05

KYRO TECHNOLOGIES

ANNUAL REPORT

CONTENTS

Tamglass Safety Glass Ltd. supplies glass to the world’s fastest production sports car, **the Koenigsegg CCR**.

The glazing of **the Oriental Art Museum** in Shanghai is an impressive example of the use of safety glass. A Chinese customer of Glaston Technologies supplied safety glass for this building.

Tamglass Insulating Glass supplied coloured glass for **the Tiukula – Save the Children building** in Helsinki.

Bavelloni’s pre-processing technology is suitable e.g. for the processing of glass used in **furniture**.

KYRO GROUP

Kyro is a growing, financially solid global technology group. Its main business area, Glaston Technologies, consists of the global Glass Machinery Group, and the Glass Processing Group, which focuses on markets in Finland and neighbouring countries. The Energy business area consists of the gas combi power plant of Kyro Power Oy, which produces electricity and heat.

KYRO GROUP

Glaston Technologies

Glass Machinery Group

- **Tamglass** Safety glass machines
- **DiaPol** Tools
- **Z. Bavelloni** Pre-processing machines
- **Uniglass** Tempering machines

After sales services

A One–Stop–Partner in glass processing machinery

Glass Processing Group

- Tamglass Safety Glass
- Tamglass Insulating Glass
- Tamglass Finton

Supplier of versatile architectural glazings

Energy

- **Kyro Power** Gas-fired power plant

Local energy producer

GLASTON TECHNOLOGIES

Glass Machinery Group

Glaston Technologies is the leading supplier of glass processing machines in the world. The Glass Machinery Group consists of Tamglass, the technology and market leader in safety glass machines, Z. Bavelloni, the leading supplier of glass pre-processing machines, which also delivers stone processing machines, tools supplier DiaPol and Uniglass Engineering, a supplier of flat tempering machines.

The product range of Tamglass and Bavelloni comprises machines required in glass processing, ranging from pre-processing to safety glass manufacturing. Glaston Technologies is the only supplier of such a comprehensive range of machines and services in the glass industry.

Glaston Technologies wants to be close to its customers. Its customer service network operates globally and it has sales companies at more than 30 service points worldwide. Machine manufacturing plants are located in different parts of the world. Tamglass has assembly units in Finland, the USA, Brazil and China. Z. Bavelloni's machines are assembled in Italy, Mexico, Brazil and China. Assembly plant operations are based on subcontractor networks.

Uniglass Engineering specialises in the manufacture of high quality flat tempering machines. The company operates in Finland and the machines it manufactures are sold through a network of agents to Europe and the USA.

Glass Processing Group

Glaston Technologies' Glass Processing Group, namely Tamglass Glass Processing, consists of the safety glass manufacturer Tamglass Safety Glass, the insulating glass element manufacturer Tamglass Insulating Glass and the balcony systems manufacturer Tamglass Finton. Tamglass Glass Processing is the leading comprehensive supplier of glass processing products, with customers in the architectural, automotive as well as household furniture and appliance industries.

Tamglass Glass Processing uses in its production the latest Glaston Technologies technology and makes a key contribution to Glaston's product development work. The Group's own glass processing plays an important strategic role in machine manufacturing. The units of Tamglass Glass Processing generate new information and know-how on the needs and wishes of glass processing product end-users for the product development of Tamglass and Z. Bavelloni machines.

ENERGY

The Energy business area consists of Kyro Power, a modern, environmentally friendly power company. The company's gas combi power plant, which started operating in 1995, produces electricity, steam and heat, mainly for industrial needs. Sales of the energy produced are mainly based on long-term energy supply contracts. The company also has a reserve power plant, so energy production for the area is well secured.

The environmentally friendly power plant burns low-emission natural gas, so its carbon dioxide emissions are low compared to other energy generation processes based on fossil fuels.

KYRO IN 2005

Kyro Group

Net sales EUR 266.7 (231.4) million
Profit before taxes EUR 34.2 (22.5) million, up 51%
Operating profit EUR 35.5 (20.5) million, up 74%, including sales profits of EUR 12.5 million from the sale of hydropower and district heating distribution operations
Comparable operating profit EUR 23.0 (20.5) million, up 12.2%
Profit for the financial year EUR 22.4 (14.7) million
Earnings per share EUR 0.28 (0.18), equity per share EUR 1.76 (1.54)
Financial position excellent, equity ratio 64.4% (59.3%), gearing -17.7% (7.1%)
The Group's order book at year end stood at EUR 140.7 (135.5) million, up 4%
Number of employees at year end, 1,222 (1,208)
Board of Directors' dividend proposal: EUR 0.08 per share, supplementary dividend EUR 0.09 per share

Glaston Technologies

Net sales grew 18% to EUR 238.9 (203.0) million
Operating profit EUR 22.1 (18.4) million, up 21%
New machine orders totalled EUR 177.8 (153.6) million, up 15.8%
Order book at year end stood at EUR 108.8 (111.0) million
Glass Machinery Group increased its net sales and improved its profitability
Glass Processing Group increased net sales slightly, profitability disappointing
Demand for glass processing machines was good in nearly all the main market areas
Maintenance and service business as well as tool sales grew strongly
Tamglass and **Bavelloni** made a significant One-Stop-Partner product launch
Merger of **Tamglass** and **Bavelloni** sales organisations produced good results

Energy

Net sales EUR 27.6 (28.4) million
Operating profit EUR 18.6 (5.7) million, including EUR 12.5 million sales profits
Comparable operating profit EUR 6.4 (5.7) million, up 14%
Order book at year end stood at EUR 31.9 (24.5) million, up due to rise in electricity price
Hydropower and district heating operations were sold in December 2005 – the sold operations represented less than 10% of the business area's net sales
The Partner project will continue in 2006 for the gas-fired power plants part.

Consolidated Income Statement, EUR Million	2005	2004
Net sales	**266.7**	231.4
Other operating income	**14.9**	1.1
Operating expenses	**237.4**	203.6
Depreciation	**8.7**	8.4
Operating profit	**35.5**	20.5
% of net sales	**13.3**	8.8
Net financial income and expenses	**-1.3**	2.1
Profit before taxes	**34.2**	22.5
Income tax	**-11.9**	-7.9
Profit for the financial period	**22.4**	14.7

Key Figures	2005	2004
Return on invested capital. %	**21.7**	15.7
Return on equity, %	**17.1**	11.9
Equity ratio, %	**64.4**	59.3
Gearing, %	**-17.7**	7.1
Equity per share, EUR	**1.76**	1.54
Investments, EUR million	**11.4**	6.8
Personnel at end of year	**1 222**	1 208
Personnel (average)	**1 218**	1 175
Order book, EUR million	**140.7**	135.5

MAIN EVENTS

January

- The Tamglass and Z. Bavelloni sales organisations are merged and start acquainting themselves with each others' product ranges. The reseller and agent network is also streamlined, and all maintenance operations are brought under common management.
- Kyro adopts the IFRS standards in financial reporting.

April

- Glaston Technologies organises a Glass Processing Days daughter conference in China in connection with the China Glass Fair.

June

- Glaston Technologies organises in Tampere the ninth Glass Processing Days conference, which is attended by around 850 glass industry professionals.

September

- Glaston Technologies participates in the year's second most important glass industry event, the GlassBuild America fair, which proves to be a commercial success for the Glass Machinery Group.
- Z. Bavelloni begins assembly operations in Tianjin, China.

The Milan Vitrum 2005 Fair

October

- Glaston Technologies makes an impressive appearance at the Milan Vitrum 2005 fair, which is the glass industry's biggest event of the year. New launches Bavelloni's integrated pre-processing line and Sonic, the world's fastest tempering machine, are received with great interest.

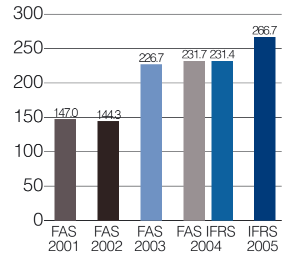
November

- Kyro Power signs a letter of intent for the sale of its hydropower operations as part of the Partner project.
- Glaston Technologies begins the construction of a new assembly plant in Tianjin, China.

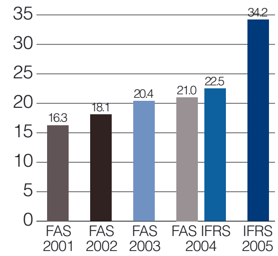
December

- Kyro Power sells its hydropower operations to Kyröskosken Voima Oy and its district heat distribution company, Hämeenkyrön Lämpö Oy, to Leppäkosken Sähkö Oy. The total sales price is EUR 26.8 million, the impact on profit appr. EUR 12.5 million. The Partner project continues.
- Claus Carlsen, MBA, is appointed Managing Director of Kyro's Glass Processing Group as of 2 January 2006. Pertti Iivanainen becomes Glass Processing's Director of Business Development.
- Paolo Sandri, M.Sc. (Eng.), is appointed Managing Director of Z. Bavelloni as of 2 January 2006. Dino Bavelloni retires and continues as member of the Bavelloni's Board of Directors.

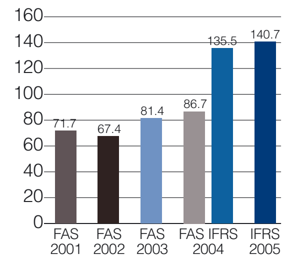
Net sales, EUR million



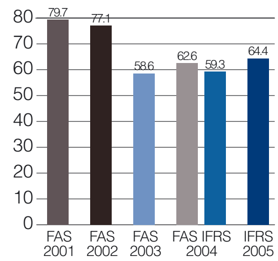
Operation profit before taxes, EUR million



Order book 31.12., EUR million



Equity ratio, %



PRESIDENT'S REVIEW

2005 was a year of strong growth, change and investments for Kyro. Our main business area Glaston Technologies' markets were mainly favourable, and the newly merged sales organizations of Tamglass and Bavelloni took an even stronger than before grasp of them with good results. The Group's year saw a record operative result, improved by sales profits from the Energy business units.

The realization of our strategy's main goals – good profitability and growth faster than our markets' – moved on in 2005. Efforts were made for profitability and organic growth, bringing results now and in the future. Glaston Technologies grew by 18 percent, and all its units gained market share. Refining Glaston Technologies, formed after the acquisitions made in 2002-2003, into the industry's most competitive and effective supplier progressed well.

The precondition for maintaining our market leader position is technology leadership. In 2005 we invested in product development and launched new products. The most important one, raising most interest, was a line combining a Tamglass safety glass machine and Bavelloni's pre-processing line – a great example of what these companies together can offer their customers. At the same time Bavelloni got closer to its strategic objective of succeeding on the architectural glass pre-processing machinery markets.

Technology leadership translates into growth

Our product development has foreseen the fact that our customers must be able to deliver better quality and more effective production. In 2005 demand was weighted towards high-technology architectural glass machinery more than before.

The glass processing industry is estimated to globally grow at a speed of 5-6 percent a year, as it did in 2005. Glaston Technologies grew threefold compared with the industry. Global economy growth kept the demand for construction, automotive and other glass products in brisk growth. The demand for glass processing machinery rose on most of our main market areas. The fastest growth of demand for architectural glass machinery, pre-processing machinery and tools came from the US.

We especially developed the Tamglass and Bavelloni entity throughout the year. The merged sales organizations started to work together productively and grew their network. The companies' maintenance and service operations again grew by nearly 20 percent as a result of not only good demand, but also our versatile service offering and active sales work. We incorporated our growing tools business in the beginning of 2006 in order to develop it more strongly than before.

Internationality prerequisite of market leadership

Operating internationally is important to us as our industry is highly specialized and our customers' operations are local. We strengthened out network again during the year. Maintenance and service operations got three new offices, establishing Bavelloni in Brazil and Russia progressed as planned, and a new factory manufacturing Tamglass and Bavelloni products will start in China in the first half of 2006.

Glaston Technologies' manufacturing is divided between four currency areas, which has brought flexibility and partly hedged Tamglass against currency effects. In the future, our objective is to grow the share of Bavelloni's local manufacturing.

Glass processing supports machine sales

In 2005, the domestic glass processors were trying to find new ways of succeeding in the tightening competition. Our Glass Processing Group can in the future respond to the challenges thanks to investments made during the year. The position of the group as a supporting function for our machinery business and a leading domestic company in the industry is strong. During the year, the group invested in developing its production and found new ways of staying at the edge of development by effective networking.

Energy on changing markets

The year of our Energy business area was marked by the Partner project that we started in October 2004, purpose of which is to find

"Glaston Technologies grew threefold compared with its industry."

the business area partnership or ownership arrangements that contribute to its competitiveness. In December, Kyro Power sold its hydropower and district heating business operations, and from now on has an even clearer than before focus on being an industry energy producer.

The Partner project still continues, with an objective to find solutions also for the energy produced by the gas-fired power plant.

Facing the new year with a renewed team

After the retirement of Bavelloni's long-standing Managing Director Dino Bavelloni, Paolo Sandri stepped into the management of the company. Claus Carlsen was invited to run the Glass Processing Group, with Director Pertti Iivanainen's support in business development.

Developing our professional organization is one of the main themes of 2006 – after all, continuous development is one of our company values. Last year we mapped out the competence of our staff widely. Many kinds of training based on this will be started this year, of which one example is the Glass Processing Academy training concept, especially developing the skills of our sales and service staff.

Kyro's development continues

In the beginning of 2006 the global economy seems to continue favourable for the glass industry. Provided that Glaston Technologies' demand remains on the current level, we have every chance of again profitably growing our net sales and comparable operating profit. Thanks to the investments made in 2005, our organization, products and services are better and more effective than before. Besides organic growth, we explore partnership and acquisition activities that would complement our Glass Machinery Group.

In 2005 we got closer to our vision for 2010 of being a more competent and versatile leading supplier of glass processing technology and related services in the world. Our customers, personnel, owners and partners support us in making the vision come true. My thanks for commitment and joint efforts in 2005 go out to all of you.

– Pentti Yliheljo
President and CEO

KYRO AS AN INVESTMENT

Since becoming a listed company in 1997, Kyro has shown its ability to grow profitably and to meet the expectations of its customers and shareholders. Glaston Technologies, the main business area, has grown into the technology and market leader in glass processing machines, and its growth prospects as clearly the largest operator in its field are excellent.

Kyro has grown through structural changes, which began in the middle of the last decade, into a technology group that generates shareholder value. The Group's competitive position, moreover, is very strong. Among the most significant structural changes were the sale of forest industry operations in 1995, the growth of Tamglass to become the market leader in safety glass machines, and the market listing of Tecnomen in 2000, followed by its demerger from the Group.

Since 2001 Kyro has focused on glass processing technology. The Glass Machinery and Glass Processing groups, which make up the main business area, have been expanded through company acquisitions, the most important of which was the acquisition in 2003 of Z. Bavelloni, the leading manufacturer of glass pre-processing machines. In 2005 structural development continued with the Energy business area's Partner project. Within the framework of the project, Kyro Power's hydropower plant and Hämeenkyrön Lämpö Oy were sold, in line with strategic objectives, to an energy distribution company.

Market leader in a growth industry

Kyro also has what it takes to increase shareholder value in future. The Group has developed through company acquisitions into an operator whose market leadership and good profitability create a strong foundation for operational development, organic growth and further acquisitions.

A growth platform has been created by the increasing use of glass, particularly safety glass, all over the world. In 2005 raw glass production grew globally by an estimated 3-4 percent and safety glass use by around 7-10 percent. Safety glass is used in three main areas: in the building industry, the automotive industry and the furniture and appliance industry. The greatest growth potential is in the building industry, but the use of glass, and the proportion of safety glass, is growing in all the other sectors, too. At the same time, demand for Glaston Technologies' machines is also increasing. The industry's technology leader has therefore excellent opportunities to grow profitably and at a greater rate than the market generally.

Kyro's main business area operates globally; its production and sales are diversified over several continents and currency areas. Positive earnings development, financial solidity and a readiness to continue its growth strategy also ensure a good dividend-payment capacity. For the investor seeking long-term growth, Kyro represents an interesting investment.

Mission, vision and strategy

Kyro's business operations help improve people's living environment and quality of life. The Group's financial success is based on the added value generated in this way. The Group's mission is to promote the development of a safe and attractive living environment through the advanced and innovative 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 2010, and to be even more expert and comprehensive in its chosen fields than it is now. The Group's growth strategy is focused primarily on developing 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 that is faster than the market in the main business area – both organically and through acquisitions.

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

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

STOCK EXCHANGE RELEASES

11.01.2005
Orders worth EUR 27.7 million for Glaston Technologies in December 2004

03.02.2005
Kyro's record-breaking fourth quarter

15.03.2005
Decisions of the Annual General Meeting on 15 March, 2005

06.04.2005
Adoption of IFRS standards in financial reporting

11.05.2005
Order book at record level

16.05.2005
GWS Group's holding in Kyro Corporation 33.10%

16.05.2005
Lars Hammarén's holding in Kyro Corporation

17.08.2005
Glaston Technologies orders and order book growing strongly

04.11.2005
Glaston Technologies' machine orders grew by nearly a third

Kyro Power has signed a letter of intent concerning the sale of its hydropower plant business

08.12.2005
Kyro Power has sold its hydropower business and district heating distribution company

PRESS RELEASES

15.12.2005
Claus Carlsen to Head Kyro's Glass Processing Group

30.12.2005
Paolo Sandri has been appointed as Managing Director of Z. Bavelloni

BROKERAGE FIRMS PROVIDING ANALYSIS

Enskilda Securities
Eteläesplanadi 12
P.O. BOX 599
FIN-00101 HELSINKI
FINLAND
Tel. +358 9 6162 8900

Mandatum Securities
Unioninkatu 22
P.O. BOX 66
FIN-00131 HELSINKI
FINLAND
Tel. +358 10 236 10

Evli Bank
Aleksanterinkatu 19 A
P.O. BOX 1081
FIN-00101 HELSINKI
FINLAND
Tel. +358 9 476 690

Kaupthing Bank
Pohjoisesplanadi 37 A
FIN-00100 HELSINKI
FINLAND
Tel. +358 9 478 4000

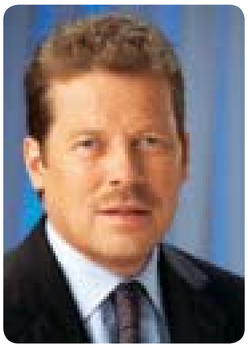
FIM Securities
Pohjoisesplanadi 33 A
FIN-00100 HELSINKI
FINLAND
Tel. +358 9 613 4600

Opstock
Teollisuuskatu 1 b
P.O. BOX 362
FIN-00101 HELSINKI
FINLAND
Tel. +358 10 252 7400

eQ Bank
Mannerheiminaukio 1 A
P.O. BOX 359
FIN-00100 HELSINKI
FINLAND
Tel. +358 9 231 231

GLASTON TECHNOLOGIES GLASS MACHINERY GROUP

Glaston Technologies' Glass Machinery Group offers its customers the glass processing industry's widest product range and service network. The group consists of Tamglass, the technology and market leader in safety glass machines, and Z. Bavelloni, the leading supplier of glass pre-processing machines, which also produces tools and stone processing equipment. The group is completed by Uniglass Engineering, a supplier of the flat tempering machines.

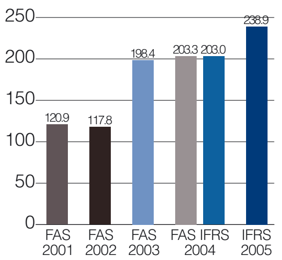


– Pentti Yliheljo
Tamglass
President and CEO

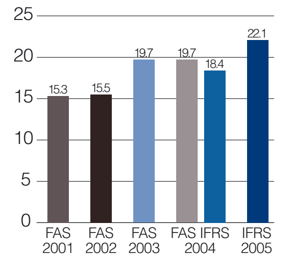
"The successful merger of the Tamglass and Bavelloni sales organisations began to generate sales growth in 2005."

Tamglass Sonic

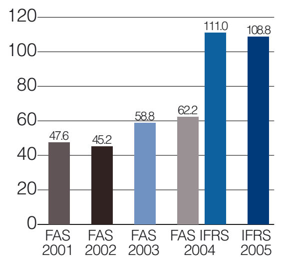
Net sales, EUR million



Operating profit, EUR million



Order book 31.12., EUR million



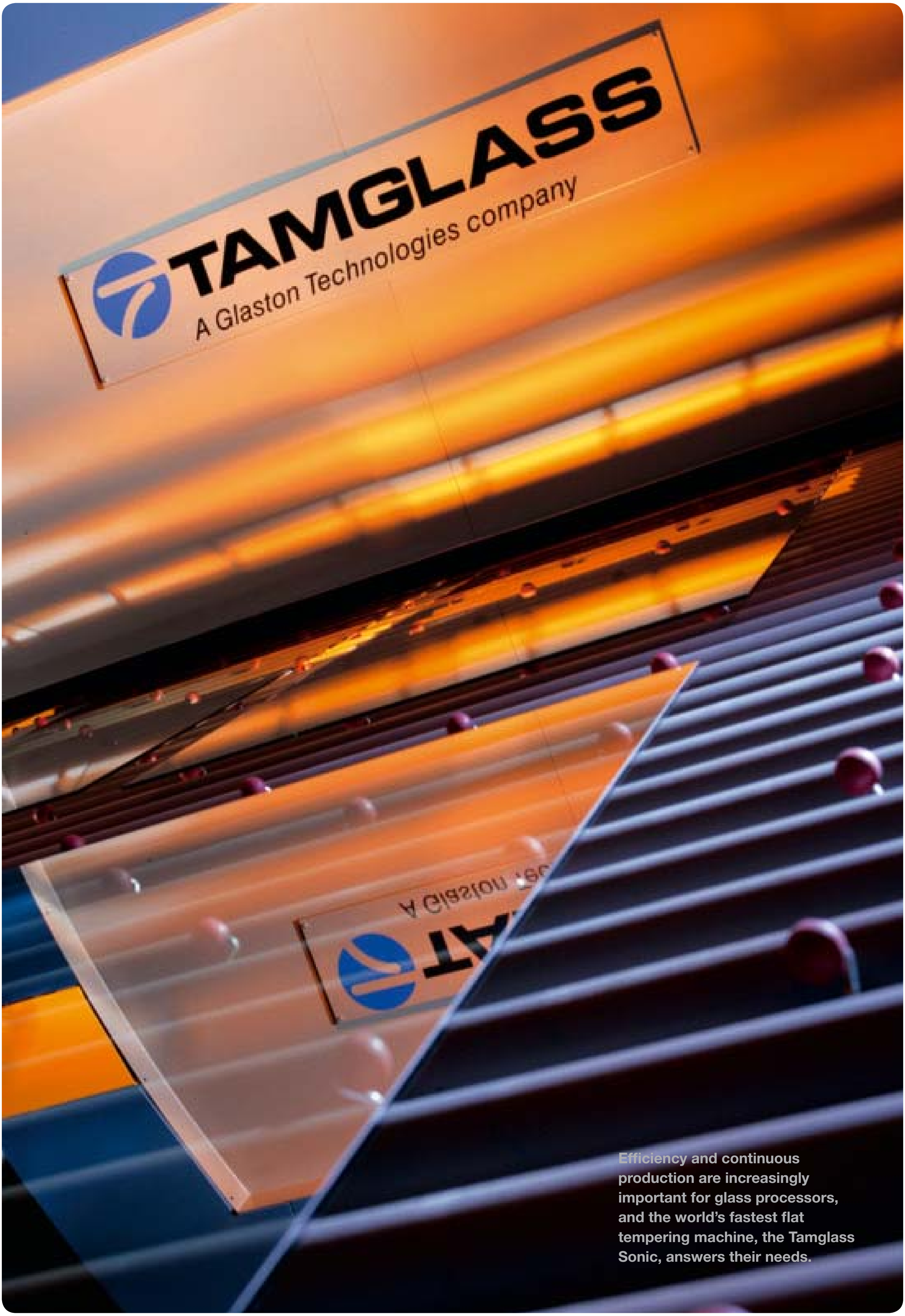
Glaston Technologies is the leading supplier in a globally growing sector, where an ever-higher level of technology is required to meet design and performance demands. The proportion of glass in buildings, vehicles, household appliances and furniture is rising continually. Glass is an environmentally friendly, recyclable material, which has a significant role in creating a bright and pleasant living environment. Today's advanced, high added-value glass products help to save energy, filter solar radiation and enhance safety cost-effectively.

