman			Chief Financial Officer	
Christer Sumelius (57), M.Sc. (Eng) Shareholding on 31 Dec 2003 401,900 shares	1995	2001–2004	Veli Kronqvist (49), M.Sc. (Econ.) No shares	1999
MEMBERS			Senior Vice President, Corporate planning	
Lars Hammarén (61), B.Sc. (Eng) Shareholding on 31 Dec 2003 2,224,300 shares	1982	2001–2004	Esko Rantala M.Sc. (Eng), MBA Shareholding on 31 Dec 2003 50,000 shares	1998
Barbro Koljonen (51), M.Sc. (Agr.) Shareholding on 31 Dec 2003 392,800 shares	1996	2001–2004	Vice President, Corporate Communications	
Carl-Johan Rosenbröijer (39), Dr.Sc. (Econ.) Shareholding on 31 Dec 2003 32,000 shares	1996	2001–2004	Mika Nevalainen (34), M.Sc. (Econ. & BA) No shares	1999
Carl-Olaf Homén (67), Master of Laws Shareholding on 31 Dec 2003 4,000 shares	1997	2001–2004	AUDITORS	
Gerhard Wendt (69), Ph.D. No shares	1998	2001–2004	KPMG WIDERI OY AB Responsible Auditor Sixten Nyman , APA	
Heikki Mairinoja (57), M.Sc. (Eng), B.Sc. (Econ.) Shareholding on 31 Dec 2003 2,000 shares	2003	2003–2004		



1. Heikki Mairinoja
2. Lars Hammarén
3. Gerhard Wendt
4. Carl-Olaf Homén
5. Carl-Johan Rosenbröijer
6. Barbro Koljonen
7. Carl-Johan Numelin
8. Christer Sumelius

KYRO'S CORPORATE STRUCTURE

PARENT COMPANY

Board of Directors

Chairman	Carl-Johan Numelin
Deputy Chairman	Christer Sumelius
Members	Lars Hammarén Heikki Mairinoja 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 / TAMGLASS

President	Pentti Yliheljo
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Business Areas

Building glass industry Automotive glass industry After Sales	Mauri Leponen Tommi Salenius Tapio Rauhala
--	--

Functions

Sales Technology Finance Personnel Quality Marketing Communications	Pentti Salin Juha Liettyä Veli Kronqvist Veli Kronqvist, Stiina Enqvist Erkki Kekkonen Pia Salonen
--	--

SALES AND SERVICE OFFICES

Europe, Middle East, Africa	Seppo Lautamäki
------------------------------------	-----------------

Scandinavia, Italy, Middle-East, Eastern Europe, the Balkans, eastern Africa

Tamglass GmbH German speaking Europe, Poland, Slovakia and Czech Republic	Andreas Brödel
--	----------------

Tamglass UK Ltd. United Kingdom, Ireland, South Africa	Steve Brammer
--	---------------

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

Cattin Machines S.A. Switzerland (After sales)	Georges Béguet
--	----------------

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

Tamglass Japan Inc. Japan	Juhani Salminen
-------------------------------------	-----------------

Americas	Raimo Nieminen
-----------------	----------------

Tamglass America Inc. North, Central and South America	
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Asia-Pacific	Pekka Nieminen
---------------------	----------------

India, Pakistan

Tamglass Singapore Pte. Ltd. South-East Asia, Australia, New Zealand,	Jarko Salo
---	------------

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

Glass Processing Machine Manufacturing Units	Mauri Leponen
---	---------------

Tamglass Engineering Ltd. Oy, Finland Tamglass Tempering Systems Inc., U.S.A Tamglass South America Ltda., Brazil Tamglass-Bavelloni (Tianjin) Co. Ltd, China	Mikko Runsten Ernie Thomas Jean Paul Clément Petri Mäkinen
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GLASTON TECHNOLOGIES / TAMGLASS GLASS PROCESSING

Business Area Director	Pertti Iivanainen
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Tamglass Safety Glass Ltd., Finland Tamglass Finton Oy, Finland Tamglass Lämpölasi Oy, Finland	Pertti Iivanainen Ari Laitinen Jorma Nenonen
---	--

GLASTON TECHNOLOGIES / Z. BAVELLONI

President	Dino Bavelloni
Business Areas	
Glass & Stone Machinery Tools After Sales	Fiorentino Picariello Cosimo Gabriele Giorgio Clerici
Functions	
Sales	Franco Pirola
Manufacturing	Fiorenzo Talenti
Finance	Gianfranco Basurini
Personnel	Franco Serra
Purchase	Andrea Cassieri
Quality / Machines	Spartak Nasi
Quality / Tools	Sandro Romagnoli
Marketing	Stefano Bavelloni
Communications	Simona Bavelloni
Innovation	Franco Bavelloni
Machine Manufacturing Units	Fiorenzo Talenti
Tools Manufacturing Unit	Fiorenzo Talenti

Luxemburg, Austria, Switzerland
(German speaking area), Czech Republic,
Denmark, Iceland

Z. Bavelloni Imp. Exp. Ltda	Wadih Buainain Filho 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

GLASTON TECHNOLOGIES / UNIGLASS

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

GLASTON TECHNOLOGIES / GLASTO

President	F.L.C. Huon
Functions	
Commercial Financial	H.M.G. Naus George Evers
SALES AND SERVICE OFFICES	
Z. Bavelloni UK Ltd.	James King United Kingdom, Ireland
Z. Bavelloni U.S.A. Inc.	Jack Van Meerbeeck U.S.A., 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, Brunei, Bhutan
Z. Bavelloni Netherlands B.V.	Gust Verbruggen Netherlands, Germany, Belgium,

ENERGY / KYRO POWER OY

President	Esa Kujala
------------------	------------

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