Safety glass technology offers growth potential

In 2005 around 40 million tonnes of raw glass was produced in the world. Of this, nearly 70 percent was used in the construction industry, nearly 20 percent in the automotive industry and a good ten percent in furniture, appliances and special applications. In 2005 an estimated 40 percent of all raw glass produced was processed into safety glass. As the glass used in vehicles is everywhere safety glass, the use of safety glass offers great growth potential, particularly in the construction industry and in the furniture and appliance industry.

Raw glass is processed into safety glass by tempering or laminating. In the tempering process, glass is heated almost to melting point and then cooled quickly. As a result, in the surface of the glass is created a compression stress that increases the durability of the glass five-fold. In the event of tempered glass breaking, it disintegrates into small, harmless pieces. In the lamination process, sheets of raw or tempered glass are bonded together using a durable PVB (polyvinyl butylene) film. Glass strengthened by lamination remains attached to the plastic film when it breaks and stays in its frame.

The increasing need for safety as well as tighter official building requirements are significantly increasing the proportion of safety glass used in our surroundings. New types of glass, such as coated energy-saving glass, represent higher added-value. Moreover, higher strength than usual is required of these glasses so that they can withstand the strong thermal loads to which they subjected. The proportion of such glass used in construction is also increasing as the price of energy rises. Recently, demand for safety glass in the furnishings and appliance market has been boosted by increased use of safety glass in the furniture, domestic and industrial kitchen appliances and flat-screen televisions.



Efficiency and continuous production are increasingly important for glass processors, and the world's fastest flat tempering machine, the Tamglass Sonic, answers their needs.

The use of safety glass is increasing in entertainment electronics products. The protective panels of many stereo systems and flat-screen televisions are made of safety glass.

GLASTON TECHNOLOGIES

Growth in demand for safety glass machines continues

The challenges faced by glass processors are growing in line with the increasing demand for safety glass and safety glass products. Quality criteria are intensifying the requirements for safety glass performance and manufacturing technology. Glass processors must be able to deliver not only quality products but also greater efficiency in the form of continuous, fast production. Trends in the glass processing industry are also boosting demand for high-capacity, quality glass processing machines.

Demand for safety glass machines grew strongly in 2005, particularly in the USA. The Middle East and Europe, except for Eastern Europe and the UK, were also growth areas. Customers invested actively in glass processing machines in Asia, but the level of demand varied from country to country. The Chinese market did not grow entirely according to expectations.

Glaston Technologies is a supplier of high technology safety glass machines mainly for the needs of large and medium-sized glass processing customers. Tamglass is the global market and technology leader in safety glass machines. Uniglass, a flat tempering machine specialist, has during its ten years of operating grown into the industry's second biggest supplier after Tamglass in Europe and the USA. Mainly Chinese and Taiwanese manufacturers compete in the low-quality and low-price level machine market, in which Glaston Technologies does not operate.

Added value for automotive glass

The automotive glass machine market was subdued at the beginning of the year, but it picked up sharply towards the end of the year. The important role of glass in vehicles is emphasised by the significance of design and flawless quality.

The use of laminated glass in vehicles is growing. High windscreens were an increasingly common feature in all vehicle price classes in 2005. Alongside sunroofs, panorama roofs, which vehicle makers in nearly every market are now offering, have also grown in popularity. The use of laminated, anti-theft sidelites is also increasing.

The use of special glass in vehicles is growing, as more and more vehicle manufacturers introduce high added-value UV and energy glazing. Glass can be used to offer vehicle drivers safety- and comfort-enhancing features which are integrated into the glass, such as rain detectors, speed displays, GPS devices, sound insulation and anti-theft security.

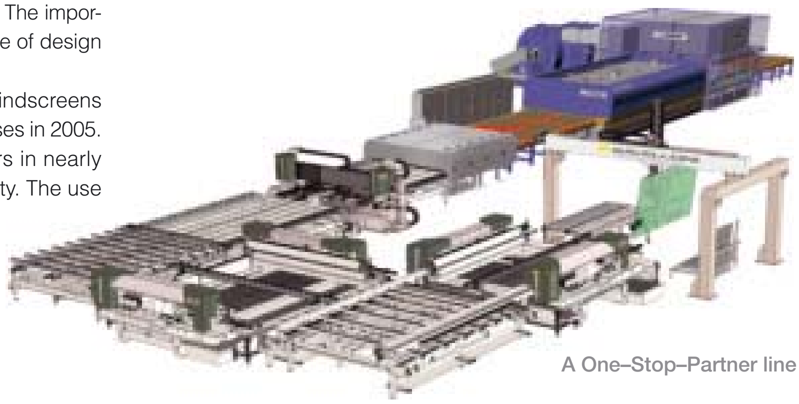
These development trends present automotive glass machine manufacturers with new challenges to develop still bigger glass processing machines. Tamglass is the technology leader at the leading edge of development.

Speed an asset also in pre-processing

Glass processors' increasing efficiency requirements are also having an impact on the pre-processing machine market. Z. Bavelloni, the leading supplier of glass pre-processing machines, invested heavily in product development during 2005.

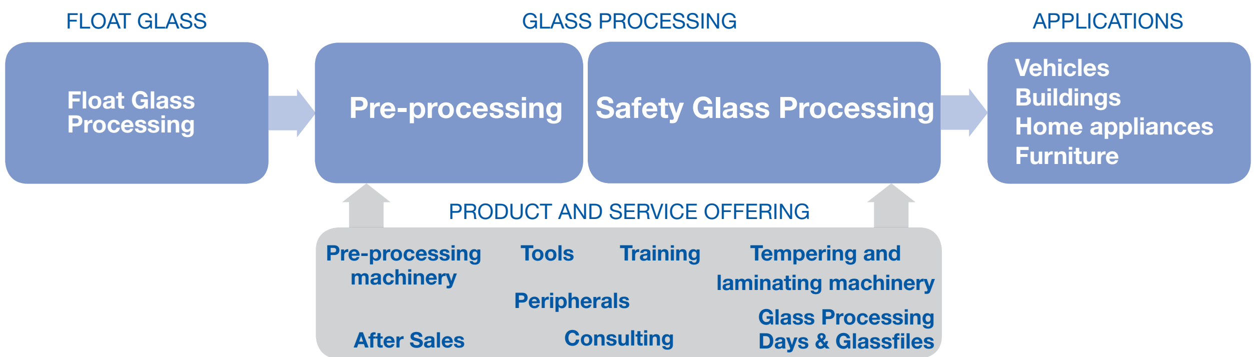
Bavelloni's single most important product innovation was an integrated pre-processing line that incorporates loading, edge grinding and a machining centre. The line's component parts can be acquired together or separately, and the line can be combined with Tamglass safety glass machines. The new product was well received by the market and the first lines were sold before the end of the year.

During the year Bavelloni also added to its range of new, fast cutting machines. The product launches have also strengthened the position of the leading supplier of glass grinding machines in the cutting machine segment. Overall demand for pre-processing machines grew in 2005, particularly in North America, Europe and the Middle East.



A One–Stop–Partner line

Glaston Technologies' ONE–STOP–PARTNER concept



GLASTON TECHNOLOGIES

"Bavelloni's strong product development will deliver higher quality pre-processing machines also in 2006."

– Paolo Sandri
Z. Bavelloni
Managing Director

Customer service at every stage of a product's life cycle

The strategic business areas and sales groups of Tamglass and Bavelloni were merged at the beginning of 2005. This will support the development of Tamglass and Bavelloni business operations and the One-Stop-Partner concept, and will improve customer service. As part of this arrangement, the Tamglass and Bavelloni maintenance and service operations were also standardised. The merged sales organisation is now operating according to plan, ensuring that customers receive a better service. The goal of the One-Stop-Partner network is to offer customers good service in all of the main market areas. In 2005 three new customer service offices were opened.

The Glass Machinery Group strengthened its One-Stop-Partner concept in 2005. In China, for example, Tamglass expanded its locally manufactured range of tempering machines and, at the end of the year, Bavelloni began producing glass pre-processing machines, which can be integrated with the Tamglass products. A new production plant will be opened in China in early 2006, at which time Glaston Technologies' production will be moved from a rental property to its own premises.

Tighter delivery time and efficiency demands on glass processors require good utilisation of glass processing lines. The Glass Machinery Group seeks to create a sustainable basis for long-term customer relationships by concentrating on offering its customers predictive maintenance services at all stages of the life cycle of its machines.

There is increasing demand for Glaston Technologies' maintenance and service business, which grew overall by more than 20 percent in 2005. The maintenance contract book for delivered safety glass machines grew by a record 23 percent. Maintenance and service business grew, particularly in the USA and Central Europe. Installation business was therefore brisk throughout the year and many additional installation and maintenance staff were recruited, especially in the USA and Finland.

Spare parts sales also grew in 2005, as did accessory and control system updates, which enable customers' earlier-generation machines to be enhanced to meet the safety glass market's latest requirements, of which the processing of coated glasses is one of the most important.

Significant new products

The Glass Machinery Group presented its latest technology at the 2005 Glass Build America and Milan Vitrum Fairs. New One-Stop-Partner products include the world's fastest flat tempering machine, the Sonic, and Bavelloni's pre-processing line, which can be integrated with it and other Tamglass flat tempering machines. In accordance with the One-Stop-Partner concept, they Tamglass and Bavelloni form a package that offers compatible, high performance as well as the latest technology required to process the most demanding coated glasses. The new products were well received by the market, and the first machines and lines were sold at the end of the year.

Sales of the ProE MAGNUM flat tempering machine, which was launched in 2004 and is designed particularly for the tempering of jumbo-sized energy-saving glasses, grew strongly in 2005, as did sales of the MAGNUM grinding machine, which can be integrated with the ProE.

Tamglass has also developed new, continuously operating technology for the production of vehicle sidelites. The emphasis has been on very short cycle times and quality as well as the precision and repeatability of spherical bending shapes for sidelites. Their development means that the Glass Machinery Group can offer with greater versatility solutions to original glass suppliers, which make up around 80 percent of automotive glass industry companies.

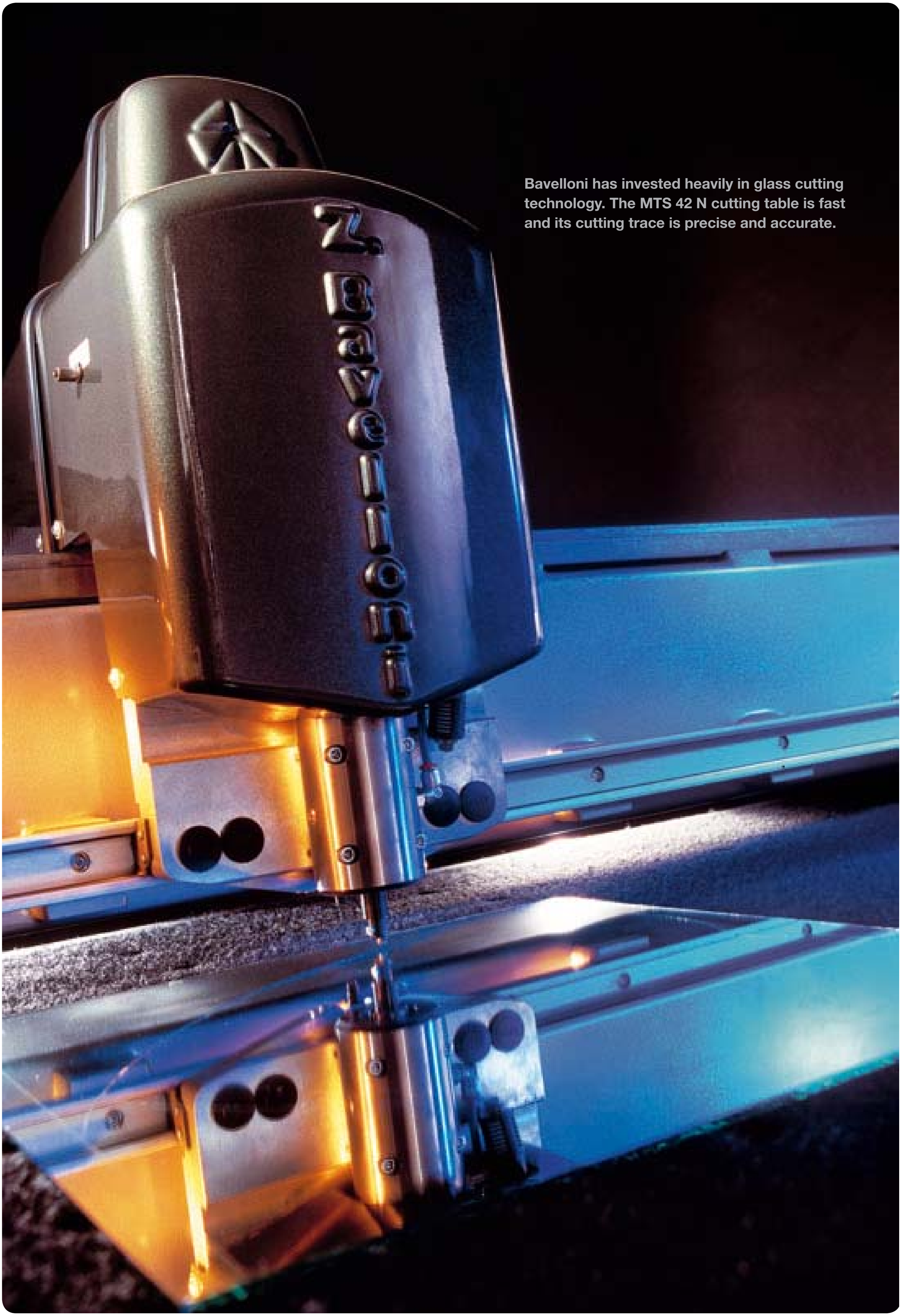
The Glass Machinery Group also presented to customers the Tamglass Advisor service, which can help glass processors to utilise the capacity of their safety glass lines in the best possible way in order to achieve their targets. Tamglass Advisor aims to be a long-term, goal-directed activity based on production monitoring and reporting as well as cooperation between a Tamglass production consultant and the customer.

THE MARKET LEADER IS THE INDUSTRY PATHFINDER

In June, glass industry experts gathered for the international Glass Processing Days conference, which was organised in Tampere for the ninth time. The GPD, which has established itself as the leading event among glass industry professionals, attracted 850 participants from 60 countries. The main themes of the conference were coated glasses and the role of glass as an energy-saving material. A glass industry exhibition was held in connection with the conference.

In the spring, Tamglass and Bavelloni also organised a local Glass Processing Days sister conference in Shanghai in connection with the China Glass Fair. Both conferences were successful as forums for developing the glass industry and establishing customer relationships.

The Glassfiles.com portal, which promotes the use of glass, was revamped in 2005 to make it more user-friendly. The number of visitors to the site has grown steadily and it currently has more than 14,000 registered users. The portal has established its position as the best known forum for glass industry professionals on the internet.



Bavelloni has invested heavily in glass cutting technology. The MTS 42 N cutting table is fast and its cutting trace is precise and accurate.

GLASTON TECHNOLOGIES GLASS PROCESSING GROUP

Glaston Technologies' Glass Processing Group is Finland's leading comprehensive supplier of architectural glass. The group comprises the safety glass manufacturer Tamglass Safety Glass, the insulating glass element producer Tamglass Insulating Glass and the balcony systems supplier Tamglass Finton.

– Claus Carlsen
Tamglass Glass Processing
Managing Director

"The Glass Processing Group's overall structure and expertise grew in importance for customers in 2005."

The Tamglass Glass Processing and Glass Machinery groups together make Glaston Technologies into a unique entity, providing a comprehensive service to a wide range of customers. The scope of its expertise creates a significant competitive advantage that fulfils the needs of both glass processors and designers.

Glass Processing's customers include construction and glazing firms, the window and door industry as well as vehicle, household appliance and furniture manufacturers. Glass Processing develops and manufactures for its customers tempered and laminated safety glasses, balcony glazing systems, and insulating glass elements in standard and customised shapes and sizes. For special vehicles the group produces special glass elements in which safety glass is used.

Glass Processing's key role in glass machine product development and customer understanding contributes substantially to Glaston Technologies' overall expertise and market knowledge. The Glass Processing Group trains safety glass machine customers and tests the Glass Machinery Group's new products, channelling feedback and ideas into technology development.

The Glass Processing Group can, for example, respond to the growing demand for coated safety glass, because the group has for a long time now directed its product development towards processing technology for advanced products such as coated glass.

Quality and cost-efficiency through networking

Glass Processing's customers are seeking to manage their material flows more efficiently and they require from their suppliers more comprehensive deliveries and greater control.

Glass Processing is continuing to network actively in order to achieve quality and cost-efficiency. The group has deepened its cooperation with subcontractors and raw material suppliers, and has developed its entire supply chain in collaboration with its customers.

In 2005 the company Maaseudun Kone, which manufactures driver's cabins for tractors, chose Glass Processing together with other suppliers to improve the Valtra tractor's competitiveness. The objective was improve the quality and cost-effectiveness of the driver's cabins by developing common working practices among all the suppliers. The Glass Processing Group also began development work on a new product concept with the boat builder Bella-Veneet Oy and Purso Oy, which supplies aluminium profiles.

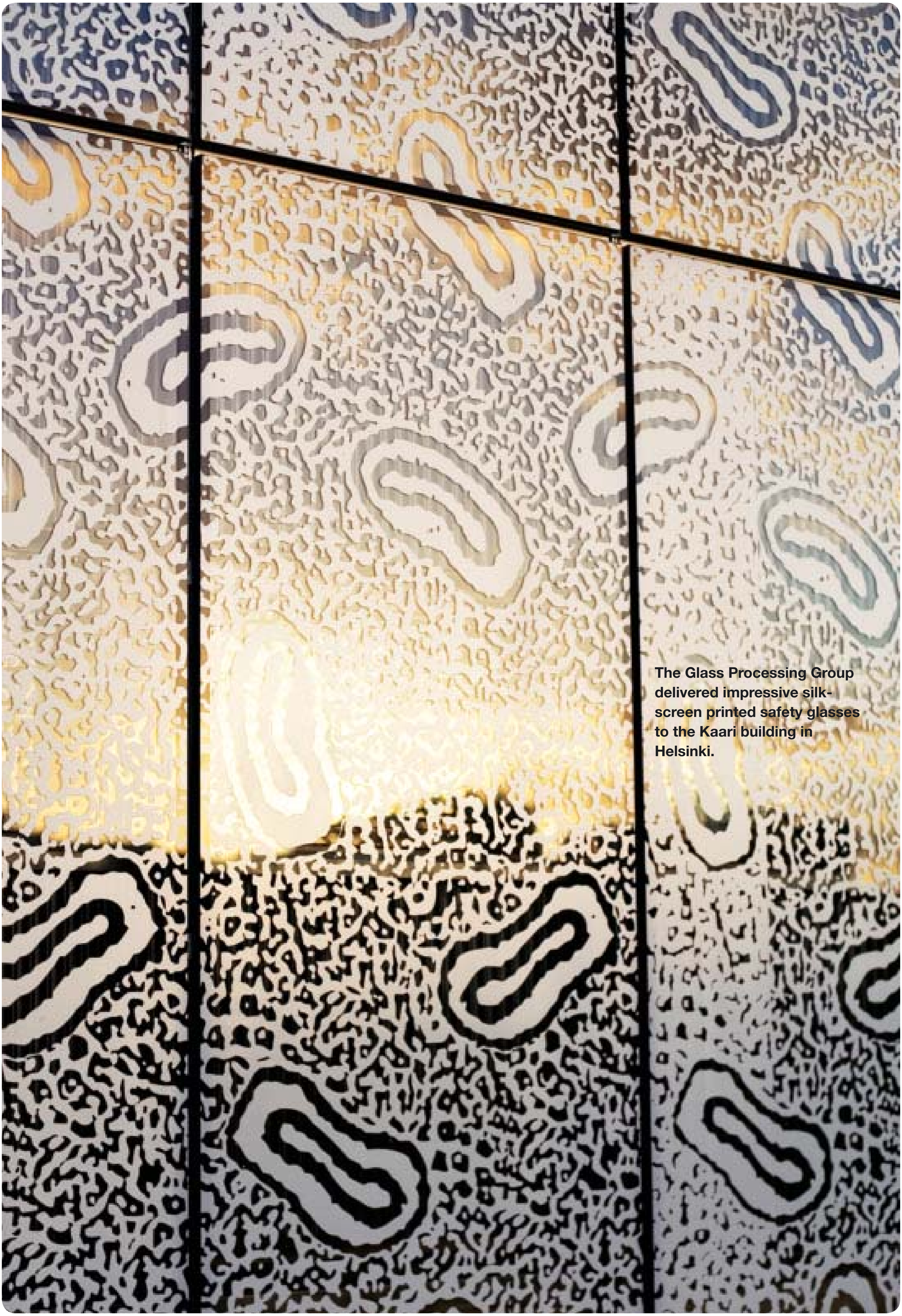
Customer-oriented investments

In 2005 Tamglass Glass Processing's most significant investments were a new cutting and polishing line as well as a storage system for Tamglass Safety Glass, and an insulating glass line built for Tamglass Insulating Glass' project business. Tamglass Finton focused on updating its entire supply chain and bringing to the market new products, whose design takes future customer needs into account.

NOTABLE RECOGNITION FOR TAMGLASS SAFETY GLASS

In 2005 Agco Group, one of the world's largest manufacturers of agricultural equipment, selected Tamglass Safety Glass as one of its spare parts suppliers of the year in the EMA (Europe, Middle East and Africa) area. The recognition is notable because Agco, which operates globally, has a total of 2,100 spare parts suppliers in the EMA area.

Agco represents a number of well-known agricultural machine brands, including Valtra, Massey Ferguson, Fendt and Challenger. Tamglass Safety Glass has supplied the company with spare part glass for Valtra tractors since autumn 2004. Justifications for the award to Tamglass were, among other things, the good quality of its products and an excellent standard of performance.



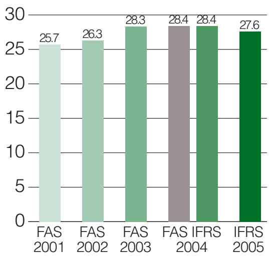
The Glass Processing Group delivered impressive silk-screen printed safety glasses to the Kaari building in Helsinki.

ENERGY KYRO POWER

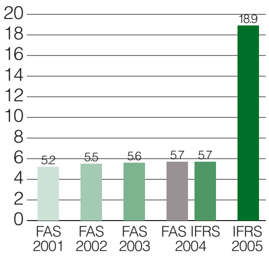
Kyro's second business area consists of Kyro Power Oy, which produces electricity and heat in its gas combi power plant, situated in Hämeenkyrö. Hydropower operations, which accounted for around ten percent of the business area's net sales, and a district heat distribution company were sold in December 2005 as part of Kyro Power's Partner project.

– Esa Kujala
Kyro Power
Managing Director

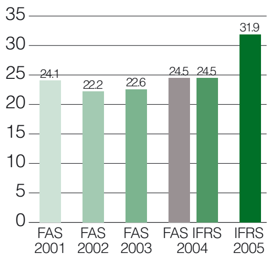
Net sales, EUR million



Operating profit, EUR million



Order book 31.12., EUR million



"The price of emission rights has become a significant factor driving the market price of electricity."

Sustainable development and responsibility for a clean environment are fundamental to Kyro Power's operations. The company's environmentally friendly energy production has been based not only on the efficient cogeneration of electricity and heat at its gas-fired power plant but also on hydropower, which has been harnessed for more than a century. The power plants have had an ISO 14001 environmental certificate since 2003.

Environmentally friendly energy production

The main fuel of the gas combi power plant is clean natural gas. A significant part of the energy of the gas burned in the gas turbine is recovered as electricity, steam and district heat. The gas turbine's Dry Low NOx burning technology minimises emissions. The gas, back-pressure and condensate turbines generate electricity up to a maximum output of more than 60 megawatts. Steam and district heat are produced from the gas turbine's combustion gases in a heat-recovery boiler.

The Kyro Power gas-fired plant's thermal capacity is more than 100 megawatts. Its overall efficiency of over 80 percent is indicative of the efficiency and environmental friendliness of the plant's operations. To ensure continuous production the company has a back-up gas-fired plant, which can use oil as a substitute fuel.

When the second Kyoto period begins in 2008, the benefits of cogeneration of electricity and heat based on the combi process will be further highlighted. Because the main fuel of the gas combi plant is low-emission natural gas, its carbon dioxide emissions are low compared to other energy generation processes based on fossil fuels.

Emission rights prices drive market prices

The year under review has shown that emissions trading has transformed the energy market's forecasting and pricing, which are largely based on the rainfall and water situation in the Nordic countries. The price of emission rights has become a significant factor driving the market price of electricity.

In July and August the market price of electricity in Finland was higher than at any time since 1998, because at the beginning of July the price of emission rights reached its highest quotation to date, nearly 30 euros per tonne. Since then, the price level has remained in the range 20-23 euros. The rise in the price of oil in 2005, on the other hand, increased the price of natural gas used by the gas-fired power plant as its main fuel.

Following several dry years, the water situation in 2005 was normal or even better than normal and the amounts of hydropower generated were near to normal levels. Despite the good water situation, the price of electricity remained at the level of the preceding three dry years.

Kyro Power's most important supply contracts with M-real and Finnforest expire in the middle of 2007. After this, the company's profitability will be affected particularly by the relationship of the market prices of natural gas and electricity.

Partner project continues

Kyro Group continued the Partner project it began in October 2004. The project's purpose is to find for the energy business area partnership or ownership arrangements that will promote its competitiveness. In December 2005 the Group implemented a decision which will see Kyro Power concentrating more fully on being an energy supplier to industry, thus making it less dependent on the market price of electricity.

Kyro Power sold its hydropower operations to Kyröskosken Voima Oy and its district heat distribution company, Hämeenkyrön Lämpö Oy, to Leppäkosken Sähkö Oy. The total value of the deal was EUR 26.8 million and its impact on the 2005 result was around EUR 12.5 million. The net sales of the operations in 2005 totalled EUR 2.3 million up to the date of the deal.

No employees were transferred along with the sale of the unmanned hydropower plant and Hämeenkyrö Lämpö Oy, which maintains the districting heat network. Even after the sale, Kyro Power will continue to supply district heat to its distribution network. The Partner project continues in 2006.

PERSONNEL

The main theme of Kyro Group's personnel development in 2005 was the surveying of employees' skills. Due to this detailed specification work, 2006 will be a year of skills development, which will, among other things, enable employees to participate in a wider range of training opportunities.

Skills development plays a leading role

The key issue in developing the Kyro Group's human capital is to continually maintain the level of employees' expertise. In 2005 the expertise of the Group's employees was extensively surveyed and this work will also continue during 2006. The studies will help the Group to plan training successfully. On the basis of the survey, a diverse range of new training will be initiated in 2006. Tamglass is also actively involved in the training activity of a regional skills development centre, the Tampere Business Campus (TBC).

To support skills management, a common eHR information system, which was tested in the year under review, will be introduced throughout the global organisation in 2006. The information system will facilitate management of personnel and expertise, particularly in units whose management and workers are in different countries. In 2005 Z. Bavelloni introduced personnel management processes required by the ISO 9001-2000 certificate.

Tamglass' human resources strategy has important strategically defined elements, for which development plans have been formulated. Responsibility for fulfilling these plans lies with the company's management. Individual development plans are formulated in collaboration with all employees in performance appraisals held at least once a year.

Vitamin and communications support strategy

Kyro Group companies have a number of working community development programmes, whose aim is to support corporate strategy goals. A programme entitled Vitamin aims to improve customer satisfaction and productivity as well as job satisfaction. In addition to the development of management and expertise, areas of focus include the promotion of a culture of discussion and enhancing the role of motivating incentive schemes.

The communication of strategy to personnel is also supported by the efficient flow of information internally. Internal communication is maintained by, among other things, information sessions such as the monthly discussion forum held by Tamglass in Tampere as well as quarterly financial performance briefings. The Group publishes a number of personnel magazines, and employees are active users of the intranet. One expression of a culture of discussion and incentivisation is an initiative scheme operating in Finnish units, which rewards viable initiatives aimed at improving products and operations or at saving costs.

Maintaining employees' working capacity

Measures taken to maintain the health and working capacity of Group employees include large projects as well as smaller campaigns and leisure-time activities. The action programme Iso Sydän (Big Heart), for example, continued in 2005 with exercise programmes formulated on the basis of measurements made with a monitoring group of around 60 people. The programme's main purpose is to reduce the adverse impact of work load and to achieve permanent changes in employees' exercise activity, but other areas of well-being are also taken into account.

The Well-being Forum illustrated here encouraged Tampere unit employees to invigorate themselves during the greyest days of November 2005. The event offered, for example, various measurements and tests, exercise and physical advice.

SAFETY AND ENVIRONMENTAL RESPONSIBILITY

Kyro's goal is to continually improve the level of environmental protection and work safety. The Group's units are guided by environmental, health and safety principles.

Tamglass Engineering Ltd. Oy and Tamglass Safety Glass Ltd. are participating in the Haastamme (We Challenge) working environment competition, which aims to boost companies' productivity, safety and job satisfaction to peak levels. The competition is open primarily to all metal and electronics industry companies and its measurement indicators include a separately agreed evaluation method, safety awareness questionnaires aimed at staff and the previous year's absence and accident figures. Evaluation visits are performed by occupational health and safety inspectors who are specially trained in this evaluation method. The competition finished at the end of 2005.

A number of Tamglass units have environmental systems compliant with the ISO 14001 standard. Glass processing, particularly the safety glass process, uses high temperatures, which means that energy efficiency is an increasingly significant issue. Machine design is based on low energy consumption and minimum energy losses. Tamglass products, moreover, are the most energy friendly on the market and they can also be recycled. Glaston Technologies refurbishes and sells, with a new guarantee, used Tamglass machines repurchased from customers.

Kyro Power's environmentally friendly energy production has been granted an ISO 14001 environmental certificate. Kyro Power's gas combi power plant mainly uses clean natural gas and its turbine is equipped with low-emission combustion chambers.

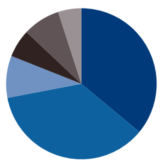
Glass Processing Academy supports sales

The strategic business areas and sales groups of Tamglass and Bavelloni were merged at the beginning of 2005. The purpose of this was, among other things, to secure cross-sales in line with Glaston Technologies' One-Stop-Partner concept and to improve customer service. The goal of the new sales group is to be the finest in the glass processing industry, and the best way of ensuring this is through comprehensive training.

At the end of 2005, Glaston Technologies established a continuous training concept, the Glass Processing Academy. The Academy will arrange for sales staff, and in future other personnel, technical training related to Glaston Technologies' product range, which is the most comprehensive in the industry. The Glass Processing Academy also aims to develop the personal sales preparedness and skills of every seller and promote the efficient distribution of knowledge and skills throughout the global sales organisation.

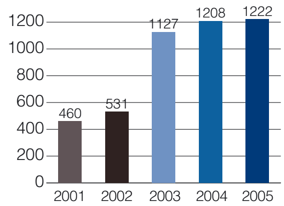
In addition to training, the Glass Processing Academy will make available to sales staff an internet-based material bank that contains a comprehensive range of sales tools and industry information. The first GPA training courses will be arranged at the beginning of 2006.

Geographical ditribution of personnel, %



Finland	36
Italy	36
Other Europe	9
North America	6
South America	8
Asia and Oceania	5

Personnel development



INFORMATION FOR THE SHAREHOLDERS

The Annual General Meeting of Kyro Corporation will be held on Thursday, 16 March 2006 at 4 p.m. at the Hilton Kalastajatorppa Hotel in Helsinki.

Shareholders entered in the company's register of shareholders maintained by Finnish Central Securities Depository Ltd on 6 March 2006 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, providing the shareholders were on Kyro Corporation's share register before 22 December 1995. Such shareholders must present at the Annual General Meeting their share certificates or other proof that the right of ownership of the shares has not been transferred to a book-entry account.

Shareholders who wish to attend the Annual General Meeting must inform the company by 4 p.m. on 13 March 2006 either in writing to Kyro Corporation, FI–39200 Kyröskoski, Finland or by telephone to +358 3 382 3072 or by e-mail to terttu.uusitalo@kyro.fi.

Dividend

The board proposes that a dividend of EUR 0.08 per share, and supplementary divident of 0.09 EUR per share, be paid for the financial period 2005, total EUR 13.4 million. The dividend will be paid to shareholders who are entered in the company's register of shareholders maintained by Finnish Central Securities Depository Ltd on the date of record, which is 21 March 2005. In accordance with the Board of Directors' proposal, the dividend will be paid on 28 March 2006.

Kyro Corporation's financial reporting during 2006

The financial statements were published on 8 February 2006 and the annual report will appear in week 10.

Interim reports will be published as follows:

Interim report	1/2006
(1.1.–31.3.2006)	10.5.2006
Interim report	2/2006
(1.1.–30.6.2006)	16.8.2006
Interim report	3/2006
(1.1.–30.9.2006)	8.11.2006

The annual report and interim reports are published in Finnish, Swedish and English. Kyro's annual and interim reports can be ordered by telephone +358 3 382 3111 or by e-mail aula@kyro.fi.

Ordering stock exchange releases to your e-mail address

You can order Kyro Corporation's stock exchange releases directly to your e-mail address. As soon as the releases have been published on the Helsinki Exchanges, they are sent automatically to those who have registered for the distribution service on the company's website.

Kyro Corporation
Vehmaistenkatu 5
FIN-33730 Tampere
Tel +358 3 382 3111,
Fax +358 3 382 3016
Helsinki Office
Kalevankatu 3 B
FIN-00100 Helsinki
Tel +358 9 5422 3300,
Fax +358 9 3487 2500
IR Emmi Watkins

More information:

Information about the Kyro Group and its business areas is available from the company's website, interim reports, and the customer magazines of subsidiaries.

Group website:
www.kyro.fi
Subsidiary websites:
www.tamglass.com
www.bavelloni.com
www.uniglass.com
www.glassprocessing.tamglass.com
www.kyropower.fi

In addition, the Kyro subsidiary Tamglass publishes the global glass industry's most extensive information portal, **www.glassfiles.com** service, which has more than 5,000 pages of technical articles on the latest innovations in the glass industry.

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

FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS

KYRO GROUP STRUCTURE

Kyro's business areas are Glaston Technologies and Energy. The main business area, Glaston Technologies, consists of the Glass Machinery Group and the Glass Processing Group.

The Glass Machinery Group is the world market leader in glass processing machines. The Glass Machinery Group's products are glass pre-processing machines as well as safety glass machines for the architectural and automotive industries. The group consists of Tamglass, the technology and market leader in safety glass machines, Uniglass, which manufactures flat tempering machines, and the leading supplier of glass pre-processing machines Z. Bavelloni, which also produces stone processing machines.

The Glass Processing Group focuses on markets in Finland and neighbouring countries and is the leading comprehensive supplier of architectural glass products in Finland. The products sold under its Tamglass brand are safety, insulating and balcony glasses and balcony systems.

Kyro's second business area is Energy, which consists of the electricity and heat generating gas-fired combi power plant of Kyro Power Oy. The hydropower and district heat distribution operations of the Energy business area were sold in December 2005.

NET SALES AND PROFIT

The Kyro Group's net sales in 2005 were EUR 266.7 (231.4) million, 15% growth. The Group's operating profit was EUR 35.5 (20.5) million, 74% growth, and represented 13.3% (8.8) of net sales. Comparable operating profit, excluding profit from sales, was EUR 23.0 (20.5) million, representing 12.2% growth and 8.6% (8.8) of net sales.

The Group's profitability was affected by operational development projects carried out. The most significant of these are the development of Glaston Technologies' operations and networks, the centralisation of the Group's financial administration, the development of IT systems and expansions of production and business operations in China and Brazil. Costs of these development measures were concentrated for 2005 and result improvement is expected for 2006 and beyond.

The Energy business area's hydropower and district heat distribution operations were sold in December 2005 for a total debt-free price of around EUR 26.8 million. The profit before taxes from the sales totalled EUR 12.5 million. In Kyro's 2005 income statement, the sold operations accounted for around EUR 2.3 million in net sales and around EUR 0.8 million in operating profit up to the date of the sale. The sold businesses together constituted around 10% of Kyro Power's net sales.

Profit before taxes was EUR 34.2 (22.5) million, which represented 12.8% (9.7) of net sales. Profit for the financial year was EUR 22.4 (14.7) million. The return on invested capital was 21.7% (15.7). Earnings per share were EUR 0.28 (0.18) and equity per share was EUR 1.76 (1.54). Comparable earnings per share excluding capital gains were 0.16 (0.18).

Net financial items totalled EUR –1.3 (2.1) million. This includes interest, dividend and other financial income of EUR 2.4 (4.0) million, and interest and other financial expenses of EUR 3.7 (1.9) million. The difference is explained by unrealised foreign exchange losses on the Group's interest loan balances of EUR 0.8 million, which is included in other financial items. In addition, classification and valuation rules for financial assets according to IAS 39 were adopted from the beginning of 2005, as a result of which unrealised increases in the value of financial securities amounting to EUR 0.7 million at the time of adoption, adjusted for taxes, were recognised directly in shareholders' equity.

The Group's order book at the end of 2005 was EUR 140.7 (135.5) million. Glaston Technologies' order book at 31 December 2005 was EUR 108.8 (111.0) million.

The business of the Group's parent company consists of financing and investing activities, as well as group administration services. The parent company's net sales totalled EUR 0.9 (0.8) million and its profit for the financial year was EUR 17.0 (10.5) million. The result was influenced by a Group contribution received of EUR 22.5 million.

FINANCING

The Group's financial standing is very good. Equity ratio was 64.4% (59.3) at the end of the year. By a decision of the Annual General Meeting, a total of EUR 5.6 million was distributed as dividends in 2005.

Cash flow from business operations was EUR 22.5 (15.7) million in 2005. The Group's liquid funds totalled EUR 26.3 (11.5) million on 31 Dec, 2005. Interest-bearing net liabilities amounted to EUR –24.7 (8.7) million. Gearing stood at –17.7% (7.1).

CAPITAL EXPENDITURE

The Kyro Group's capital expenditure totalled EUR 11.5 (6.8) million. This includes Glass Processing's new insulating glass production line and other glass processing machines, EUR 3.0 million, the construction of Glaston Technologies' new production plant in China, EUR 1.7 million, product development capitalisations under IFRS, EUR 4.0 million, as well as normal repair and maintenance expenditure.

RESEARCH AND PRODUCT DEVELOPMENT EXPENDITURE

Research and development expenditure entered in the income statement totalled EUR 7.3 (7.1) million in the financial year. All of this expenditure related in practice to Glaston Technologies. Research expenditure was directed at tempering machine heating and chilling technology, glass grinding technology and automation. Product development expenditure was mainly connected with Tamglass' new flat tempering machine, Bavelloni's new pre-processing line and both companies' development of machines suitable for handling jumbo glass sizes.

ORGANISATION AND PERSONNEL

The Glass Machinery Group of Glaston Technologies, Kyro's main business area, consists of Tamglass, Z. Bavelloni and Uniglass

Net sales, operating profit and order book, EUR million

	Net sales		Operating profit		Order book	
	2005	2004	**2005**	2004	**2005**	2004
Glaston Technologies	**238.9**	203.0	**22.1**	18.4	**108.8**	111.0
Energy	**27.6**	28.4	**18.9**	5.7	**31.9**	24.5
Parent company, other operations and eliminations	**0.2**	-0.0	**-5.5**	-3.6		
Group total	**266.7**	231.4	**35.5**	20.5	**140.7**	135.5

Engineering. In December 2005 Paolo Sandri was appointed Managing Director of Z. Bavelloni following the retirement of his long-serving predecessor Dino Bavelloni. Cosimo Gabriele was appointed Managing Director of DiaPol S.r.l, a tool company founded at the beginning of 2006.

Glaston Technologies' Glass Processing Group consists of the companies Tamglass Safety Glass, Tamglass Insulating Glass and Tamglass Finton. In December 2005 Claus Carlsen was appointed Managing Director of the Glass Processing Group and Tamglass Safety Glass, following the transfer of Glass Processing's long-serving Director Pertti Iivanainen to the position of the group's Business Development Director.

Kyro Energy business area consists of Kyro Power Oy, whose Managing Director is Esa Kujala.

At the end of financial year, the Kyro Group had 1.222 (1.208) employees, of whom 781 (775) worked outside Finland. The average number of employees during the year was 1.218 (1.175). There was a modest increase in the number of personnel. The increase mainly resulted from the recruitment of additional product development staff as well as the establishment of new service and maintenance points.

Personnel 31.12.

	2005	2004
Glaston Technologies	**1 191**	1 175
Energy	**23**	23
Kyro Corporation	**7**	10
Kyro Group	**1 222**	1 208

SHARES AND SHARE PRICES

A total of 18.054.297 Kyro Corporation (KRO1V) shares were traded during 2005, which equals 22.8% (19.4) of the total number of shares. The lowest price paid for a share on the Helsinki Exchanges was EUR 3.79 and the highest price EUR 4.60. The average price during the year was EUR 4.25.

ACQUISITION AND DISPOSAL OF OWN SHARES

The Annual General Meeting on 15 March 2005 authorised the Board of Directors to acquire the company's own shares for the purpose of using them as consideration in possible acquisitions, to finance investments or in other industrial arrangements or to be disposed of in other ways or to be invalidated.

According to the authorisation the Board of Directors may acquire the company's own shares using assets available for distribution of profits, provided that the combined nominal value of the acquired shares together with any shares already in the possession of the company corresponds to a maximum of 5 percent of the company's total share capital at the moment of acquisition. Shares can be acquired or sold in public trading on the Helsinki Exchanges at the market value of the shares at the time in question.

The authorisations to acquire and dispose of the company's own shares are valid for a period of one year from the decision of the Annual General Meeting on 15 March 2005. On 31 December 2005, Kyro Corporation held a total of 329.904 (329.904) of its own shares, acquired on the basis of previous authorisations. The company did not exercise the authorisation in 2005.

MANAGEMENT INCENTIVE SCHEME

The Group operates a management incentive scheme, approved in 2002, which covers key Tamglass personnel and Kyro's management. 23.250 A options, with an exercise period of 1 May 2005 to 31 May 2009, and 21.750 B options, with an exercise period of 1 May 2007 to 31 May 2009, have been awarded.

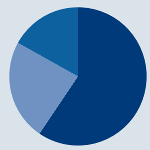
In accordance with a restriction in the incentive scheme, share subscription by exercising the options is possible only with the permission of Kyro Corporation, but the options may be sold to Kyro Corporation during their exercise period at a price which is defined as the difference between the imputed value of the share and the subscription price. 2/3 of the imputed value of the share is based on the results of the Tamglass and Kyro Groups and 1/3 on the development of the Kyro share price. The total value of the options right at the moment of realization cannot exceed 15% of Kyro Group's cumulative net result starting from the accounting period of 2002.

BOARD OF DIRECTORS AND AUDITORS

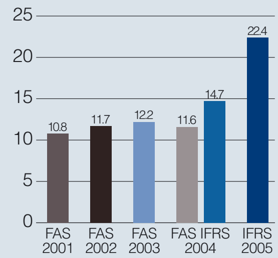
The term of office of Kyro Corporation's Board of Directors is 2004–2007. The members of the Board of Directors are Klaus Cawén, Lars Hammarén, Barbro Koljonen, Heikki Mairinoja, Carl-Johan Numelin, Carl-Johan Rosenbröijer and Christer Sumelius. In 2005 the Board of Directors elected Carl-Johan Numelin as Chairman of the Board of Directors and Christer Sumelius as Deputy Chairman.

Under the Articles of Association the company has one auditor, which must be an auditing firm approved by the Finnish Central Chamber

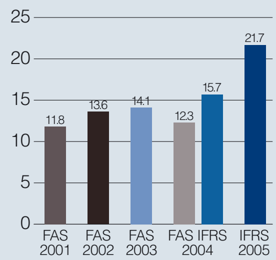
Geographical distribution of net sales 2005



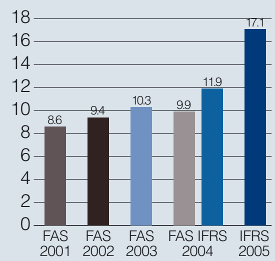
Profit for the year, EUR million



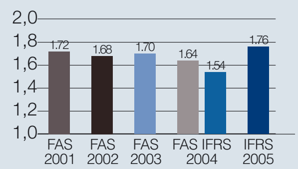
Return on invested capital, %



Return on equity, %



Equity per share, EUR



of Commerce. The auditor's term of office covers the current financial year and ends at the conclusion of the Annual General Meeting that follows its election. The 2005 Annual General Meeting elected as auditor the authorised public accounting firm KPMG Oy Ab, with the responsible auditor being Sixten Nyman APA, who supervises auditing guidelines and coordination for the entire Group.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL FOR FINANCIAL YEAR 2005

Kyro Corporation's Board of Directors proposes that a dividend of EUR 0.08 per share and a supplementary dividend of EUR 0.09 per share be distributed for the financial year ending 31 December 2005. Dividend-entitling shares totalled 79.020.096 on 7 February 2006. The dividend shall be paid to shareholders entered in the register of shareholders maintained by the Finnish Central Securities Depository Ltd by the date of record, 21 March 2006. The Board of Directors proposes that the dividend be paid on 28 March, 2006.

CORPORATE GOVERNANCE

Kyro adheres where applicable to the recommendation on the corporate governance of listed companies issued by the Helsinki Exchanges on 1 July 2004. Kyro's Board of Directors has established Audit and Remuneration Committees consisting of its own members. The members of the Audit Committee are Lars Hammarén, Heikki Mairinoja and Carl-Johan Numelin (Chairman). The members of the Remuneration Committee are Klaus Cawén, Carl-Johan Numelin (Chairman) and Christer Sumelius.

IFRS ACCOUNTING POLICIES

The Kyro Group adopted the International Financial Reporting Standards (IFRS) in its financial reporting at the beginning of 2005. These financial statements use 2004 figures prepared according to IFRS as comparative data.

On 6 April 2005, Kyro published a separate stock exchange release on the effects of the adoption of IFRS on the result and balance sheet. The most significant changes arise from a change in revenue recognition policies, the capitalisation of product development expenses, the accounting of subsidiaries' share options and the replacement of goodwill amortisation with annual impairment testing.

The sales recognition policy under IFRS increases the order book of the Group's Glaston Technologies business area. Compared with a revenue recognition practice under Finnish Accounting Standards based on the time of dispatch of deliveries, under IFRS deliveries remain in the order book until they have been surrendered to the customer's use and/or responsibility.

The financial statements' treatment of emissions trading, which started at the beginning of 2005, follows the IFRS accounting practice, which permits the recognition of emissions trading at acquisition cost. As of 1 January 2005, the Kyro Group has applied classification and valuation rules for financial assets as well as hedge accounting of foreign currency and electricity derivatives in accordance with the IAS 32 and IAS 39 standards. The impact of the IAS 39 standard on the company's shareholders' equity was EUR 1.0 million on the date of adoption, 1 January 2005.

GLASTON TECHNOLOGIES – NET SALES, OPERATING PROFIT AND ORDER BOOK

Glaston Technologies' net sales totalled EUR 238.9 (203.0) million in the period under review, up by 18%. Operating profit was EUR 22.1 (18.4) million, representing 21% growth from the previous year and 9.3% (9.0) of net sales. The order book fell slightly from the previous year and stood at EUR 108.8 (111.0) million. On the other hand, 15.8% more new orders were received compared with the previous year and totalled EUR 177.8 (153.6) million. The order intake in December was EUR 27.2 (28.3) million.

The Glass Machinery Group's turnover rose significantly from the previous year due to a good market situation, and profitability also improved due to volume growth. The strong euro continued to impose price pressures on both the customer and the seller outside the eurozone, weakening volume and profitability. Profitability was also affected by a number of operational development projects.

The Glass Processing Group's turnover grew slightly from the previous year, but its profitability was a disappointment. The weak profitability of the group's insulating glass and particularly balcony operations was due mainly to a changed competitive situation.

GLASTON TECHNOLOGIES - GLASS MACHINERY GROUP

Market and sales

Glass processors must be able to deliver not only demanding products but also greater efficiency, which is increasing demand for large-capacity, high-technology glass processing machines. Demand for safety glass and pre-processing machines made by Glaston Technologies grew clearly in 2005. The Glass Machinery Group grew strongly, increasing its market share and improving its profitability, at the same time while 2005 was also a year of high development expenditure and intense product development.

Demand was focused on large, demanding architectural glass machines. Demand for automotive glass machines was lower at the beginning of the year, but improved towards the end of the year. Geographically the biggest growth area was the USA, where the use of energy glass and a pick-up in construction sharply increased demand for safety glass machines. Demand also grew in the EMA (Europe, Middle East and Africa) area, particularly in the Middle East. The Central European market revived from the previous year and started to grow. In Asia, particularly in China, development was in the opposite direction and an overheated market declined.

Pre-processing machines sold well, particularly Bavelloni's cutting machines and grinding equipment. The main market area for pre-processing machines is the EMA area, while sales of stone processing machines accelerated during the year in Central Europe and the USA.

Sales of tools intended for glass and stone pre-processing also grew during the year, particularly through the launch of a new series of polishing tools. The strongest growth area was the USA. To develop its tool business, Kyro incorporated Bavelloni's tool division at the beginning of 2006.

During 2005 Glaston Technologies further developed its One-Stop-Partner concept, whose range of products and services consists of machine and production line deliveries, maintenance services and tools. Customers can acquire from a single supplier products and services according to their needs, all the way to a complete glass processing factory.

The strategic business areas and sales groups of Tamglass and Bavelloni were merged at the beginning of 2005. This will support the development of Tamglass and Bavelloni business operations and will improve customer service. The merger of the sales organisations has translated into a growth in sales.

Production and new products

Glaston Technologies' machine manufacturing in Finland, Italy, the USA, China and Brazil is based on its own product development, assembly and a strong subcontracting network. As a result, capacity utilisation is flexible, which in 2005 again enabled good throughput of an exceptionally high order book. The utilisation rates of the machine factories were generally on a good level throughout the year.

Glaston Technologies' most significant product launch was a line jointly developed by Tamglass and Bavelloni that is suitable for the pre-processing and tempering of large architectural glasses as well as smaller appliance and window glass. The line consists of a new, world's fastest flat tempering machine, Tamglass Sonic, and Bavelloni's automatic, integrated pre-processing line, which performs the grinding, cutting and perforation that precede tempering.

The Glass Machinery Group also strengthened its One-Stop-Partner concept in China, where

Tamglass expanded its locally manufactured range of tempering machines and Bavelloni began producing glass pre-processing machines. Glaston Technologies' production in Tianjin, China will move from rental premises into its own new facility at the beginning of 2006.

Uniglass Engineering, which specialises in flat tempering machines, strengthened its market position in 2005 as the second biggest supplier in Europe and the USA after Tamglass. There was also demand for Uniglass machine in the Middle East and Eastern Europe. Overall, demand at Uniglass was higher than expectations.

Maintenance and service business

Demand and volume of Glaston Technologies' maintenance and service business again grew in 2005, with overall growth being nearly 20%. The main areas of growth were the USA and Central Europe.

The Tamglass and Bavelloni maintenance and service operations were developed and working practices standardised. The intention is to enhance the integration of Glaston Technologies' sales and maintenance organisations during 2006.

The maintenance contract book for safety glass machines grew by a record 23%. Installation business was brisk throughout the year, and more installation and maintenance staff were recruited, particularly in the USA and Europe.

As a result of an active sales work, spare parts sales also grew, as did accessory and control system updates, which enable customers' earlier-generation machines to be enhanced to meet the safety glass market's latest requirements.

Glaston Technologies' goal is to offer its customers good service in all the main market areas, and during the year it opened three new maintenance service offices.

GLASTON TECHNOLOGIES – GLASS PROCESSING GROUP

Market and sales

Glass Processing Group's biggest customer segment, the construction industry, grew in Finland in 2005, particularly office and residential building. The Glass Processing Group overall slightly grew its volumes and strengthened its market position. In addition, it grew its position as an exporter of special automotive glasses to, among other countries, the UK and Germany.

In 2005 the Glass Processing Group invested in developing its production by introducing new insulating glass and grinding lines, which improve its reliability and capacity. The group also continued its active networking, with good results. Maaseudun Kone, a manufacturer of driver's cabins for tractors, chose Glass Processing to improve the competitiveness of its Valtra tractor, and the Agco Group, which manufactures Valtra tractors, recognised Tamglass Safety Glass with its Spare Parts Supplier of the Year award.

The Glass Processing Group's most notable reference projects in the final quarter of the year were glazing deliveries for the If building in Espoo and for the Central Finland Central Hospital.

In the insulating glass sector, Finnish suppliers are encountering increasing competition from Estonia. The Glass Processing Group's capacity to respond to challenges has improved, however, due to the investments made in 2005. Balcony business, on the other hand, suffered from price competition, which significantly weakened the profitability of Tamglass Finton and of the whole Glass Processing Group. The balcony business is currently being examined to find solutions to improve its operational efficiency. Possible measures will be initiated during the first half of 2006.

ENERGY

Net sales, operating profit and order book

The net sales of the Energy business area totalled EUR 27.6 (28.4) million in the period under review. The operating profit was EUR 18.9 (5.7) million, which includes a EUR 12.5 million profit from the sales of the hydropower and district heat network operations in December 2005. Profit from operations was therefore EUR 6.4 (5.7) million, up 14% from the previous year. This operating profit represented 23.2% (20.0) of net sales. Kyro Power's order book at the end of the year was EUR 31.9 (24.5) million. The high order book is explained mainly by a rise in the price of electricity.

Development of the energy market

The price of emission rights became a significant factor driving the market price of electricity in 2005, instead of pricing based on rainfall and the Nordic water situation.

The price of emission rights at the beginning of June reached nearly 30 euros per tonne and continued thereafter in the range 20-23 euros. The electricity price in Finland in July and August was higher than at any time since 1998. The level of the electricity price continued to rise in early winter, despite the normalisation of the water situation. Overall, the market price of electricity in 2005 was clearly more stable than in previous years. The rise in the price of oil, on the other hand, affected the price of natural gas, the gas-fired power plant's main fuel, which rose further at the beginning of 2006.

Kyro Power's current price contracts with M-real and Finnforest expire in the middle of 2007. After this, the company's profitability will be affected particularly by the level of the market prices of natural gas and electricity.

Energy production

In 2005 energy production at the gas-powered plant fell short of the previous year's level. The decline was due to a forest industry labour dispute, which lasted seven weeks. Electricity production was also limited by the start of emissions trading and the rapid rise in the price of both emissions rights and natural gas.

Hydropower production was nearly at normal levels despite a modest spring flood. Compared with the dry year of 2004, the hydropower plant's electricity production increased by 30%.

Development of operations

As part of the Partner project initiated in October 2004, the Group implemented an arrangement which will see Kyro Power concentrate more fully on being an energy supplier to industry, thus making it less dependent on the market price of electricity.

On 8 December 2005, Kyro Power Oy sold its Hämeenkyrö hydropower operations plus balance sheet items to Kyröskosken Voima Oy and the shares of its district heat company to Leppäkosken Sähkö Oy. No personnel were transferred in connection with the sales.

The purpose of the continuing Partner project is to find for Kyro's energy business area partnership or ownership arrangements that will promote its competitiveness. After the sale of the hydropower business and district heat distribution company, Kyro Power consists of a gas-fired combi power plant that produces heat, steam and electricity for the needs of industry.

FUTURE OUTLOOK

The industry's most extensive customer service network, widest product range and the One-Stop–Partner concept create for Glaston Technologies good opportunities to fulfil customers' needs better than before. The main business area, Glaston Technologies, is a technology and market leader in a growing business sector. The levels of its order and offer books are good at the beginning of the year. Kyro Group's position as it enters 2006 is fundamentally sound.

Kyro's financial position is excellent and the intention is to use the capital released from the Energy business area to make possible company acquisitions in line with the Group's strategy.

Providing that demand in the Glaston Technologies business area remains at least at the present level, Kyro aims in 2006 to again increase its net sales and comparable operating profit by strengthening its market position and enhancing the efficiency of its operations.

SHARES AND SHAREHOLDERS

Share capital
The total number of Kyro Corporation shares in circulation is 79.350.000. The nominal value of each share is EUR 0.16. The company's share capital is EUR 12.696.000. The company's minimum share capital is EUR 4 million and the maximum share capital is EUR 16 million, within which limits the share capital can be increased and decreased 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 Stock Exchange (Helsinki Pörssi Oy/ Helsinki Stock Exchange Ltd). The quotation of the shares began on 2 April 2001.

During the period 1 January 2005 to 31 December 2005, a total of 18.054.297 Kyro Corporation shares were traded on the Helsinki Stock Exchange, equivalent to 22.8 percent of the total number of shares outstanding.

At the end of the year, the market value of the company's shares was EUR 322.161.000. On the same date, the company had 3.680 shareholders listed in the book-entry system.

Share price development
The highest price paid for a Kyro Corporation share on the Helsinki Stock Exchange was EUR 4.60 and the lowest price EUR 3.79. The average price during the year was EUR 4.25.

Taxable value of share in Finland
The taxable value of a Kyro Corporation in Finland under 2005 taxation is EUR 2.86 per share.

Management ownership of shares
The members of the Board of Directors and the President and CEO owned a total of 1 778 200 shares on 31 December 2005. These shares account for 2.2% of the company's shares.

Management incentive schemes
The Group operates a management incentive scheme, approved in 2002, which covers key Tamglass personnel and Kyro's management. By the end of 2005, 23.250 A share options, with an exercise period of 1 May 2005 to 31 May 2009, had been awarded and 21.750 B share options, with an exercise period of 1 May 2007 to 31 May 2009. The calculatory amount of B options in the financial statements of 2005 is a total of 25 000.

In accordance with a restriction in the incentive scheme, share subscription by exercising the options is possible only with the permission of Kyro Corporation, but the options may be sold to Kyro Corporation during their exercise period at a price which is defined as the difference between the imputed value of the share and the subscription price. Two thirds of the imputed value of the share is based on the results of the Tamglass and Kyro Groups and one third on the development of the Kyro share price. The total value of share options at the time of realisation cannot exceed 15% of the Kyro Group's net result, starting from the financial year 2002. The incentive scheme is treated as a synthetic option scheme, because the Group can choose whether to make the payment in cash or as instruments on equity terms.

The cost impact of the incentive scheme during the financial year, EUR 2.3 million, has been recognised in the expense item Employee benefits. The obligation from the incentive scheme amounted to EUR 6.1 million in Kyro's balance sheet on 31 December 2005.

Kyro Corporation's Chief Executive Officer Pentti Yliheljo has been granted 8.000 A options and 8.000 B options.

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

Book-entry system
A total of 77.382.402 of the company's shares were registered in the book-entry system on 31 December 2005. A register of shareholders is maintained by Finnish Central Securities Depository Ltd.

Board authorisations
The Board of Directors has no authorisations to change the share capital.

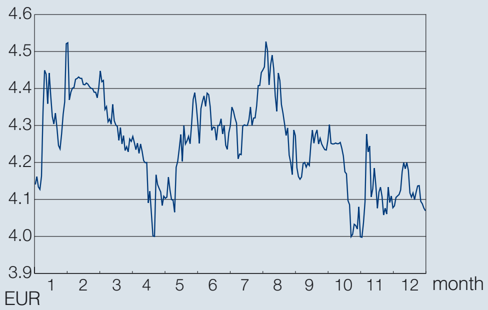
On 15 March 2005, the Annual General Meeting of Kyro Corporation authorised the Board of Directors to acquire the company's own shares, provided that the combined nominal value of the acquired shares together with any shares already in the possession of the company corresponds to a maximum of 5% of the company's total share capital at the moment of acquisition. The company's own shares may be used as consideration in possible future business acquisitions, to finance investments and in other industrial arrangements in a way and scope determined by the Board of Directors.

The Annual General Meeting authorised the Board of Directors to decide on the transfer of own shares acquired for the company. The company's own shares may be transferred for use as consideration in possible business acquisitions, to finance investments and in other industrial arrangements or otherwise transferred or cancelled.

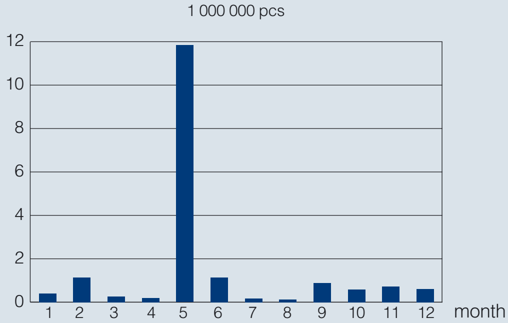
During the financial year, the company did not exercise the authorisations it has received.

On 31 December 2005, Kyro Corporation possessed a total of 329,904 of its own shares, acquired at a price of EUR 950,240.69. The shares constitute 0.4% of all votes and shares.

Kyro's share price development 1 Jan–31 Dec 2005



Monthly Kyro share trading volume 2005

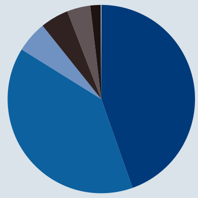


Distribution of share ownership

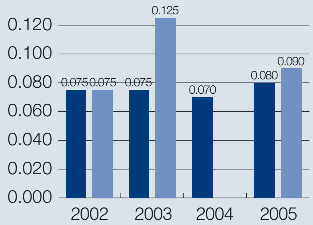
The ownership of Kyro Corporation shares was distributed on 31 December 2005 as follows:

Number of shares	Owners	% of owners	Number of shares	% of shares
1–500	1 216	33.04	362 459	0.46
501–1 000	928	25.22	742 092	0.94
1 001–5 000	1 034	28.10	2 326 244	2.93
5 001–10 000	215	5.84	1 636 713	2.06
10 001–50 000	148	4.02	3 538 772	4.46
50 001–100 000	50	1.36	3 901 588	4.92
100 001–500 000	68	1.85	16 581 928	20.90
500 001–	21	0.57	50 185 004	63.25
Total	3 680	100.00	79 274 800	99.91
On joint account			75 200	0.09
Total			**79 350 000**	**100.00**

Ownership by sector



Dividend, EUR



Largest shareholders on 31 December 2005

	Shares	%
GWS Trade Oy	13 466 700	16.9
Oy G.W.Sohlberg Ab	12 819 400	16.2
Henning Sumelius	3 642 600	4.6
Svenska Litteratursällskapet i Finland	2 184 000	2.8
Oy Investsum Ab	1 820 000	2.3
Helena Suutarinen	1 802 400	2.3
Charlie von Christierson	1 600 000	2.0
Maria Sumelius	1 569 400	2.0
Bjarne Sumelius	1 444 000	1.8
Birgitta Sumelius-Fogelholm	1 114 000	1.4
Marianne Storhannus	970 000	1.2
Christer Sumelius	803 800	1.0
Huber Karin	800 800	1.0
Sumelius-Koljonen Barbro	785 600	1.0
Nominee registrations	3 577 135	4.5
Other	29 232 594	36.8
	79 020 096	99.6
Own shares in the company's possession	329 904	0.4
Total	**79 350 000**	**100.0**

Taxable value of share in Finland

The taxable value of a Kyro Corporation in Finland under 2005 taxation is EUR 2.86 per share.

KEY INDICATORS PER SHARE IN EURO

EUR million	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003*	FAS 2002*	FAS, official 31.3.-31.12.2001*	FAS, pf 2001*
Earnings per share, EUR	**0.28**	0.18	0.15	0.155	0.150	0.120	0.135
Equity per share, EUR	**1.76**	1.54	1.64	1.700	1.680	1.720	1.715
Dividend per earnings, %	**60.7**	38.9	38.9	129.0	96.8	145.8	129.6
Dividend per shares, EUR	**0.08****	0.07	0.07	0.075	0.075	0.070	
Extra dividend per share, EUR	**0.09****			0.125	0.075	0.105	
Effective dividend yield, %	**4.2**	1.7	1.7	5.1	4.7	6.3	6.3
P/E ratio	**14.5**	22.8	22.8	25.5	20.5	23.3	20.7
Number of shares, 1 000 pcs							
average	**79 020**	79 020	79 020	78 776	76 321	78 532	78 734
at end of year	**79 020**	79 020	79 020	79 020	76 382	76 178	76 178
**) Board's proposal							
Share price trend							
average price	**4.25**	3.92	3.92	3.580	3.125	2.590	
lowest price	**3.79**	3.40	3.40	2.700	2.500	1.800	
highest price	**4.60**	4.16	4.16	4.100	3.675	2.975	
Share price at the end of the year	**4.06**	4.10	4.10	3.950	3.170	2.790	
Market capitalisation of all shares at the end of the year, EUR million	**322.16**	325.30	325.30	313.40	251.5	221.4	
Turnover, no, of shares	**18 054 297**	15 424 328	15 424 328	6 232 942	6 168 378	26 543 348	
Turnover, % of the total number, no. of shares	**22.8**	19.4	19.4	7.9	7.8	66.9	
Turnover, EUR million	**79.0**	60.5	60.5	22.3	19.3	68.8	

*) The number of the Company's shares and its share capital was raised through a bonus issue in November 2004. The number of shares was doubled from 39.675.000 shares to 79.350.000 shares. The key ratios of previous years have been adjusted accordingly.

FINANCIAL PERFORMANCE INDICATORS IN EURO

EUR million	IFRS	IFRS	FAS	FAS	FAS	FAS, official	FAS, pf
	2005	2004	2004	2003	2002	31.3.- 31.12.2001	2001
Consolidated income statement							
Net sales	**266.7**	231.4	231.7	226.7	144.3	110.9	147.0
change	**15.2**		2.2	57.1	-1.8		25.2
Exports and international operations	**220.1**	187.1	187.0	181.4	112.1	85.0	111.0
as % of net sales, %	**82.6**	80.9	80.7	80.0	77.7	76.6	75.5
Depreciation and amortisation	**8.7**	8.4	6.9	6.8	5.2	3.9	5.0
Operating profit	**35.5**	20.5	21.8	22.9	18.9	13.2	17.3
as % of net sales, %	**13.3**	8.8	9.4	10.1	13.1	11.8	11.7
Goodwill amortisation (FAS)			2.9	3.1	0.2	0.1	0.1
Operating profit	**35.5**	20.5	18.8	19.8	18.7	13.1	17.2
as % of net sales, %	**13.3**	8.8	8.1	8.7	13.0	11.8	11.7
Net financial items	**-1.3**	2.1	2.1	0.6	-0.6	1.1	-0.9
Profit before taxes	**34.2**	22.5	21.0	20.4	18.1	14.2	16.3
as % of net sales, %	**12.8**	9.7	9.1	9.0	12.5	12.8	11.1
Income tax	**-11.9**	-7.9	-7.5	-6.7	-5.7	-3.7	-4.3
Profit for the period	**22.4**	14.7	11.6	12.2	11.7	9.5	10.8
Attributable to:							
Equity holders of the parent	**22.4**	14.5	9.7	10.7	11.1	8.5	9.6
Minority interest	**0.0**	0.2	1.9	1.5	0.6	1.1	1.2
	22.4	14.7	11.6	12.2	11.7	9.5	10.8
Balance sheet							
Non-current assets	**112.8**	122.9	111.4	118.6	73.6	71.9	71.9
Current assets							
Inventories	**59.6**	63.3	34.7	32.2	15.7	15.7	15.7
Deferred tax assets	**8.5**	10.2	5.7	8.3	6.1	4.0	4.0
Receivables	**75.7**	51.5	73.7	86.9	91.7	99.7	99.7
Equity attributable to equity holders of the parent	**139.0**	121.6	130.5	135.9	137.1	139.7	139.7
Minority interest	**0.0**	0.5	4.1	2.2	0.7	3.4	3.4
Total equity	**139.0**	122.2	134.6	138.1	137.9	143.1	143.1
Provisions	**9.8**	7.6	5.9	5.6			
Liabilities							
Interest-bearing liabilities	**2.9**	20.3	19.8	33.4	3.7	4.5	4.5
Non-interest-bearing liabilities	**97.2**	90.0	58.1	60.6	38.7	36.7	36.7
Deferred tax liability	**7.6**	7.8	7.2	8.4	6.9	7.1	7.1
Balance sheet total	**256.5**	248.0	225.6	246.1	187.0	191.4	191.4
Return on capital invested, %	**21.7**	15.7	12.3	14.1	13.6	14.1	11.8
Return on equity, %	**17.1**	11.9	9.9	10.3	9.4	10.5	8.6
Equity ratioe, %	**64.4**	59.3	62.6	58.6	77.1	79.7	79.7
Gearing, %	**-17.7**	7.1	6.1	3.2	-40.5	-45.0	-45.0
Interest-bearing net liabilities, eur million	**-24.7**	8.7	8.2	4.4	-52.2	-60.4	-60.4
as % of net sales, %	**-9.3**	3.8	3.5	1.9	-36.2	-40.8	-41.1
Gross investments	**11.4**	6.8	4.6	62.7	6.8	2.6	3.5
as % of net sales, %	**4.3**	2.9	2.0	27.7	4.7	2.3	2.4
Research and development	**7.3**	7.1	9.4	9.8	6.6	6.3	7.4
as % of net sales, %	**2.7**	3.1	4.0	4.3	4.6	5.7	5.1
Order book	**140.7**	135.5	86.7	81.4	67.4	71.7	71.7
Personnel, average	**1 218**	1 175	1 175	1 150	536	471	464
Personnel at year-end	**1 222**	1 208	1 208	1 127	531	460	460
in Finland	**441**	433	433	421	370	302	302

CONSOLIDATED INCOME STATEMENT

EUR 1 000 (IFRS)	Note	1.1.–31.12.2005	%	1.1.–31.12.2004	%
Net sales	1	**266 656**	**100.0**	231 393	100.0
Other operating income	2	**14 916**		1071	
Change in inventories of finished					
products and work in progress		**-7 705**		2 581	
Production for own use		**1 777**		635	
Raw materials and consumables used		**89 017**		84 305	
Employee benefit expense	3.19	**56 731**		53 976	
Depreciation and amortisation	4	**8 696**		8 397	
Other expenses	5	**85 697**		68 551	
Operating profit		**35 502**	**13.3**	20 453	8.8
Financial income	6	**2 428**		4 018	
Financial expense	7	**-3 698**		-1 928	
		-1 271		2 090	
Profit before taxes		**34 231**	**12.8**	22 543	9.7
Income taxes	8	**-11 867**		-7 889	
Profit for the period		**22 365**	**8.4**	14 654	6.3
Attributable to:					
Equity holders of the parent		**22 361**		14 471	
Minority interest		**4**		183	
		22 365		14 654	
Earnings per share calculated from the profit attributable to equity holders					
of the parent (EUR)	9	**0.28**		0.18	

CONSOLIDATED BALANCE SHEET

EUR 1 000 (IFRS)	Note	31.12.2005	31.12.2004
ASSETS			
Non-current assets			
Tangible assets	10	**42 811**	54 510
Goodwill	11	**53 121**	52 481
Other intangible assets	11	**10 294**	8 095
Available-for-sale financial assets	16	**3 365**	3 293
Deferred tax assets	12	**8 475**	10 184
Other receivables	13	**3 201**	4 542
Total non-current assets		**121 269**	133 104
Current assets			
Inventories	14	**59 553**	63 332
Trade and other receivables	15	**49 288**	40 037
Financial assets at fair value through profit of loss	16	**135**	5 319
Cash and equivalents	17	**26 276**	6 183
Total current assets		**135 253**	114 871
Total assets		**256 521**	247 975
Equity and liabilities			
Equity attributable to equity holders of the parent	18		
Share capital		**12 696**	12 696
Share premium fund		**25 270**	25 270
Treasury shares		**-950**	-950
Translation reserve		**1 531**	-109
Fair value and other reserves		**-1 556**	
Retained earnings		**102 027**	84 733
		139 018	121 639
Minority interest		**16**	550
Total equity		**139 034**	122 189
Non-current liabilities			
Deferred tax liabilities	12	**7 592**	7 782
Employee benefit obligations	19	**6 567**	6 000
Provisions	20	**1 186**	
Non-current interest- bearing liabilities	21	**1 222**	683
Other non-current liabilities		**225**	245
		16 793	14 711
Current liabilties			
Trade and other payables	22	**90 120**	89 388
Provisions	20	**2 043**	1 650
Current tax liabilities	22	**6 851**	418
Interest-bearing current liabilities	21	**1 681**	19 620
		100 695	111 076
Total liabilities		**117 487**	125 786
Total equity and liabilities		**256 521**	247 975

CONSOLIDATED CASH FLOW STATEMENT

EUR 1 000	2005	2004
Cash flow from business operations		
Profit for the financial year	**22 365**	14 654
Adjustments:		
Depreciation according to plan	**8 696**	8 397
Financial income and expenses	**-951**	1 653
Other adjustments	**9 881**	-1 678
Cash flow before change in working capital	**39 990**	23 026
Change in working capital		
Change in inventories	**3 780**	-1 428
Change in short-term interest-free receivables	**-11 404**	784
Change in short-term interest-free liabilities	**-8 149**	2 306
Cash flow from business operations before financial items and taxes	**24 217**	24 687
Interest and payments paid for other financing of business operations		
Interest paid	**-1 255**	-3 541
Dividends received from business operations	**369**	369
Interest received from business operations	**1 205**	3 609
Direct taxes paid	**-1 986**	-9 473
Cash flow from business operations	**22 551**	15 652
Cash flow from investments		
Investments in tangible and intangible assets	**-10 296**	-6 548
Profit from sales of tangible and intangible assets	**25 733**	62
Cash flow from investments	**15 437**	-6 486
Cash flow from financing		
Withdrawals of short-term loans		17 264
Repayments of short-term loans	**-16 788**	-29 150
Repayments of long-term loans	**-985**	-1 037
Dividends paid	**-5 653**	-15 852
Other financing activity items	**5 531**	5 046
Cash flow from financing	**-17 894**	-23 729
Change in cash and equivalents	**20 094**	-14 564
Cash and equivalents at beginning of financial year	**6 183**	20 747
Cash and equivalents at end of financial year	**26 276**	6 183
	20 094	-14 564

STATEMENT OF CHANGES IN THE GROUP'S EQUITY

	Share capital	Share premium fund	Treasury shares	Translation reserve	Fair value and other reserves	Retained earnings	Total	Minority interest	Total equity
Equity 31 Dec 2003	6 348	31 618	-950	651		86 066	123 732	406	124 138
Bonus issue	6 348	-6 348							
Translation difference				-760			-760	-1	-761
Profit for the financial year						14 471	14 471	183	14 654
Dividends						-15 804	-15 804	-38	-15 842
Equity 31 Dec 2004	12 696	25 270	-950	-109		84 733	121 639	550	122 189
IAS 39, Financial Instruments: recognition and measurement					473	529	1 002		1 002
IAS 32, Reclassification of minority interest						-64	-64	-415	-479
Redemption of minority interest								-122	-122
Translation differences				1 640			1 640		1 640
Entries into fair value and other reserves					-2 029		-2 029		-2 029
Dividends						-5 531	-5 531		-5 531
Profit for the financial year						22 361	22 361	4	22 365
Equity 31 Dec 2005	12 696	25 270	-950	1 531	-1 556	102 027	139 018	16	139 034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

In segment reporting the business segments is specified as primary and the geographical segments as secondary. The segments presented correspond to the company's internal reporting structure.

The assets and liabilities of segments are business items which the segments use in their business operations or which on sensible grounds are attributable to the segments.

Income statement unattributed items include the unallocated expenses of the parent company and the Group. Unattributed assets and liabilities include receivables, shares, loans and tax liabilities relating to the Group's administration.

Segments do not trade with each other.

Business segments
Glaston Technologies: The segment's income comes from the Glass Machinery and Glass Processing Groups. The Glass Machinery Group's products are glass pre-processing machines plus safety glass machines for architectural and automotive industries. The Glass Processing Group's products are tempered and laminated safety glasses, balcony glazing and insulating glass elements.

Energy: This segment consists of the heat and energy-producing power plant of Kyro Power Oy. In December 2005, Kyro Power Oy sold its hydropower plant and district heat distribution company.

1 000 EUR	Glaston Technologies	Energy	Unattributed and eliminations	Total
Business segments 2005				
Net sales of goods to external customers	232 353	27 555	222	260 129
Net sales of services to external customers	6 527			6 527
Intragroup sales	9	0	-10	0
Net sales	238 889	27 555	212	266 656
Operating profit [1)]	22 130	18 893	-5 521	35 502
Unattributed items			-13 137	-13 137
Profit for the period				22 365
Assets	210 088	32 543	13 890	256 521
Liabilities	88 972	8 961	19 555	117 487
Investments	11 162	41	248	11 452
Depreciation and amortisation	5 763	2 677	256	8 696
Business segments 2004				
Net sales of goods to external customers	195 927	28 132	188	224 247
Net sales of services to external customers	7 146			7 146
Intragroup sales	9	248	-257	0
Net sales	203 082	28 380	-69	231 393
Operating profit [1)]	18 330	5 679	-3 557	20 453
Unattributed items			-5 798	-5 798
Profit for the period				14 654
Assets	189 098	40 202	18 675	247 975
Liabilities	101 206	8 068	16 513	125 786
Investments	5 669	1 028	95	6 791
Depreciation and amortisation	5 662	2 656	79	8 397

1) Group contributions granted by Energy to Glaston Technologies and Kyro have been returned to Energy's operating profit.

Geographical segments
EMA (including Europe, the Middle East and Africa)
North and South America
Asia (including Japan, Australia and New Zealand)

Segment income is based on customers' geographical location. Segment assets are divided according to geographical location.

1 000 EUR	EMA	North and South America	Asia	Total
Geographical segments 2005				
Net sales	158 461	63 039	45 156	266 656
Assets	223 451	25 466	7 604	256 521
Investments	9 109	555	1 788	11 452
Geographical segments 2004				
Net sales	142 023	50 130	39 241	231 393
Assets	222 700	20 117	5 158	247 975
Investments	6 716	35	41	6 791

2. Sales of subsidiaries and business operations

In December 2005 the Group sold a hydro-power plant and district heat distribution company belong to the Energy segment. The impact of the sale on the Group's balance sheet items is apparent from the following table:

	2005	2004
1 000 EUR	**Carrying amounts of sold balance sheet items**	
Tangible assets	12 799	
Intangible assets	1 037	
Investments	17	
Trade and other receivables	156	
Cash and equivalents	78	
Total assets	**14 087**	
Interest-bearing liabilities	1 050	
Trade and other payables	162	
Total liabilities	**1 212**	
Net assets	12 876	
Selling price received as cash	25 811	
Cash and equivalents of sold operations	-78	
Impact on cash flow	25 733	

2. Other operating income

Gains from sales of tangible and intangible assets	**14 663**	72
Other income	**254**	999
Total	**14 916**	1 071

3. Employee-benefit expenses	2005	2004
Salaries and bonuses	**40 991**	39 708
Option schemes payable as cash	**2 285**	1 956
Pensions		
Defined-benefit schemes	**60**	116
Defined-contribution schemes	**3 804**	3 417
Other personnel expenses	**8 594**	7 768
Other post-employment benefits	**996**	1 011
Total	**56 731**	53 976

Information on the employee benefits and loans of management are presented in Note 26 Related party transactions.

Group employees during financial period		
Management and administrative personnel	**665**	546
Workers	**557**	629
Total	**1 222**	1 175

4. Depreciation and amortisation		
Depreciation by asset class		
Intangible assets		
Capitalised development expenditure	**1 822**	1 596
Other intangible assets	**952**	959
Tangible assets		
Buildings and structures	**1 355**	1 271
Machinery and equipment	**4 127**	4 027
Other tangible assets	**440**	544
Total	**8 696**	8 397

5. Other operating expenses		
Research and development expenses	**5 499**	4 949
Rents	**4 332**	4 699
Subcontracting, servicing and maintenance	**36 887**	29 454
Other operating expenses	**38 980**	29 449
Total	**85 697**	68 551

6. Financial income		
Dividend income	**369**	544
Interest income	**662**	562
Foreign exchange gains	**311**	1 324
Gains from sale of assets recognised at fair value through profit and loss	**1 043**	1 463
Other financial income	**42**	125
Total	**2 428**	4 018

1 000 EUR	**2005**	2004
7. Financial expenses		
Interest expenses	**-665**	-1 001
Foreign exchange losses	**-1 697**	-594
Losses from sale of assets recognised at fair value through profit and loss	**-1 188**	-94
Other financial expenses	**-148**	-239
Total	**-3 698**	-1 928

Foreign exchange gains and losses included in the financial statements		
Net sales	**-924**	-219
Expenses	**1 023**	1 106
Financial items	**-1 386**	730
	-1 286	1 616

8. Income taxes		
Income taxes in income statement	**9 813**	5 240
Deferred taxes	**2 053**	2 649
Total income taxes	**11 867**	7 889

Income taxes entered in the consolidated income statement differ from the income tax according to the tax rate for Finnish companies, which in 2004 was 29% and correspondingly 26% in 2005, as follows

Profit before taxes	**34 231**	22 543
Income tax according to the Finnish tax rate on the Group's profit before taxes	**8 900**	6 537
Effect of differing tax rates of foreign subsidiaries	**2 305**	2 241
Tax-free income	**-585**	-2 438
Non-deductible expenses in taxation	**1 020**	548
Taxes from earlier financial periods	**-70**	263
Effect of change in tax rates on deferred taxes		475
Other items	**297**	261
Tax in income statement	**11 867**	7 889

9. Earnings per share, EUR		
Profit for financial year belonging to parent company shareholders	**22 360 777**	14 470 764
Weighted average number of shares outstanding	**79 020 096**	79 020 096
Earnings per share euros	**0.28**	0.18

1 000 EUR	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Investments in progress	Total
10. Tangible assets						
Acquisition cost 1 Jan 2005	3 402	27 994	55 354	7 573	669	94 993
Translation difference	11		262	28	0	302
Increase	192	64	2 849	142	3 717	6 965
Decrease	-1 731	-3 508	-6 017	-5 424		-16 679
Transfers between items		40	1 645	113	-1 798	0
Acquisition cost 31 Dec 2005	1 875	24 591	54 093	2 320	2 589	85 468
Accrued depreciation 1 Jan 2005		-10 918	-27 088	-2 476		-40 481
Translation difference		-52	-254	-10		-316
Accrued depreciation of decreases and transfers		870	2 019	1 175		4 064
Depreciation for the financial year		-1 355	-4 127	-440		-5 922
Accrued depreciation 31 Dec 2005		-11 456	-29 451	-1 750		-42 657
Carrying amount 1 Dec 2005	**1 875**	**13 135**	**24 642**	**570**	**2 589**	**42 811**
Acquisition cost 1 Jan 2004	3 407	29 165	52 437	7 573	669	92 202
Translation difference	-5	18	-65			-52
Increase		1 881	3 375		0	5 256
Decrease		-3 072	-572			-3 643
Transfers between items		2	178		0	180
Acquisition cost 31 Dec 2004	3 402	27 994	55 354	7 573	669	94 994
Accrued depreciation 1 Jan 2004		-10 988	-23 306	-2 476		-36 770
Translation difference		-13	73			61
Accrued depreciation of decreases and transfers		1 354	171			1 525
Depreciation for the financial year		-1 271	-4 027			-5 298
Accrued depreciation 31 Dec 2004		-10 918	-27 088	-2 476		-40 481
Carrying amount 31 Dec 2004	**3 402**	**17 076**	**28 265**	**5 098**	**669**	**54 510**

	2005	2004
Carrying amount of Group's production machinery and equipment	**24 293**	27 327

Finance lease agreements

Tangible fixed assets include the following assets acquired on finance leases:

	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan 2005	427	957	1 384
Increase		40	40
Decrease		-39	-39
Acquisition cost 31 Dec 2005	427	997	1 423
Accrued depreciation 1 Jan 2005	-59	-169	-227
Depreciation for the financial year	-59	-174	-233
Accrued depreciation of decreases and transfers		-33	-33
Accrued depreciation 31 Dec 2005	-118	-376	-494
Carrying amount 31 Dec 2005	309	620	929
Acquisition cost 1 Jan 2004			
Increase	427	957	1 384
Acquisition cost 31 Dec 2004	427	957	1 384
Accrued depreciation 1 Jan 2004			0
Depreciation for the financial year	-59	-169	-227
Accrued depreciation 31 Dec 2004	-59	-169	-227
Carrying amount 31 Dec 2004	368	788	1 156

1 000 EUR	Capitalised development expenses	Intangible rights	Goodwill	Group goodwill	Other intangible assets	Investments in progress	Total
11. Intangible assets							
Acquisition cost 1 Jan 2005	5 382	5 659	1 284	57 760	5 020	2 710	77 815
Translation difference		107			89		196
Increase	3 319	2 063		641	70	527	6 618
Decrease		-10	-1 284		-640		-1 935
Transfers between items	899				0	-899	0
Acquisition cost 31 Dec 2005	9 599	7 819	0	58 401	4 539	2 338	82 695
Accrued depreciation 1 Jan 2005	-3 348	-4 104	-132*	-5 280*	-4 376		-17 240
Translation difference		-48			-52		-100
Accrued depreciation of decreases and transfers		8	132		712		851
Depreciation for the financial year	-1 822	-614			-355		-2 791
Accrued depreciation 31 Dec 2005	-5 170	-4 758		-5 280	-4 071		-19 279
Carrying amount 31 Dec 2005	**4 429**	**3 060**	**0**	**53 121**	**467**	**2 338**	**63 415**

The increase of group goodwill is due to redemption of minority interest as well as classifying minority interest as a financial debt, valued at fair value.

1 000 EUR	Capitalised development expenses	Intangible rights	Goodwill	Group goodwill	Other intangible assets	Investments in progress	Total
Acquisition cost 1 Jan 2004	3 721	5 248	1 284	58 755	5 133	1 314	75 455
Translation difference		-16			-46		-63
Increase	1 227	530		5	263	1 830	3 853
Decrease		-130		-1 000	-321		-1 452
Transfers between items	435	27			-8	-435	19
Acquisition cost 31 Dec 2004	5 382	5 659	1 284	57 760	5 020	2 710	77 815
Accrued depreciation 1 Jan 2004	-1 752	-3 563	132*	-5 280*	-4 265		-14 728
Translation difference		7			4		11
Accrued depreciation of decreases and transfers		37			127		163
Depreciation for the financial year	-1 596	-586			-242		-2 424
Accrued depreciation 31 Dec 2004	-3 348	-4 104	-132	-5 280	-4 376		-17 240
Carrying amount 31 Dec 2004	**2 034**	**1 555**	**1 152**	**52 480**	**644**	**2 710**	**60 575**

* Accrued depreciation of earlier financial statements.

1 000 EUR	**2005**	2004
12. Deferred taxes		
Deferred tax assets		
Tangible fixed assets	**299**	235
Inventories	**922**	765
Share-based payments	**1 650**	1 056
Change in principle of revenue recognition	**333**	4 367
Losses confirmed in taxation	**4 613**	3 702
Changes in fair value	**534**	
Other temporary differences	**124**	60
Total	**8 475**	10 184

Deferred tax liabilities		
Depreciation differences and other voluntary provisions	**3 876**	6 346
Other taxable temporary differences	**3 716**	1 437
Total	**7 592**	7 782

An amount of -2.0 million euros has been booked in the income statement and 0.5 directly in own equity regarding the change of the defferred taxes.

No tax liability is recognised for the undistributed retained profits of foreign subsidiaries, because the assets are considered to be invested permanently in the said countries or no tax receivables arises from their transfer to the parent company. The most substantial tax at source liability, EUR 0.5 million (2004 EUR 0.3 million), which has not been recognised on the basis of the above, relates to undistributed retained profits of US subsidiaries.

The Group has instituted an appeal process relating to income taxation which is connected with the tax deductibility of management incentive scheme expenses.

13. Non-current receivables		
Trade receivables	**2 103**	4 129
Loan receivables	**750**	
Other receivables	**348**	413
Total	**3 201**	4 542

Long-term receivables are discounted and interest income recognised by the effective interest rate method.

14. Inventories		
Materials and supplies	**13 463**	9 538
Work in progress	**32 163**	38 814
Finished products/goods	**13 927**	14 981
Total inventories	**59 553**	63 332

In the financial year an expense of EUR 0.8 million was recognised by which the carrying amount of inventories was lowered to correspond with their net realisable value (EUR 0.7 in 2004).

1 000 EUR	**2005**	2004
15. Current receivables		
Trade receivables	**40 931**	25 283
Loan receivables	**384**	122
Other receivables	**1 499**	1 649
Prepaid expenses and accrued income, income taxes	**2 561**	3 208
Other prepaid expenses and accrued income	**3 914**	9 775
Total	**49 288**	40 037

During the financial year the Group has recognised credit losses on its sales receivables of EUR 0.4 million (EUR 0.6 million in 2004).

Balance sheet values correspond best to the sum which is the maximum amount of credit risk, disregarding the fair value of collateral, in cases where the contracting parties are unable to fulfil their obligations in relation to financial instruments.

There are no significant concentrations of credit risk relating to receivables. The most substantial items of other prepaid expenses and accrued income relate to indirect taxes of EUR 2.5 million (2004 EUR 2.3 million). In impact of revenue recognition adjustments was EUR 2.8 million in 2004.

16. Other financial assets	**2005**	2004
Non-current		
Available-for-sale financial assets		
Investments in unlisted shares.	**3 365**	3 293
Current		
Financial assets measured at fair value through profit and loss		
Investments in listed shares.	**135**	5 319

17. Cash and equivalents		
Cash and bank deposits	**11 303**	6 183
Commercial paper	**14 973**	0
	26 276	6 183

Cash flow statement cash and equivalents correspond to balance sheet cash and equivalents.

18. Equity

Reconciliation statement of number of shares

1 000 EUR	Number of shares (1000)	Share capital 1000 EUR	Share premium fund 1000 EUR	Treasury shares 1000 EUR	Total 1000 EUR
1.1.2004	39 675	6 348	31 618		37 966
Held by Group	-165			-950	
Bonus issue 25.11.2004	39 675	6 348	-6 348		
Effect of bonus issue	-165				
31.12.2004	79 020	12 696	25 270	-950	37 966
31.12.2005	79 020	12 696	25 270	-950	37 966

The nominal value of shares is EUR 0.16 per share and the Group's maximum share capital is EUR 16 million. All shares issued have been paid in full.

Treasury shares include the EUR 950.241 acquisition cost of treasury shares held by the Group. The shares were acquired in 2001. The acquisition cost of treasury shares is presented as a reduction in equity.

The translation reserve includes translation differences arising from the translation of foreign units' financial statements.

The fair value and other reserves include two sub-reserves: changes in the fair value of available-for-sale investments are recognised in the fair value reserve and corresponding changes in cash and equivalents are recognised on the hedging reserve.

After the closing date, the Board of Directors has proposed that a dividend of EUR 0.08 per share and a supplementary dividend of EUR 0.09 per share be distributed.

1 000 EUR	**2005**	2004
Statement of distributable assets 31 Dec		
Retained earnings	**76 688**	69 203
Profit for the financial year	**22 365**	14 471
Share of accrued depreciation difference and voluntary provisions entered in equity.	**-12 882**	-16 179
Distributable assets	**88 170**	67 495

19. Obligations arising from employee benefits

The Group has statutory defined-benefit severance pay schemes in Italy and voluntary defined-benefit pension schemes in Finland in certain Group companies. Pension expenses are recognised as an expense on the basis of actuarial calculations. The size of employee benefits in calculations is determined on the basis of certain factors e.g. salary and years of service.

1 000 EUR	**2005**	2004
Finnish voluntary pension schemes		
The balance sheet liabilities arising from a benefit is determined as follows:		
Present value of unfunded obligations	**214**	222
Present value of funded obligations	**290**	198
Fair value of assets	**-254**	-105
Deficit/surplus	**250**	314
Unrecognised net actuarial gains (+) and losses (-)	**-29**	-
Pension liability in balance sheet	**220**	314

Income statement pension expenses are determined as follows:		
Service costs for the financial year	**97**	97
Interest costs	**26**	22
Expected yield from assets belonging to the scheme	**-8**	-3
Costs based on past service	**-55**	
Total	**60**	116

Costs based on past service arise from changes in the calculation principles of the disability part of Finland's statutory employment pension system (TEL).
Actual yield from assets belonging to the schemes was EUR 22.892 in 2005 and EUR 2.662 in 2004.

Changes of liabilities presented in balance sheet:		
At beginning of financial year	**314**	330
Paid contributions	**-153**	-132
Pension expenses in income statement	**60**	116
At end of financial year	**220**	314

Actuarial assumptions used:		
Discount rate	**4.50 %**	5.25 %
Expected yield from assets belonging to the scheme	**4.50 %**	5.25 %
Future pension increases	**3.30 %**	3.30 %

1 000 EUR	**2005**	2004
Italian statutory severance pay scheme		
Liability arising to balance sheet from benefit		
Present value of unfunded obligations	**6 346**	5 686
Income statement expenses arising from the scheme are determined as follows:		
Service costs for the financial year	**538**	456
Interest costs	**236**	251
Actuarial gains and losses	**223**	304
	996	1 011
At beginning of financial year	**5 686**	4 882
Paid contributions	**-336**	-207
Post-employment benefits	**996**	1 011
At end of financial year	**6 346**	5 686
Discount rate	**4.00 %**	5.25 %
Assumed future pension increases	**3.00 %**	3.5–4.0 %

20. Provisions	Environmental responsibility	Guarantee provision	Other provisions
1.1.2005		1 111	539
Additional provisions	1 418	1 429	8
Used provisions		-1 055	-221
31.12.2005	1 418	1 485	326

1 000 EUR	**2005**	2004
21. Interest-bearing liabilities		
Non-current		
Loans from financial institutions		101
Other loans	**747**	0
Finance lease liabilities	**476**	582
Total	**1 222**	683
Current		
Repayments of financial institution loans in next year	**1 535**	19 250
Finance lease liability repayments in next year	**146**	281
Short-term loans		89
Total	**1 681**	19 620

Repayments	Financial institution loans	Finance lease liabilities	Other loans
2006	1 535	146	
2007		105	178
2008		111	
2009		108	569
2010		120	
2011		31	

1 000 EUR	**2005**	2004
Finance lease liabilities		
Total amount of minimum lease payments		
Up to 1 year	**193**	341
1 - 5 years	**571**	616
More than 5 years	**27**	134
Total	**791**	1 091
Present value of minimum lease payments		
Up to 1 year	**146**	281
1 - 5 years	**444**	582
More than 5 years	**31**	
Total	**621**	863
Unaccrued financial expenses	**170**	227

1 000 EUR	2005	2004
22. Trade payables and other liabilities		
Trade payables	**18 421**	20 277
Other current liabilities	**46 105**	48 272
Interest expenses and other financial liabilities	**207**	183
Salary and social cost allocations	**8 982**	8 421
Accrued expenses and deferred income, income taxes	**6 851**	418
Other accrued expenses and deferred income	**16 404**	12 235
Total	**96 971**	89 807

Cost provisions for machine deliveries EUR 5.0 million (2004 EUR 7.0 million) and social cost allocations EUR 8.9 million (2004 EUR 4.6 million) are the most substantial items of other accrued expenses and deferred income.

23. Risk management

Financial risk

The Group's financial risks consist of currency, interest rate and liquidity risks. The principle of the Group is to hedge against the negative impact of risks on the result and balance sheet. The management of currency and counterparty risks relating to transactions is part of Group companies' operational activity. In other respects the Group's financial functions have been centralised in the parent company, which is responsible for bank relations, long-term financing of schemes, investment of assets and the allocation of the Group's internal financing according to the liquidity needs of Group companies.

The Group has no foreign currency loans in Finland. The working capital credit limits of foreign subsidiaries are in the currency of the country in question. Foreign currency positions consist of receivables and liabilities in each currency as well as foreign currency income and expenses based on binding orders. Net positions are hedged mainly with forward contracts up to a maximum of 12 months. Currency rate risk is mainly due to fluctuations between the dollar and the euro. Net positions by currency vary considerably by company. The position for 2006 has been hedged on average for 4-6 months forward.

Currency risk arises mainly from fluctuations in the euro-dollar exchange rate.

In the Group the equity of foreign subsidiaries has not been hedged. The most significant own equity that has not been hedged, is directed to the US subsidiary, totaling approximately 13.7 MUSD.

Liquid assets are invested avoiding risk so that readiness for investment and acquisitions is maintained. The investments are money market deposits, long-term convertible bonds and a limited amount of shares. The parent company's Board of Directors has approved the investment principles and risk limits.

Electricity price risk

The Group company Kyro Power Oy operates in the free electricity market as an independent party and with its power plants it produces electricity, process steam and district heat. Uncertainty relating to the sale and production cost of electricity is managed by the management of Kyro Power Oy according to operating principles approved by Kyro Power's Board of Directors with the aim of ensuring the good profitability of operations. The selling price risk of electricity is managed with long-term electricity supply contracts and electricity derivative contracts. On 31 December 2005 Kyro Power Oy had electricity finance contracts for 239.7 GWh (2004: 88.6 GWh). Kyro Power Oy's sales of electricity in 2005 were 379 GWh (2004: 494 GWh).

1 000 EUR	2005	2004
24. Fair values of financial assets and liabilities		
Nominal values and fair values of derivate contracts		
Currency derivatives		
Nominal value	**14 127**	17 593
Positive fair value	**9**	596
Negative fair value	**-262**	-14
Electricity forwards		
Nominal value	**9 619**	2 315
Positive fair value	**4**	533
Negative fair value	**-2 060**	-2

The fair values of currency forwards are based on the difference between the contract price and the closing date price.
The fair values of electricity forwards are based on the market prices on the closing date.

1 000 EUR	**2005**	2004
25. Guarantees and contingent liabilities on own behalf		
Mortgages as security for loans		
Loans from financial institutions	**26**	45
Company mortgages	**168**	420

Contingent liabilities and liabilities not included in the balance sheet		
Pledges		
On own behalf	**2 308**	1 491
Repurchase obligations	**1 591**	1 705
Other liabilities	**3 212**	3 321

26. Related party transactions

Group parent company and subsidiary relationships	Company's domicile	Group ownership %	Group share of votes %
Parent company Kyro Corporation			
Kyro Power Oy	Kyröskoski	100.0	100.0
Tamglass Ltd. Oy	Tampere	100.0	100.0
Tamglass Engineering Ltd. Oy	Tampere	100.0	100.0
Tamglass Safety Glass Ltd.	Tampere	100.0	100.0
Tamglass EMA Sales Ltd. Oy	Tampere	100.0	100.0
Tamglass America, Inc.	Pittsburgh, PA, USA	100.0	100.0
Tamglass Tempering Systems, Inc.	Cinnaminson, N.J., USA	100.0	100.0
Z. Bavelloni North America	Greenboro NC, USA	100.0	100.0
Tamglass Bavelloni Europe UK Ltd.	Nottinghamshire, United Kingdom	100.0	100.0
Tamglass Bavelloni Europe France	Chassieu, France	99.8	99.8
Tamglass GmbH	Nürnberg, Germany	100.0	100.0
Tamglass Japan, Inc.	Osaka, Japan	100.0	100.0
Tamglass Project Development Oy	Tampere	100.0	100.0
Tamglass Bavelloni, Singapore Pte. Ltd.	Singapore	100.0	100.0
Cattin Machines, S.A.	La Chaux-de-Fonds, Switzerland	100.0	100.0
Tamglass South America Ltda.	São Paulo , Brazil	99.0	100.0
Tamglass Tianjin Co. Ltd.	Tianjin, China	100.0	100.0
Tamglass Finton Oy	Lahti	64.9	64.9
Tamglass Insulating Glass Ltd.	Lempäälä	80.0	80.0
Tamglass–Bavelloni Machinery Trading	Shanghai, China	100.0	100.0
Tamglass–Bavelloni China	Tianjin, China	100.0	100.0
Tamglass–Bavelloni OOO, Russia	Moscow, Russia	100.0	100.0
Z. Bavelloni Mexico S.A. de C.V.	Jalisco, Mexico	100.0	100.0
Z. Bavelloni Servicios S.A. de C.V.	Jalisco, Mexico	100.0	100.0
Z. Bavelloni Imp. e Export Ltda	São Paulo , Brazil	100.0	100.0
Kiint. Oy Kauppilaisenkatu 2	Tampere	100.0	100.0
Kiint. Oy Alhonmetsä	Tampere	100.0	100.0
Z. Bavelloni S.p.A.	Bregnano, Italy	100.0	100.0
Glasto Holding BV	Sittard, Netherlands	100.0	100.0
Tamglass–Bavelloni Europe (NL) Bv	Hoensbroek, Netherlands	100.0	100.0
Uniglass Engineering Oy	Tampere	100.0	100.0
Glaston Estonia Ou	Tallinn, Estonia	100.0	100.0

1 000 EUR		**2005**	2004
Employee benefits of management			
Salaries and employee benefits		**2 849**	2 329
Share-based payments		**2 285**	1 956
		5 134	4 285

Management salaries and bonuses			
President and CEO Pentti Yliheljo	Salary	**386**	375
	Bonus	**381**	353
Board of Directors	Total bonuses		
Carl-Johan Numelin		**51**	39
Christer Sumelius		**35**	29
Lars Hammarén		**24**	20
Barbro Koljonen		**22**	20
Carl-Johan Rosenbröijer		**23**	20
Heikki Mairinoja		**26**	20
Klaus Cawén		**24**	15
Carl-Olaf Homén			5
Gerhard Wendt			5
Other Group management	Salary	**1 728**	1 330
	Bonus	**147**	109

The option scheme for Tamglass Ltd. Oy's key personnel and Kyro management is a share-based incentive scheme according to the IFRS 2 standard, and should be paid in cash. Share options have been recognised in personnel expenses and in accrued liabilities and deferred income for performance period of the option scheme.

The parent company's President and CEO has the right to retire on reaching 55 years of age.
The pensionable age of managers of certain Group companies is 60 or 62 years.
Voluntary pension insurance accruing from Board remuneration has been taken for the members of the Board of Directors of the parent company.

Business transactions and open balances with related parties	**2005**	2004
Sales		3
Rental expenses	1 342	1 364
Interest expenses		271
Loan receivables	84	84
Deposit		336
Liabilities to related parties	808	850

The parent company's President and CEO has been granted a loan of EUR 84.093.96. The interest rate on the loan is the base rate confirmed by the Ministry of Finance. The liability to the company's management has arisen as a consequence of a company acquisition. The interest rate is on market terms. In addition, the Group has rented premises as a consequence of an acquisition from companies owned by individuals belonging to the company's management. The rent payable for these premises corresponds with the local level of rents.

27. Share-based payments

Management incentive scheme

The Group operates a management incentive scheme, approved in 2002, which covers key Tamglass personnel and Kyro's management. By the end of 2005, 23.250 A options, with an exercise period of 1 May 2005 to 31 May 2009, and 21.750 B options with an exercise period of 1 May 2007 to 31 May 2009, had been awarded. The calculatory amount of B options in the financial statements of 2005 is a total of 25.000.

In accordance with a restriction in the incentive scheme, share subscription by exercising the options is possible only with the permission of Kyro Corporation, but the options may be sold to Kyro Corporation during their exercise period at a price which is defined as the difference between the imputed value of the share and the subscription price. Two thirds of the imputed value of the share is based on the results of the Tamglass and Kyro Groups and one third on the development of the Kyro share price. The total value of the options at the time of realisation must not exceed 15% of the Kyro Group's net result starting from 2002.

The incentive scheme is treated as a synthetic option scheme, because the Group can choose whether to make the payment in cash or as instruments on equity terms.

The impact on expenses of the incentive scheme in the current financial year, EUR 2.3 million, has been recognised in Employee benefit expenses. The obligation from the incentive scheme in Kyro's balance sheet on 31 December 2005 is a total of EUR 6.1 million.

Kyro Corporation's President and CEO Pentti Yliheljo has been granted 8.000 A series options and 8.000 B series options.

1 000 EUR	**2005**	2004
28. Adjustment to cash flows from business operations		
Depreciation	**8 696**	8 265
Financial items	**-951**	1 653
Taxes	**6 851**	418
Others	**3 030**	-1 965
Total	**17 626**	8 371

29. Other leases		
Up to 1 year	**2 439**	2 430
1 - 5 years	**5 153**	5 674
More than 5 years	**12**	71

The 2005 income statement includes rental expenses of EUR 4.3 million (2004: EUR 3.7 million) paid on the basis of other leases.

30. Adoption of IFRS reporting standards

These are the Group's first financial statements prepared according to IFRS principles. In preparing the opening balance sheet according to IFRS the Group has adjusted the financial statements prepared under Finnish Accounting Standards (FAS). The tables presented below and the related notes outline the impact of the adoption of IFRS principles on the Group's financial position, financial operating result and cash flows.

1 000 EUR	Note	FAS 31.12.2003	Impact of transfer to IFRS	IFRS 1.1.2004	FAS 31.12.2004	Impact of transfer to IFRS	IFRS 31.12.2004
Equity reconciliation statement 1January 2004 and 31 December 2004							
ASSETS							
Non-current assets	7	55 973	517	56 490	54 051	459	54 510
Tangible assets	8	53 476		53 476	49 540	2 941	52 481
Other intangible assets	4	4 038	3 097	7 135	3 562	4 532	8 095
Investments		4 202		4 202	3 293		3 293
Other treasury shares	10	950	-950	0	950	-950	0
Other receivables		4 599	0	4 599	4 642	-100	4 542
Deferred tax assets	13	8 347	5 122	13 470	5 723	4 460	10 184
Current assets							
Inventories	1,3	32 218	29 686	61 904	34 719	28 613	63 332
Trade and other receivables	1	53 186	-20 179	33 007	57 577	-17 540	40 037
Financial securities		8 400		8 400	5 319		5 319
Cash and equivalents		20 747		20 747	6 183		6 183
Total assets		246 138	17 293	263 430	225 560	22 416	247 975
Equity and liabilities							
Equity attributable to equity holders of the parent							
Share capital		6 348		6 348	12 696		12 696
Share premium fund		31 618		31 618	25 270		25 270
Treasury shares	10	950	-950	0	950	-950	0
Retained earnings		96 718	-10 952	85 766	91 534	-7 861	83 673
Capital loan	12	245	-245				
Minority interest			406	406		550	550
Total equity		135 879	-11 741	124 138	134 564	-8 261	126 301
Minority interest	6	2 235	-2 235		4 113	-4 113	
Non-current liabilities							
Deferred tax liabilities	13	8 424	734	9 159	7 175	607	7 782
Employee benefit obligations	5		5 379	5 379		6 000	6 000
Provisions	5	5 573	-5 573		5 952	-5 952	
Interest-bearing non-current liabilities	7,12	1 242	510	1 752	270	414	683
Other liabilities		190		190	245		245
Current liabilities							
Trade and other payables	1,6	56 194	28 259	84 453	57 400	31 988	89 388
Provisions	9		1 960	1 960		1 650	1 650
Current tax liabilities		4 203		4 203	418		418
Interest-bearing current liabilities	7	32 197		32 197	19 537	83	19 620
Total liabilities		108 024	31 268	139 292	90 996	34 790	125 786
Total equity and liabilities		246 138	17 293	263 430	225 560	22 416	247 975

Net profit reconciliation statement for financial year 1 Jan - 31 Dec 2004

1 000 EUR	Note	FAS 31.12.2004	Impact of transfer to IFRS	IFRS 31.12.2004
Net sales	1	231 659	-265	231 393
Increase (+) and decrease (-) in inventories of finished products and work in progress	1.3	3 509	-928	2 581
Production for own use	4	201	435	635
Other operating income		1 071	0	1 071
Use of materials and supplies	1	84 476	-172	84 305
Employee-benefit expenses	6	52 703	1 274	53 976
Depreciation and amortisation	4.8	9 797	-1 400	8 397
Other operating expenses	7	70 622	-2 072	68 551
Operating profit		18 841	1 612	20 453
Financial income and expenses	7	2 145	-55	2 090
Profit before taxes and minority interest		20 986	1 557	22 543
Income taxes	13	-7 532	-357	-7 889
Profit for the financial year		13 454	1 200	14 654
Distribution				
To parent company shareholders		11 562	2 909	14 471
To minority		1 892	-1 709	183
Earnings per share (EUR) calculated from profit attributable to parent company shareholders		0.15	0.03	0.18

Net profit transition statement for financial year 1 Jan - 31 Dec 2004

EUR million	1.12.2004
Profit for financial year before minority interest under FAS	11.6
Impact of transfer to IFRS:	
Change in principle of revenue recognition	-0.6
Inclusion of overhead expenses in inventories	0.4
Capitalisation of production development expenses	1.9
Reversal of goodwill depreciation	2.9
Employee benefits	0.2
Share-based payments	-1.3
Leases	-0.1
Income taxes	-0.4
	2.9
Profit for the financial year under IFRS	14.7
Distribution of profit for financial year	
To parent company shareholders	14.5
To minority	0.2
	14.7

Equity transition statement1.1.- 31.12.2004	1.1.2004	31.12.2004
EUR million		
Equity under FAS	135.9	130.5
Impact of transfer to IFRS:		
Change in principle of revenue recognition	-21.5	-20.8
Inclusion of overhead expenses in inventories	2.8	1.7
Capitalisation of production development expenses	3.1	4.5
Reversal of goodwill depreciation		2.9
Employee benefits	0.5	-0.2
Share-based payments	-0.2	
Leases	-0.1	-0.1
Financial instruments	-1.2	-1.0
Other adjustments	0.1	0.1
Income taxes	4.4	3.9
IFRS adjustments, total	-12.1	-8.8
To parent company shareholders	123.7	121.6
Minority interests under FAS	2.2	4.1
IFRS adjustment	-1.8	-3.6
To minority	0.4	0.5
Equity under IFRS	124.1	122.2

Notes to the reconciliation statements for equity at 1 January 2004 and profit for the financial year 1 Jan-31 Dec 2004

Impact of IFRS changes on 2004 income statement

The profit for financial year 2004 according to Finnish Accounting Standards (FAS) was EUR 11.6 million. The profit for the financial year under IFRS was EUR 14.5 million, internet, the impact of the change was EUR 2.9 million. Earnings per share were EUR 015 (FAS) and EUR 0.18 (IFRS) in 2004.

Impact of IFRS changes on balance sheet on 31 Dec 2004 and 31 Dec 2004

The balance sheet total under FAS was at the end of 2003 EUR 246.1 million, compared with EUR 263.4 million under IFRS. Changes increased the balance sheet total by EUR 17.3 million. At the end of 2004 the balance sheet sum was EUR 225.6 million and under IFRS EUR 248.0 million. IFRS changes increased the balance sheet total by EUR 22.4 million euros.

The main changes in accounting principles and their impact on the income statement and balance sheet are as follows:

1. Recognition of sales revenue

According to the IAS 18 standard, revenue from sales of goods is recognised when the risks and rewards of ownership have been transferred to the purchaser. A risk remains when goods are delivered installed and the installation is an essential part of the agreement and installation has not been completely performed. The Kyro Group's preprocessing line and safety glass machines deliveries are recognised according to the IFRS standard when delivery and installation have been performed and accepted. In other respects the basis for recognising revenue remains the transfer of the good or service.

2. Order book

The sales recognition policy under IFRS increases the order book of the Group's Glaston Technologies business area. Compared with the previous recognition policy under FAS, safety glass machines projects remain in the order book for a few months longer, i.e. until the deliveries have been installed, tested and accepted.

3. Inventories

According to the IAS 2 standard, inventories are valued at the lower of the acquisition cost and net realisable value, taking into account an appropriate share of the fixed and variable overhead costs of manufacture based on normal operating capacity. The change in the valuation of inventories also affects the Kyro Group's production companies. Inventories increase due to the new sales recognition policy. Accounts receivable decrease and non-interest-bearing liabilities (advances received) increase.

4. Intangible assets

According to the IAS 38 standard, intangible assets that arise from development activity must be entered in the balance when they fulfil certain criteria. These include the capacity of the intangible asset to generate future financial income and the determination of development expenditure in a reliable way. Previously, product development costs had been directly recognised as an expense during the financial period in which they arose.

5. Employee benefits

The Group has defined-benefit severance pay schemes in Italy and defined-benefit voluntary pension schemes in Finland in certain Group companies. Pension expenses are recognised as an expense on the basis of actuarial calculations. TEL scheme disability pensions in Finland are recognised within defined-benefit schemes.

6. Options

The option scheme for Tamglass Ltd. Oy shares, available to the Group's key personnel, has been treated as part of the Group's minority interest according to present accounting policy. According to the IFRS 2 standard, the scheme in question is a share-based incentive scheme which should be paid in cash. Share options have been recognised in personnel expenses and in accrued expenses and deferred income for the performance period of the option scheme.

7. Lease agreements

Fixed assets acquired by finance leases include property which is in production use as well as production machinery and equipment at various operating locations. Asset items have been capitalised in the balance sheet and amortised using the straight-line method over their useful life or over the duration of the lease in question in accordance with IAS 17 standard.

8. Goodwill

According to the new accounting policy, goodwill amortisation is not performed, rather it is replaced by impairment testing. Kyro Group has exercised the relief permitted by the IFRS 1 standard, namely company acquisitions made before the transition date have not been adjusted according to IFRS policies. The carrying amounts of goodwill were assessed in collaboration with an external independent expert in order to ascertain possible impairment in accordance with IAS 36. The calculations did not result in write-downs in the opening balance sheet at 1 January 2004, nor at the closing date of 31 December 2004.

9. Provisions, conditional liabilities and conditional assets

According to the IFRS 37 standard, provisions are entered as a liability in the balance sheet when a company has a current obligation as the result of an earlier event and the magnitude of the obligation can be reliably estimated. Kyro Group recognises as a obligatory provision the statutory severance pay of an Italian subsidiary, guarantee provisions for project activity as well as pension obligations.

10. Treasury shares

According to Finnish Accounting Standards, treasury shares are presented in assets and as a separate equity item. According to IAS 32, treasury shares are recognised in balance sheet assets; they are deducted from equity.

12. Capital loan

A EUR 0.2 million capital loan according to FAS has been transferred from equity to non-current interest-bearing liabilities.

13. Deferred taxes

The above-mentioned changes as well as deferred tax assets of EUR 4.7 million and deferred tax liabilities of Eur 0.6 million.

Impact of IFRS transition on cash flow statement

There are no significant differences between consolidated cash flow statements in the IFRS and FAS.

1 000 EUR	Note	IFRS 31.12.2004	Impact of introducing IAS 32 and IAS 39	IFRS 1.1.2005
30. Transition to standards IAS 32 and IAS 39 1 jan 2005				
Assets				
Non-current assets				
Tangible assets		54 510		54 510
Goodwill	(p)	52 481	641	53 121
Other intangible assets		8 095		8 095
Available-for-sale financial assets		3 293		3 293
Deferred tax assets		10 184		10 184
Other receivables		4 542		4 542
Current assets				
Inventories		63 332		63 332
Trade and other receivables	(n)	40 037	645	40 682
Assets recognised at fair value through profit and loss	(o)	5 319	715	6 034
Cash and equivalents		6 183		6 183
Total assets		247 975	2 000	249 976
Equity and liabilities				
Equity attributable to equity holders of the parent				
Share capital		12 696		12 696
Share premium fund		25 270		25 270
Fair value and other reserves	(n)	0	473	473
Retained earnings	(o, p)	83 673	507	84 180
Minority interest	(p)	550	-415	135
Total equity		122 189	565	122 754
Non-current liabilities				
Deferred tax liabilities	(n, o)	7 782	357	8 140
Employee benefit obligations		6 000		6 000
Interest-bearing non-current liabilities	(p)	683	1 078	1 761
Other liabilities		245		245
Current liabilities				
Trade and other payables		89 388		89 388
Provisions		1 650		1 650
Current tax liabilities		418		19 319
Interest-bearing current liabilities		19 620		418
Total liabilities		125 786	1 435	127 222
Total equity and liabilities		247 975	2 000	249 976

Fair value and other reserves
(n) EUR 473.494 from derivative contracts defined a cash flow hedges has been entered in fair value and other reserves.

Financial assets recognised at fair value through profit and loss
(o) Financial assets recognised at fair value through profit and loss have been valued at market value. Under FAS they were valued at the lower of acquisiton cost and realisation value.

Financial liability
(p) Under IAS 32 a financial instrument that gives its holder the right to transfer the instrument back to the issuer against cash or other financial assets ("puttable instrument") is a financial liability of the issuer. As a result of this, on 1 January 2005, the Group has classified the minority interest in the Group's subsidiaries as a financial liability and has valued it at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant accounting policies

Kyro Group is organised in two business areas. The main business area, Glaston Technologies, consists of the Glass Machinery Group, which operates worldwide, and the Glass Processing Group, which focuses on markets in Finland and neighbouring countries. The Glass Machinery Group's products are glass pre-processing machines as well as safety glass machines for automotive, architectural and furnishing industries. The Glass Processing Group's products are safety and insulating glasses as well as railings and balconies and their installations. Energy business area includes a gas-fired power plant producing heat and electricity. Energy business area disposed of a hydropower plant and a district heating distribution company in December 2005. The two business areas constitute the business segments of the Group.

The parent company of the Group is Kyro Oyj Abp. The parent company is domiciled in Hämeenkyrö, Finland, and its registered address is Vehmaistenkatu 5, 33730 Tampere.

Basis of preparation

These are the first financial statements of the Group prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS- and IFRS-standards as well as the SIC- and IFRIC-interpretations effective at 31 December 2005. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and to their interpretations adopted in accordance with the procedures laid down in regulation (EC) No 1606/2002 of the European parliament and of the Council. Also the notes to the Consolidated Financial Statements are in accordance with the requirements of the Finnish Accounting and Companies Acts.

The Group adopted the IFRS in the year 2005 in accordance with the IFRS 1 (First-time Adoption of IFRS). The Group's date of transition to IFRS was January 1, 2004 except the financial instruments standards IAS 39 and IAS 32, for which the transition date was January 1, 2005. The comparative figures of financial instruments for 2004 are presented in accordance with the Finnish Accounting Standards (FAS). The effects of the transition on the consolidated financial statements at January 1, 2004 are summarized in the reconciliations in note 30.

The consolidated financial statements are prepared on the historical cost convention except that the following items are stated at their fair value: investments classified as available-for-sale, financial assets at fair value through profit or loss and derivative financial instruments. Also the liability arising from cash-settled share-based payments and the liability arising from the obligation to redeem the minority shares with cash are both stated at fair value.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the applying of accounting principles, the reported amounts of assets and liabilities and income and expenses as well as disclosure of the notes. Actual results may differ from these amounts.

Principles of consolidation

The consolidated financial statements include the parent company Kyro Oyj Abp and all subsidiaries in which over 50 % of the voting rights are hold directly or indirectly by the parent company, or the parent company has otherwise the power to govern their financial and operating policies so as to obtain benefits from their activities. The subsidiaries are listed in note 26.

The mutual shareholding has been eliminated by the purchase method of accounting. The acquired subsidiaries are included in the consolidated financial statements from the date that the Group's control commences until the date that control ceases. Intragroup transactions, receivables, liabilities and unrealised gains, as well as intragroup distribution of profits, are eliminated. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

The allocation of profit to the parent company equity holders and minority interest is presented on the face of the income statement. In the balance sheet, the minority interest is presented as a separate item in total equity. In case the Group has a contractual obligation to redeem the minority shareholding with cash or cash equivalents, minority interest is classified as a financial liablity as of 1 January 2005.

Items denominated in foreign currencies

The consolidated financial statements are presented in euro, which is the functional currency of the parent company. Functional currencies of other Group companies are determined by the primary economic environment in which they operate.

Transactions in foreign currencies are translated at the average rate which approximates the foreign exchange rate ruling at the date of the transaction. Monetary items denominated in foreign currencies are translated at the balance sheet date exchange rate. Non-monetary items are translated at the average rate which approximates the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in the income statement. Foreign exchange gains and losses related to sales, purchases and other operating expenses are treated as adjustments to respective items and included in the operating profit. Exchange rate differences related to financing are included in the financial income and expenses.

In the consolidated financial statements, the income statements of foreign subsidiaries have been translated to euro using the average exchange rates for the accounting period. The balance sheets of foreign subsidiaries have been translated to euro using the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of the income statements and balance sheets with different exchange rates are entered in translation reserve, a separate component of shareholders' equity. Exchange differences arising from the translation of the net investment in foreign subsidiaries are also taken to translation reserve. When a subsidiary is disposed of, the accumulated translation differences are recognised in the income statement as a part of the gain or loss on the sale.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at historical cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. When an asset consists of major components with different useful lives, they are accounted for as separate items. The major inspection and maintenance costs of Energy segment are capitalised as a part of the power plant machinery and equipment, and depreciated over their useful lives. Ordinary repairs and maintenance costs are recognised in the income statement as an expense as incurred. Other subsequent expenditure is capitalised only when it increases the future economic benefits in excess of the originally assessed standard of performance of the existing asset and the cost can be measured reliably.

Depreciation on property, plant and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives are:

Buildings and structures	25 - 40 years
Heavy machinery	10 - 40 years
Other machinery and equipment	3 - 5 years
IT equipment	3 - 10 years
Other tangible assets	5 - 40 years

Land is not depreciated. The tunnel and dam structures of the hydropower plant for which the estimated useful life is 40 years, are included in the other tangible assets until December 2005. Residual values and expected useful lives of property, plant and equipment are reassessed at each balance sheet date and where they differ from previous estimates, depreciation periods are changed accordingly. Non-current assets classified as held for sale are no longer depreciated according to the IFRS 5 standard.

Capital gains and losses arising from disposals of property, plant and equipment are recognised in other operating income or expense.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

Intangible asset is recognised in the balance sheet if its cost can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will flow to the Group. Intangible assets are stated at cost and amortised on a straight line basis over their estimated useful lives. Intangible assets with indefinite useful life are not amortised, but tested annually for impairment.

The estimated useful lives for intangible assets are as follows:

Computer software, patents, lisences, trademarks	3-10 years
Development expenditure	3 years
Other intangible assets	5-10 years

Goodwill

After 1 January 2004, goodwill represents the difference between the acquisition cost and the Group's share of the fair value of the net identifiable assets acquired. In respect of acquisitions prior the IFRS transition, goodwill is included in the financial statements on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is an intangible asset with indefinite useful life. It is no longer amortised but tested annually for impairment. For this purpose, goodwill has been allocated to cash generating units or groups of them. Goodwill is presented at cost less any accumulated impairment losses.

Research and development expenditure

Research expenditure is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised in the balance sheet if the product is technically and commercially feasible, and it is expected to generate economic benefits. Amortisation of the capitalised expenditure starts when the asset is available for use. The intangible assets not yet available for use are tested for impairment. Research expenditure and development expenditure not qualifying for IAS 38 are stated in other operating expenses.

Emission allowances

Emission allowances are initially recorded in the balance sheet at fair value. Subsequently the allowances are recorded at historical cost. No amortisation is made for allowances as their residual value is equal to their initially recorded value. Allowances are derecognised when the actual emission obligation is settled. Potential gains on sales of excess emission allowances are presented in other operating income.

Impairment

At each balance sheet date, the carrying amounts of the Group's assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an assets' fair value less costs to sell and its value in use. The value in use represents the discounted future net cash flows expected to be derived from an asset or a cash-generating unit. Kyro Group's calculations are mainly based on value in use.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if a positive change in circumstances leads to a revised estimate of the asset's or cash generating unit's recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net depreciation and amortisation, if no impairment loss had been recognised.

The Group tests goodwill at the business segment level. All goodwill has been allocated to Glaston Technologies segment. Estimates used to determine the net cash flows for impairment testing calculations are based on segment's continuous use and management's five-year business plans. An annual 3 % growth rate is used for the medium-term projections and an annual 2% growth rate for the long-term projections. A discount rate of 11.16 % reflects the risks related to the business. According to Group's impairment testing calculations, the recoverable amounts have exceeded the carrying amounts of the corresponding assets and the Group has not recognised any impairment losses. Also the intangible assets not yet available for use have been tested and no need to recognise an impairment loss has arisen.

Non-current assets as held for sale and discontinued operations

Non-current assets or disposal groups, or discontinued operations are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets or disposal groups classified as held for sale are no longer depreciated.

A discontinued operation is a major line of business or substantial part of it, or a major geographical area. Profit or loss for the period from discontinued operations is presented as a separate item in the income statement.

Leases

Leases in terms of which the Group assumes substantially all risks and rewards incidental to the ownership are classified as finance leases. At the inception of the lease term, a finance lease is recognised as an asset at the amount equal to the lower of its fair value and the present value of the minimum lease payments. Property acquired by way of finance lease is depreciated over the shorter of the useful life and the lease period. The Group has acquired a production plant, and machinery and equipment by way of finance lease.

Leases where the lessor retains the risks and rewards of the ownership are classified as operating leases. Payments made under operating leases are expensed on a straight-line basis over the lease periods.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes materials, direct labour, other direct costs and an appropriate share of variable and fixed production overheads based on normal capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Employee benefits
The Group attends to both defined contribution and defined contribution pension plans. Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

The Group's net obligation in respect of each defined benefit pension plan is calculated separately and using the projected unit credit method. Pension expenses are recognised to periods of service according to actuarial calculations prepared by authorised actuaries. The amount recognised as a defined benefit liability or receivable comprises the net total of the following: the present value of the defined benefit obligation, the fair value of the plan assets, past service cost, and actuarial gains and losses. The discount rate for the defined benefit obligation is the yield on the highest credit quality or government bonds that have maturity dates approximating to the terms of the Group's obligations.

Actuarial gains and losses arising in calculating the Group's obligation in respect of a plan, to the extent that they exceed 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. All actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised in the opening balance sheet according to the IFRS 1 exemption.

The Group also recognises a liability for a post-employment defined benefit plan in Italy and for a long-term service benefit in the Finnish Group companies.

Share-based payment transactions
The Group applies IFRS 2 to a share-based payment program granted after 7 November 2002. The applicable share-based payment program grants key management share appreciation rights which the Group will settle in cash. The fair value of the amount payable is recognised as an employee benefit expense and spread over the period during which the persons become entitled to the payment. The corresponding liability is recognised initially at the fair value of the share appreciation rights and remeasured at each reporting date until settled. Any changes in the fair value are recognised as an employee benefit expense.

The fair value measurement for the profit related component is based on the terms and conditions of the program. For the share value related component an applicable valuation technique is used.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the future the expected future cash flows, when appropriate.

A provision for warranties is recognised when the underlying products are sold. The provision is estimated on the basis of historical warranty data. As emissions occur, a provision for the obligation to deliver allowances is recognised.

Income taxes
Income taxes in the consolidated income statement includes current tax based on taxable income for the financial period, adjustments to taxes payable in respect of previous years and changes in deferred taxes. Current income tax based on taxable income is calculated according to the local tax regulations. The deferred tax effects related to the items recognised directly in shareholders' equity are recognised in the same way.

Deferred tax assets and liabilities are recognised using the balance sheet liability method for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The most significant temporary differences arise from share-based payment transactions, tax losses carried forward and fixed assets. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred taxes are not provided for undistributed profits of subsidiaries if it is probable that the temporary difference will not reverse in the foreseeable future.

The enacted tax rates of the balance sheet date are used as the tax rate.

Revenue
Revenue is recognised after the risks and rewards of ownership of the goods have been transferred to the buyer. Normally, revenue recognition takes place at the date of delivery in accordance with the delivery terms. Construction contracts are recognised after buyer has accepted the delivery of goods and installation. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction. Sales are presented net of indirect taxes, discounts and annual rebates.

Operating profit
The Group has defined operating profit as follows: operating profit is the net amount of net sales and other operating income less costs of finished goods and work in process adjusted with the change in inventories, costs of employee benefits, depreciation, amortisation and impairment losses, and other operating expenses. Exchange rate differences related to normal business operations are included in operating profit; otherwise they are taken to financial income and expenses.

Government grants
Government or other grants are recognised in the income statement in the same periods in which the corresponding expenses are incurred. The deferred income from the government grant is amortised over the period for which emission allowances were allocated.

Financial instruments
The Group applies IAS 32 and IAS 39 standards as of 1 January 2005. According to the IFRS 1 exemption, the Group applies previous accounting standards (FAS) for the financial instruments comparative information.

Financial assets and liabilities
As of 1 January 2005 the Group classifies the financial assets according to IAS 39 as financial assets at fair value through profit or loss, available-for-sale investments and loans and receivables. Classification is made on initial recognition and is based on the nature of the item. The purchases and sales of finan-

cial assets are accounted for at trade date. A financial asset is derecognised when the Group has lost its contractual rights to the cash flows from the financial asset or when it has transferred substantially all the significant risks and rewards of ownership of the financial asset to an external party. Transaction costs are included in the initial measurement of financial assets that are not measured at fair value through profit or loss.

Financial assets at fair value through profit or loss

The category includes the financial assets held for trading and financial assets designated by the Group at the initial recognition as measured at fair value through profit or loss. Financial assets held for trading are mainly held to generate profits from short-term market price changes. The category also includes derivative instruments not qualifying for IAS 39 hedge accounting. The assets belonging to the category are measured at fair value on the balance sheet date which is based on their current market bid price. The assets held for trading and the assets due within 12 months are included in the balance sheet current assets. Unrealised and realised gains and losses due to fair value adjustments are recognised in profit or loss in the period they occur.

Available-for-sale investments

Available-for-sale investments category includes unlisted securities. They are measured at fair value. If their fair value cannot be measured reliably, they are stated at lower of cost or probable value. Unrealised gains and losses on remeasurement are recognised directly in equity deducted with the associated tax effect. Amounts recognised in equity are transferred to profit or loss when the asset is sold. Significant impairment losses of available-for-sale assets for which there is objective evidence, are immediately recognised in the income statement. Normally, available-for-sale investments are included in non-current assets unless the Group has the intention to hold them for less than 12 months after the balance sheet date.

Loans and receivables

Loans and receivables arise when money, goods or services are delivered to a debtor. They are not quoted in an active market and payments related to them are either fixed or determinable. Loans and receivables granted by the Group are measured at cost. They are included in current or non-current assets in accordance with their maturity.

Financial liabilities

Financial liabilities include loans from financial institutions, commercial papers issued by the Group, trade payables and other financial liabilities. On initial recognition a loan is measured at its fair value that is based on the consideration received, transaction costs included. Subsequent to initial recognition, these liabilities are stated at amortised cost calculated using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents constitute cash, bank accounts and other short-term highly liquid investments.

Derivative instruments and hedge accounting

The Group applies IAS 39 to derivative instruments as of 1 January 2005. Derivative instruments are recognised on the trade date at cost which equals to their fair value, and subsequently measured at fair value at each balance sheet date. Gains and losses arising from remeasurement are accounted for based on the purpose of the instrument. The Group uses derivative instruments to hedge the exposure to changes of fair value of recognised asset or liability, the exposure to variability in foreign currency cash inflows attributable to unrecognised firm commitments, and the exposure to changes of electricity prices.

For IAS 39 hedge accounting purposes the Group documents the relationship between the hedged item and the hedging instrument, the risk management objectives and strategy. The effectiveness of a hedging instrument is tested both prospectively and retrospectively. A hedge is effective, if hedging instrument offsets the changes in the fair value or cash flows of the hedged item.

A derivative instrument effectively hedging the fair value of assets and receivables is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss adjusting the gain or loss on the hedged item attributable to the hedged risk. The ineffective part of the hedging instrument measurement is recognised in financial income or expenses.

When a derivative financial instrument is designated as hedging the variability in the cash flows of firm commitments, the effective part of change in instrument's fair value is recognised directly in equity. The cumulative unrealised gain or loss recognised in equity is taken to the income statement in the same period which the hedged transaction affects profit or loss. When a hedging instrument expires or is sold or no longer qualifies for hedge accounting, the cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Some derivative instruments do not meet the criteria for IAS 39 hedge accounting, even if they are economical hedges according to the Group risk management policy. Changes in fair values of these derivatives are recognised in the income statement.

The fair values of derivative instruments have been determined on the basis of market prices or balance sheet rates.

Treasury shares

When share capital recognised as equity is repurchased, the consideration paid including directly attributable transaction costs is recognised as a deduction from equity.

Dividends

The dividends proposed by the Board of Directors are recognised as a deduction from retained earnings after they have been approved by the shareholders at the Annual General Meeting.

New and amended standards and interpretations

In December 2004 the IASB issued the new interpretation IFRIC 4 Determining Whether an Arrangement Contains a Lease that the Group will adopt in 2006. The Group does not expect the adoption of the new interpretation to have a material impact on the consolidated financial statements. In 2006 the Group will adopt the new standard IFRS 7 Financial Instruments: Disclosures issued by the IASB in August 2005. The Group estimates the new standard to effect mainly the notes to the financial statements.

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1.1.–31.12.2005	1.1.–31.12.2004
Net sales		**967**	761
Other operating income	1	**5**	1
Personnel expenses	2	**1 997**	1 940
Depreciation	3	**384**	161
Other operating expenses	4	**2 653**	1 682
Operating profit		**-4 063**	-3 020
Net financial income	5	**4 265**	2 990
Profit before extraordinary items		**202**	-30
Extraordinary items	6	**22 500**	11 100
Profit before appropriations and taxes		**22 702**	11 070
Appropriations	7	**72**	-130
Income tax	8	**-5 773**	-466
Profit for the financial year		**17 000**	10 473

BALANCE SHEET OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	31.12.2005	31.12.2004
ASSETS			
Fixed assets			
Intangible assets	9	**240**	63
Tangible assets	9	**4 509**	4 821
Investments	10, 11	**70 851**	60 853
Own shares	10	**950**	950
Fixed assets, total		**76 550**	66 688
Current assets			
Long-term receivables	12	**29 712**	40 110
Short-term receivables	12	**19 815**	17 812
Bonds and securities	13		4 377
Cash at bank and in hand		**16 438**	1 891
Current assets, total		**65 965**	64 190
		142 515	130 878
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	**12 696**	12 696
Share premium fund	14	**25 270**	25 270
Reserve for own shares	14	**950**	950
Retained earnings	14	**52 943**	48 001
Profit for the financial year	14	**17 000**	10 473
Shareholders' equity, total		**108 859**	97 390
Accumulated appropriations	15	**78**	150
Liabilities			
Short-term liabilities	16	**33 578**	33 338
Liabilities, total		**33 578**	33 338
		142 515	130 878

PARENT COMPANY CASH FLOW STATEMENT

1 000 EUR	2005	2004
Cash flow from business operations		
Profit for the financial year	**17 000**	10 473
Adjustments:		
Depreciation according to plan	**384**	161
Financial income and expenses	**674**	-2 666
Other adjustments	**-16 799**	-10 970
Cash flow before change in working capital	**1 259**	-3 002
Change in working capital		
Change in short-term interest-free receivables	**-2 317**	-6 426
Change in short-term interest-free liabilities	**-3 525**	6 438
Cash flow from business operations before financial items and taxes	**-4 582**	-2 990
Interest and payments paid for other financing of business operations		
Interest paid	**-1 056**	1 547
Dividends received from business operations	**2 029**	31 365
Interest received from business operations	**2 618**	3 741
Direct taxes paid	**-29**	-4 501
Cash flow from business operations before extraordinary items	**-1 021**	29 162
Cash flow from business operations resulting from extraordinary items	**32 600**	17 800
Cash flow from business operations	**31 579**	46 962
Cash flow from investments		
Investments in tangible and intangible assets	**-196**	-79
Profit from sales of other investments	**3**	3
Cash flow from investments	**-193**	-76
Cash flow from financing		
Change in short-term Group receivables	**-5 985**	-53 319
Withdrawals of short-term Group loans	**5 131**	
Withdrawals of short-term loans		15 000
Repayments of short-term loans	**-15 000**	-7 500
Dividends paid	**-5 585**	-15 814
Other financing activity items	**4 600**	5 046
Cash flow from financing	**-16 840**	-56 587
Change in cash and equivalents	**14 546**	-9 701
Cash and equivalents at beginning of financial year	**1 891**	11 592
Cash and equivalents at end of financial year	**16 438**	1 891
	14 546	-9 701

NOTES TO THE FINANCIAL STATEMENTS

INCOME STATEMENT

1 000 EUR	**2005**	2004
1. Other operating income		
Other income	**5**	1
Other operating income, total	**5**	1
2. Personnel expenses		
Salaries and fees	**1 590**	1 504
Pension expenses	**326**	364
Other personnel expenses	**82**	72
Total	**1 997**	1 940
Salaries and remuneration paid to members of the Board and Managing Director	**974**	900

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

The president of the Parent Company has been granted a loan of EUR 84.093. The interest rate charged on the loan is the basic rate confirmed by the Ministry of Finance.

Parent Company employees during financial year, average		
Management and administrative personnel	**7**	10
Total	**7**	10

1 000 EUR		
3. Depreciation and amortisation	**2005**	2004
Depreciation according to plan		
Intangible assets		
Intangible rights	**32**	17
Other capitalised expenditures	**2**	3
Tangible assets		
Buildings and structures	**298**	90
Machinery and equipment	**34**	27
Other tangible assets	**19**	24
Depreciation according to plan, total	**384**	161
4. Other operating expenses		
Rents	**139**	140
Other expenses	**2 514**	1 542
Other operating expenses, total	**2 653**	1 682

5. Net financial items	2005	2004
Dividend income		
from Group companies	1 792	
from others	271	544
Dividend income, total	2 062	544
Other interest and financial income		
from Group companies	1 854	1 612
from others	1 147	1 656
Interest income, total	3 001	3 268
Interest income from long-term investments and other interest and financial income, total	3 001	3 268
Investment depreciation write downs		
Depreciation on securities carried as current assets	-243	-94
Depreciations total	-243	-94
Interest and other financial expenses		
to group companies	-218	-188
to others	-337	-540
Interest expenses, total	-556	-728
Interest and other financial expenses, total	-798	-823
Net financial items, total	4 265	2 990
Other financial income and expenses include foreign exchange gains (net)	53	0

6. Extraordinary income	2005	2004
Extraordinary income		
Received Group contributions	22 500	11 100
Extraordinary income and expenses, total	22 500	11 100

7. Financial statement transfers		
Difference between depreciation according to plan and actual depreciation in taxation	-72	130
Total	-72	130

8. Income taxes		
Income tax for extraordianary items	6 525	3 219
Income taxes for actual business operations	-752	-2 753
Total	5 773	466

BALANCE SHEET

1 000 EUR	Intangible rights	Other capitalised long-term expenses	Total
9. Fixed assets and other long-term investments			
Intangible assets			
Cost basis 1 January 2005	204	180	383
Increase	210		210
Acquisition cost 31 December 2005	414	180	594
Accrued depreciation 1 January 2004	-143	-177	-321
Depreciation during the fiscal year	-32	-2	-33
Accrued depreciation 31December 2004	-175	-179	-354
Book value 31 December 2005	**240**	**0**	**240**
Book value 31 December 2004	61	2	63

1 000 EUR	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Total
Tangible assets					
Acquisition cost 1 January 2005	1 639	3 312	414	425	5 790
Increase		2	36		38
Acquisition cost 31 December 2005	1 639	3 313	450	425	5 828
Accumulated depreciation 1 January 2005		-357	-292	-320	-968
Depreciation during the fiscal year		-298	-34	-19	-351
Accumulated depreciation 31 Dec 2005		-654	-325	-339	-1 319
Book value 31 December 2005	1 639	2 659	125	86	4 509
Book value 31 December 2004	1 639	2 955	122	106	4 821

1 000 EUR	Shares Group companies	Shares Others	Own Shares	Total
10. Investments				
Acquisition cost 1 January 2005	57 547	3 306	950	61 804
Increase	10 000			10 000
Decrease		-3		-3
Acquisition cost 31 December 2005	67 547	3 303	950	71 801
Book value 31 December 2005	67 547	3 303	950	71 801
Book value 31 December 2004	57 547	3 306	950	61 804

11. Other shares and holdings owned by the Parent Company

	Group ownership %	pcs	Nominal value 1,000 EUR/share	Book value 1,000 EUR
Kyro Power Oy	100.0	1 505 500	3 011	9 470
Uniglass Engineering Oy	100.0	20 000	400	6 351
Tamglass Ltd Oy	100.0	800 000	1 600	6 728
Z. Bavelloni S.p.A.	100.0	1	10 000	26 479
Glasto Holding BV	100.0	200	18	18 520
Total				67 547

Other

Shares and holdings				
Kiinteistö Oy Torikyrö	63.4	804	84	240
Other housing companies				194
Other shares and holdings				33
Total				467

Other Parent Company investments

Pohjolan voima Oy C		52 877	2	2 472
Pohjolan voima Oy V		7 788	2	364
Pohjolan voima Oy H		1 860	2	0
Total				2 836

1 000 EUR	2005	2004
12. Receivables		
Loan receivables	**750**	
	750	
Receivables from Group companies		
Loan receivables	**28 962**	40 110
Long-term receivables, total	**29 712**	40 110
Short-term receivables		
Accounts receivable	**3**	
Loan receivables	**384**	85
Prepaid expenses and accrued income	**1 527**	1 258
	1 914	1 344
Receivables from Group companies		
Accounts receivable	**237**	144
Loan receivables	**14 379**	3 966
Prepaid expenses and accrued income	**3 285**	12 358
Total	**17 901**	16 468
Short-term receivables, total	**19 815**	17 812
Prepaid expenses and accrued income		
Personnel expenses	**5**	2
Interest income	**1 572**	1 261
Income taxes	**1 041**	1 041
Indirect taxes	**431**	189
Group contribution	**1 000**	11 100
Others	**763**	24
Prepaid expenses and accrued income, total	**4 812**	13 616

13. Marketable assets

Financial assets include publicly traded equities and debt instruments.

Replacement value		5 073
Book value		4 377
Difference		697

1 000 EUR	2005	2004
Share capital 1 January	**12 696**	6 348
Share Splitting		6 348
Share capital 31 December	**12 696**	12 696
Share premium account 1 January	**25 270**	31 618
Share Splitting		-6 348
Share premium account 31 December	**25 270**	25 270
Reserve for own shares 1January	**950**	950
Reserve of own shares 31 December	**950**	950
Retained earnings	**58 474**	63 805
Dividends	**-5 531**	-15 804
Retained earnings 31 December	**52 943**	48 001
Profit for the financial year	**17 000**	10 473
Shareholders equity on 31 December	**108 859**	97 390
Account of distributable funds, 31 December		
Retained earnings	**52 943**	48 001
Profit for the financial year	**17 000**	10 473
Reserve of own shares	**950**	950
Acquisition cost of own shares	**-950**	-950
Distributable funds	**69 943**	58 474

15. Accumulated appropriations

Accumulated depreciation difference 1 January	**150**	20
Increase (+) Decrease (-)	**-72**	130
Accumulated depreciation difference 31 December	**78**	150

Accumulated appropriations in the Parent Company consist of accumulated depreciation difference.

Long- and short-term non-interest-bearing liabilities

Non-interest-bearing liabilities	**7 375**	1 579
Non-interest-bearing debts, total	**7 375**	1 579

16. Short-term liabilities	2005	2004
Loans from financial institutions		15 000
Accounts payable	160	104
Other short-term liabilities	160	199
Accrued liabilities and deferred income	7 011	1 164
Liabilities to others	**7 330**	16 467
Liabilities to Group companies		
Accounts payable	9	2
Other liabilities	26 203	16 759
Accrued liabilities and deferred income	35	110
Liabilities to Group companies, total	**26 247**	16 871
Short-term liabilities, total	**33 578**	33 338
Accrued liabilities and deferred income		
Salary and other periodised personnel expenses	922	930
Interest	20	41
Direct taxes	5 769	27
Other	335	276
Accrued liabilities and deferred income, total	**7 046**	1 274

17. Contingent liabilities and liabilities not included in the balance sheet		
Leasing liabilities		
With due date in the current financial year	7	7
With a later due date		7
Total	**7**	14

Normal conditions apply to the leasing agreements.

Pledges		
On behalf of Group companies	4 852	6 036
Repurchase obligations	**1 591**	1 378
Other liabilities	**23**	86

18. Values of the underlying instruments of derivative contracts	2005	2004
Currency derivatives		
Forward agreements		
Market value	5 001	5 234
Positive fair value		180
Negative fair value	-162	

ACCOUNTING PRINCIPLES

The parent company's financial statements have been prepared according to the Finnish Accounting Act (1997/1336), Accounting Ordinance (1997/1339) and other laws and regulations relating to financial statements.

Foreign currency items
Receivables and liabilities denominated in foreign currency have been translated into euros at currency rates quoted on the closing date. Translation differences arising from financial activity have been recognised in financial income and expenses.

Net sales
Net sales includes the Group's income from administration services and rental income.

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

Valuation of fixed assets
Fixed assets have been valued in the balance sheet at original acquisition cost less accrued depreciation according to plan. Planned depreciation has been calculated on a straight-line basis over the economic life of the fixed asset items.

Planned depreciation periods for various fixed asset items:

Intangible rights	5 years
Other capitalised expenses	5-10 years
Buildings and structures	10-25 years
Light machinery and equipment	3-5 years
IT equipment and systems	3-5 years
Other tangible assets	5-10 years

Own shares
Own shares have been entered in fixed assets at their acquisition price.

LIST OF ACCOUNTING BOOKS USED

Day ledger CD
General ledger CD
Cost accounting, as computer lists
Fixed asset accounting, as computer lists
Balance sheet book, as bound book

LIST OF VOUCHER TYPES USED

Cash vouchers, as paper receipts
Accounts payable ledger vouchers, as paper receipts/electronic records
Accounts receivable ledger vouchers, as paper receipts
Memo vouchers, as paper receipts

CALCULATION OF KEY RATIOS

Equity ratio, % =

$$\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$$

Gearing, % =

$$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}} \times 100$$

Net interest-bearing liabilities =

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

Return on equity, % (ROE) =

$$\frac{\text{Profit for the period}}{\text{Equity}} \times 100$$

Return on invested capital, % (ROI) =

$$\frac{\text{Profit for the period + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average)}} \times 100$$

Earnings per share (EPS) =

$$\frac{\text{Profit for the period attributable to parent company's shareholders}}{\text{Average number of shares for period excluding treasury shares}}$$

Equity per sharee =

$$\frac{\text{Equity}}{\text{Number of shares outstanding at end of period}}$$

Dividend per share =

$$\frac{\text{Dividend distribution for the period}}{\text{Number of shares outstanding at end of period}}$$

Dividend-to-earnings ratio, % =

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

Effective dividend yield, % =

$$\frac{\text{Dividend per share}}{\text{Share price at end of period}} \times 100$$

Price/earning (P/E) ratio =

$$\frac{\text{Share price at end of period}}{\text{Earnings per share}}$$

Market capitalisation =

Total number of shares x share price at end of period

BOARD'S PROPOSAL FOR THE ANNUAL GENERAL MEETING

According to the consolidated balance sheet on 31 Dec 2005, equity amounts to EUR 101.053.017 of which distributable assets amount to EUR 88.170.077.
According to the balance sheet on 31 Dec 2005, the Parent Company's equity amounts to EUR 69.943.082 of which distributable funds amount to EUR 69.943.082.
On 7 February 2006, dividend-entitling shares numbered 79.020.096.
The Board proposed to the Annual General Meeting a dividend of EUR 0.08 per share and a supplementary dividend of EUR 0.09 per share, that is, a total of EUR 13.433.416. This leaves EUR 56.509.666 of unused profit funds at the Parent Company.

Helsinki, 7 February 2006

Carl-Johan Numelin	Christer Sumelius
Lars Hammarén	Barbro Koljonen
Carl-Johan Rosenbröijer	Heikki Mairinoja
Klaus Cawén	

Pentti Yliheljo, President and CEO

The preceding financial statements have been prepared in accordance with Finnish Standards of Auditing.
A separate Auditor's Report concerning the performed auditing has been submitted today.

Helsinki, 7 February 2006

KPMG Oy Ab
Sixten Nyman, APA

AUDITOR'S REPORT

To the shareholders of Kyro Corporation

We have audited the accounting records, the financial statements and the administration of Kyro Coproration for the period 1.1.–31.12.2005. The Board of Directors and the President and Chief Executive Officer have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

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 members of the Board of Directors and the President and Chief Executive Officer of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

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

Helsinki 7 February 2006

KPMG Oy Ab
Sixten Nyman

KYRO'S CORPORATE GOVERNANCE

Kyro Corporation's principles of corporate governance follow the provisions of the Finnish Companies Act and Securities Markets Act as well as Kyro's Articles of Association and the rules of the Helsinki Stock Exchange. Kyro primarily applies the Corporate Governance Recommendation for Listed Companies issued in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body. The AGM is called by the company's Board of Directors. The AGM decides on, among other things, the adoption of the financial statements, the distribution of profits, the discharge of Board members and the President and CEO from liability, and the election and remuneration of the Board of Directors and auditor. In accordance with the Articles of Association, the AGM is held by the end of May each year. If necessary, the Board of Directors may call an Extraordinary Meeting of Shareholders.

The Annual General Meeting is called by publishing an Invitation to the Annual General Meeting as a stock exchange bulletin at the Helsinki Exchanges 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. No-one, however, may vote with more than one fifth of the total number of shares represented at the meeting.

BOARD OF DIRECTORS

Duties and responsibilities

The Board of Directors' duties and responsibilities are determined primarily by the Finnish Companies Act and the company's Articles of Association. The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. The Board also directs and supervises the company's operational management. The main duties and operating principles of the Board of Directors and its appointed committees are defined in rules of procedure approved by the Board. The Board of Directors decides on far-reaching and fundamentally important issues affecting the Group. Such issues include the Group's strategy and objectives, the Group's budgets and operating plans, significant Group-level financial arrangements, the financial statements and annual report, the interim reports, company acquisitions and other significant investments, the Group's operational structure, management incentive schemes and principles of risk management. The Board of Directors appoints the President and CEO and decides on his salary and other conditions of employment.

The President and CEO, or another member of the company management designated by him, acts as presenter at Board meetings.

Members of the Board of Directors

The Annual General Meeting elects the members of the Board of Directors. According to the Articles of Association, the Board of Directors consist of a minimum of three and a maximum of eight members. The term of office of members of the Board of Directors expires at the end of the third Annual General Meeting that follows their election, after which they can be re-elected. The present Board of Directors was elected at the Annual General Meeting in spring 2004 and its term of office is spring 2004 – spring 2007. The company has deemed it appropriate that the Board of Directors' term of office is three years instead of one year. A person who has reached 67 years of age cannot be elected a member of Board. The Board of Directors elects from among its members a Chairman and a Deputy Chairman for one year at a time.

In 2005 the Chairman of the Board of Directors was Carl-Johan Numelin and the Deputy Chairman was Christer Sumelius. The Board of Directors met 13 times in 2005 and the average percentage attendance of members was 96. Information about the members of the Board of Directors and their shareholdings in the company can be found on page 77.

All seven members of the Board of Directors are independent of the company.

Apart from Heikki Mairinoja, all the other members of the Board are independent of the company's most important shareholders, as none of the other members of the Board nor anyone belonging to the close circle of a member of the Board had more than a ten percent holding of the company's shares or total number of votes at the end of 2005.

Committees of the Board of Directors

The Board of Directors annually appoints the necessary number of committees to prepare matters which are the Board's responsibility. In November 2004, the Board of Directors appointed an Audit Committee and a Compensation Committee.

The task of the Audit Committee is to handle matters relating to financial statements, auditing, financial reports, the company's internal monitoring and other matters relating to the Group's risk management. The members of the Audit Committee are Carl-Johan Numelin (Chairman), Lars Hammarén and Heikki Mairinoja. The committee met six times during 2005.

The task of the Compensation Committee is to prepare for the Board of Directors a proposal on the company's senior management appointments and remuneration principles. The members of the Compensation Committee are Carl-Johan Numelin (Chairman), Klaus Cawén and Christer Sumelius. The committee met eight times during 2005.

PRESIDENT AND CEO

The Board of Directors of Kyro Corporation appoints the company's President and CEO, whose key terms and conditions of employment are specified in a written contract. The President and CEO is responsible for the operational management of Kyro Group in accordance with instructions given by the Board. The President and CEO of Kyro, Pentti Yliheljo, is also President and CEO of the subsidiary Tamglass Ltd. Oy.

The President and CEO's personal and company shareholding information can be found on page 77.

OTHER MANAGEMENT

Kyro Group has two business areas: Glaston Technologies and

Energy. The main business area, Glaston Technologies, comprises Kyro Corporation's wholly owned operational subsidiaries Tamglass Ltd. Oy and Z. Bavelloni S.p.A. and Uniglass Engineering Oy together with their own subsidiaries. The Energy business area consists of Kyro Power Oy, which is wholly owned by Kyro Corporation, together with its subsidiary Hämeenkyrön Lämpö Oy. Hämeenkyrön Lämpö Oy was sold in December 2005 and it has been consolidated into the Group's result until November 2005.

The senior management personnel of the business areas assist the President and CEO in implementing the company's strategy and operational planning and management, as well as report of business operations development.

The boards of directors of subsidiaries consist of management from the Kyro Group's parent company and subsidiaries as well as expert members from outside the companies.

Information about the Group's senior managers and their company shareholdings can be found on page 77.

REMUNERATION

The spring 2005 Annual General Meeting approved remuneration to the Chairman of the parent company's Board of Directors amounting to 40.000 euros, to the Deputy Chairman 30.000 euros and to members of the Board 20.000 euros. Employees of the Group do not receive separate remuneration for serving on the boards of the directors of Group companies. In addition to the annual remuneration, the members of the Board are paid a meeting remuneration of every Board and Committee meeting, in which the member takes part. The remuneration is 800 euros for the Chairman of the meeting and 500 euros for the members of the meeting.

In 2005 the company's President and CEO was paid 386.000 euros in salary and 380.912 euros in performance bonuses.

Tamglass Ltd. Oy operates a long-term management incentive scheme, the terms and conditions of which are decided by the Board of Directors of Kyro Corporation. The incentive scheme is outlined in the Shares and Shareholders section, on page 28 and in Notes to the Financial Statements section 27. The company's President and CEO and other management were not paid bonuses from the Tamglass incentive scheme in 2005.

Various units of Group companies have their own local short-term incentive schemes, which follow the practices of the location country and whose terms and conditions are decided by each company's President and CEO.

Kyro Corporation's present President and CEO has the right to retire on reaching 55 years of age. Deviating from statutory pension rights, the pensionable age of managers in certain Group companies is 60 or 62 years.

The President and CEO's term of notice is six months when the company serves notice of terminating his employment. The President and CEO receives compensation amounting to 12 months' salary in the event of the company terminating his contract of employment.

MONITORING SYSTEM

Overall responsibility for monitoring the accounting and the management of funds rests with the Board of Directors. The Board of Directors' Audit Committee examines and assesses the effectiveness of the company's internal monitoring system. The President and CEO is responsible for ensuring that the accounting complies with legal requirements and that the management of funds is arranged in a reliable manner.

The company uses a Group-wide internal reporting system for supervising business operations and monitoring the management of funds. The fulfilment of set targets is monitored monthly using the company's internal reporting system. In addition to actual figures, forecasts of the Group's financial state are reported quarterly for the current year.

Risks of property, consequential and liability losses arising to the Group's operations have been covered by appropriate insurance, and management of financial risks is the responsibility of the Finance Department in the Group's parent company.

The company has no separate internal auditing organisation. The Group's auditor assesses the effectiveness of the Group's internal monitoring system as part of its statutory monitoring of operations. In addition, the company gives, when necessary, separate assignments to external experts to carry out internal auditing.

INSIDER OBLIGATIONS

Kyro Corporation applies the Guidelines for Insiders approved by the Helsinki Stock Exchange and the Finnish Financial Supervision's Standard 5.3, which came to force on 1 September, 2005. The company's Board Members, management and auditor are considered to be insiders subject to disclosure requirement. Due to their positions, presidents and management boards of subsidiaries as well as people responsible for finance and communications in the Kyro Group are also considered insiders subject to disclosure requirement. According to the standard, the company also maintains a company-specific register of insiders.

Information on the company's insiders subject to disclosure requirement and their shareholdings is available in the SIRE system of the Finnish Central Securities Depository and on Kyro Corporation's website. Kyro Corporation does not arrange investor meetings during the three weeks preceding the publication of financial statements or interim reports.

AUDITING

Under the Articles of Association, the company has one auditor, which must be an auditing firm approved by the Finnish Central Chamber of Commerce. The auditor's term of office covers the financial year during which it is elected and ends at the conclusion of the Annual General Meeting that follows its election. The 2004 Annual General Meeting elected as auditor the authorised public accounting firm KPMG Wideri Oy Ab, with the responsible auditor being Sixten Nyman APA, who supervises auditing guidelines and coordination for the entire Group.

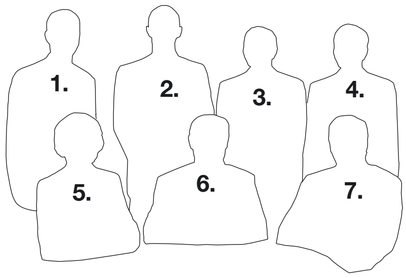
In 2005 the auditors of Group companies were paid a total of 256.000 euros for statutory auditing. A total of 219.000 euros was paid to KPMG in fees unconnected with auditing in 2005. These fees are related to tax consulting, acquisitions and the transfer to reporting under IFRS rules.

COMMUNICATION

The objective of external communications is to support the correct price formation of the company's securities by giving the market sufficient information about the company's business structure, its financial position and the development of the market as well as its objectives and the achievement of strategic goals.

The company publishes a printed annual report and three interim reports. Key information on the Kyro Corporation's administration as well as information which must be declared under listed companies' duty to disclose is published on the company's website, address www.kyro.fi. In addition, key management presentation material can be viewed on the company's website after publication.

BOARD, MANAGEMENT AND AUDITORS



1. Lars **Hammarén**
2. Klaus **Cawén**
3. Carl-Johan **Rosenbröijer**
4. Heikki **Mairinoja**
5. Barbro **Koljonen**
6. Carl-Johan **Numelin**
7. Christer **Sumelius**

BOARD OF DIRECTORS	From	Term of office
Chairman **Carl-Johan Numelin** (68), M.Sc. (Eng) Shareholding on 30 Dec 2005 126 200 shares	1990	2004–2007
Deputy Chairman **Christer Sumelius** (59), M.Sc. (Eng) Shareholding on 30 Dec 2005 803 800 shares	1995	2004–2007
MEMBERS		
Lars Hammarén (63), B.Sc. (Eng) No shares	1982	2004–2007
Barbro Koljonen (53), M.Sc. (Agr.) Shareholding on 30 Dec 2005 785 600 shares	1996	2004–2007
Carl-Johan Rosenbröijer (41), Dr.Sc. (Econ.) Shareholding on 30 Dec 2005 12 600 shares	1996	2004–2007
Heikki Mairinoja (59), M.Sc. (Eng.), B.Sc. (Econ.) Shareholding on 30 Dec 2005 4 000 shares	2003	2004–2007
Klaus Cawén (48), Master of Laws Shareholding on 30 Dec 2005 6 000 shares	2004	2004–2007

MANAGEMENT	From
President and CEO **Pentti Yliheljo** (60), M.Sc. (Eng) Shareholding on 30 Dec 2005 40 000 shares	1992
Chief Financial Officer **Vesa Hopia** (50), M.Sc. (Econ) No shares	2004
SVP Corporate planning **Esko Rantala** (44), M.Sc. (Eng), MBA Shareholding on 30 Dec 2005 100 000 shares	1998
Chief Information Officer as of 1 March 2006 **Harri Karjalainen** (38), M.Sc. (Econ) No shares	2006

AUDITORS

KPMG OY AB
Responsible Auditor
Sixten Nyman, APA

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 Klaus Cawén

Management

President and Chief Executive Officer	Pentti Yliheljo
Chief Financial Officer	Vesa Hopia
Corporate Planning	Esko Rantala
IR and Communications	Emmi Watkins
IT	Harri Karjalainen

ENERGY/KYRO POWER OY

Managing Director	Esa Kujala

Production Units

Gas-fired power plant

GLASTON TECHNOLOGIES GLASS MACHINERY GROUP

TAMGLASS

President and CEO	Pentti Yliheljo
Executive Vice President	Mauri Leponen
Commercial Director	Tommi Salenius
Logistics	Matti Tukkimies
Personnel	Stiina Enqvist
Marketing Communications	Pia Salonen
Finance	Vesa Hopia
After Sales	Tapio Rauhala

BAVELLONI

Managing Director	Paolo Sandri
Manufacturing and Technology	Fiorentino Picariello
Finance	Gianfranco Basurini
Accounting	Annibale Bertolini
Marketing Communications	Maddalena De Tomasi
Personnel	Franco Serra
Purchasing	Andrea Cassineri
Quality	Spartak Nasi
After Sales Services	Marino Ferrarese

DIAPOL

Managing Director	Cosimo Gabriele

TAMGLASS–BAVELLONI

Corporate Planning	Pentti Salin
Technology	Juha Liettyä

Business Areas

Building Glass Industry	Mauri Leponen
Automotive Glass Industry	Tommi Salenius
Insulating Glass Industry	Stefano Bavelloni
Furniture and Special Glass Industry	Stefano Bavelloni
After Sales Services	Tapio Rauhala
Stone Processing Industry	Idilio Bolchini

Machine Manufacturing

Tamglass Engineering Ltd. Oy, Finland	Heikki Kaasalainen
Tamglass Tempering Systems Inc., USA	Heikki Rapatti
Tamglass South America Ltda., Brazil	Jean Paul Clément
Tamglass–Bavelloni Tianjin Co. Ltd., China	Petri Mäkinen
Z. Bavelloni S.p.A., Italy	Paolo Sandri
Z. Bavelloni Mexico S.A. de C.VC., Mexico	Matteo Gherseni
Z. Bavelloni South América Ind. E Com. Ltda., Brazil	Ezio Cabib

GLASTON TECHNOLOGIES GLASS MACHINERY GROUP

TAMGLASS–BAVELLONI Sales

President	Kaj Appelberg
North-America	
Sales Management, Bavelloni	
Area Sales Management	Jack Van Meerbeeck
Tamglass Area Sales Management	Raimo Nieminen
South-America	
Sales Management	Raimo Nieminen
Europe, Middle-East, Africa	
Sales Management	Huub Naus
Tamglass Area Sales Management	Seppo Lautamäki
Bavelloni Area Sales Management	Huub Naus
Bavelloni Area Sales Management South Europe	Franco Pirola
Bavelloni Area Sales Management East Europe	Federico Bassi
Tamglass-Bavelloni Europe (UK) Ltd.	Steve Brammer
Tamglass-Bavelloni Europe (GE) GmbH	Andreas Brödel
Tamglass-Bavelloni Europe (FR) S.A.R.L.	Richard Bazin
Tamglass-Bavelloni Europe (NL) BV	Huub Naus
Asia-Pacific	
Sales Management	Kaj Appelberg
Bavelloni Area Sales Management	Freddy Tan
Tamglass Area Sales Management	Jarko Salo
Tamglass Japan, Inc.	Juhani Salminen
China	
Area Sales Management	Pekka Nieminen
Tamglass-Bavelloni (Shanghai) Machinery Trading Co. Ltd.	Michael Tsui

UNIGLASS

Managing Director	Petri Mölsä
Sales	Kari Korhonen Martti Similä
Product Development	Jukka Vehmas
Marketing Communications	Hanna-Riikka Kuitunen
After Sales	Anna Enroth

GLASTON TECHNOLOGIES GLASS PROCESSING GROUP

TAMGLASS GLASS PROCESSING

Managing Director	Claus Carlsen
Business Development	Pertti Iivanainen

TAMGLASS SAFETY GLASS LTD

Managing Director	Claus Carlsen
Sales Director	Pertti Iivanainen
Plant Manager	Arto Korventausta

TAMGLASS FINTON OY

Managing Director	Sasu Koivumäki
Sales Director	Simo Vaetoja
Installation Manager	Jarno Pölönen

TAMGLASS INSULATING GLASS LTD

Managing Director	Jorma Nenonen
Sales Manager	Kai Korelin
Plant Manager	Ari Kurvi

LOCATIONS AND ADDRESSES

KYRO CORPORATION
Vehmaistenkatu 5, P.O Box 25
FIN-33731 Tampere, FINLAND
Tel. +358 3 382 3111
Fax +358 3 382 3016
firstname.lastname@kyro.fi

Communications and Business Development
Kalevankatu 3 B
FIN-00100 Helsinki, FINLAND
Tel. +358 9 5422 3300
Fax +358 9 3487 2500

TAMGLASS
Tamglass Ltd. Oy
Vehmaistenkatu 5, P.O Box 25
FIN-33731 TAMPERE, FINLAND
Tel. +358 3 372 3111
firstname.lastname@tamglass.com

Z. BAVELLONI
Z. Bavelloni S.p.A.
Via Milano, 93
22070 Bregnano (Co), ITALY
Tel. +39 031 72 83 11
Fax +39 031 72 86 358

UNIGLASS ENGINEERING OY
P.O Box 394
FIN-33101 Tampere, FINLAND
Tel. +358 20 7430 220
Fax +358 20 7430 221
info@uniglass.com

ENERGY KYRO POWER OY
FIN-39200 Kyröskoski, FINLAND
Tel. +358 3 382 3111
Fax +358 3 382 3078
firstname.lastname@kyro.fi

GLASTON TECHNOLOGIES

GLASS MACHINERY GROUP

CUSTOMER SERVICE OFFICES

Tamglass America, Inc.
1007 Parkway View Drive
Pittsburgh, PA 15205-1424
U.S.A.
Tel. +1 412 787 7020
Fax +1 412 787 0534
sales.america@tamglass.com

Tamglass-Bavelloni North America (USA), Inc.
204 South Westgate Drive
27407 Greensboro NC
USA
Tel. +1 336 299 8300
Fax +1 336 299 8388
general@zbavusa.com

Tamglass America Inc.
After Sales services
2615 River Road, unit #5
Cinnaminson, NJ 08077
USA
Tel. +1 856 786 1200
Fax +1 856 786 6599
service.america@tamglass.com

Tamglass-Bavelloni Europe (GE) GmbH
Hermannstr. 15
90439 Nürnberg
GERMANY
Tel. +49 911 61 50 05
Fax +49 911 61 39 66
germany@tamglass.com

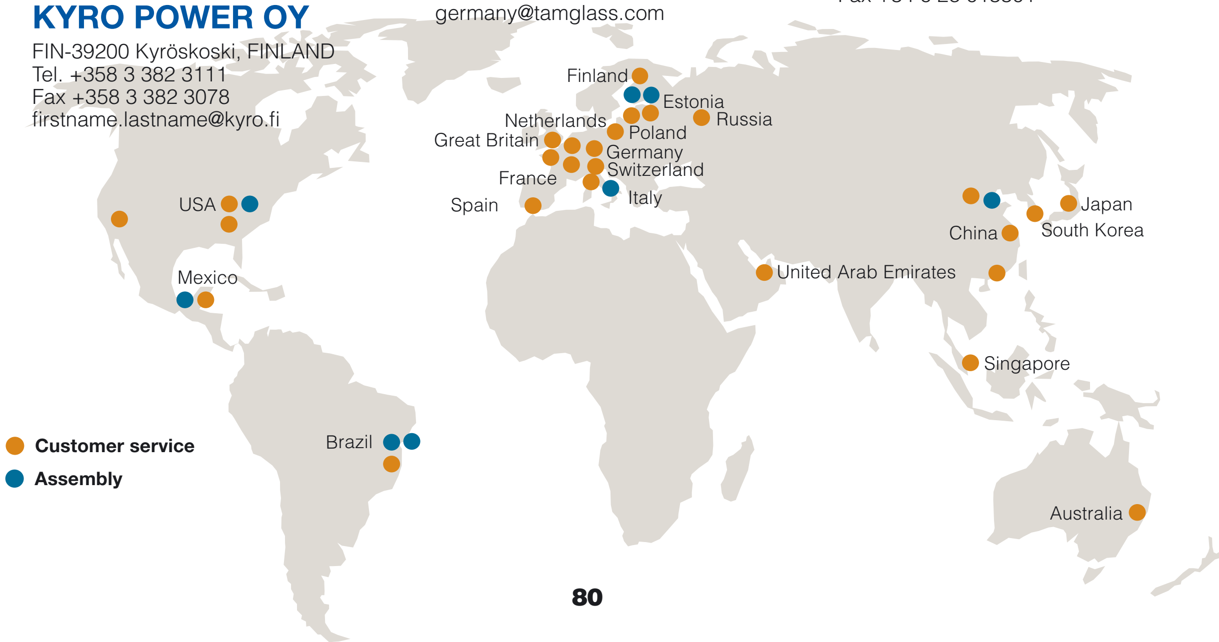
Tamglass-Bavelloni Europe (GE) GmbH c/o Mc Diam Sp. z.o.o.
Ul. Chocimska 28 p. 125
00-791 Warszawa
Poland
Tel. +48 22 646 0483
Fax +48 22 848 7224

Tamglass-Bavelloni Europe (NL) BV
De Koumen 76
6433 KE - Hoensbroek
THE NETHERLANDS
Tel. +31 45 5630088
Fax +31 45 5225312
netherlands@glaston.net

Tamglass-Bavelloni Europe (UK) Ltd.
7 Swanwick Court
Alfreton
Derbyshire DE55 7AS
UNITED KINGDOM
Tel. +44 1773 545 850
Fax +44 1773 545 851
uk@glaston.net

Tamglass-Bavelloni Europé (FR) S.A.R.L.
4, rue Paul Villard
69680 Chassieu
FRANCE
Tel. +33 478 902667
Fax +33 472 790482
france@glaston.net

Tamglass-Bavelloni Europé (FR) S.A.R.L.
After Sales services in Spain
C/o Alexi Nottbeck Bechtejew
Calle Muñoz Torrero, 3 P-7A
San Fernando
11100, Cádiz
SPAIN
Tel. +34 956 888051
Fax +34 6 28 013301



Tamglass Ltd. Oy
After Sales services in Italy
C/o Pier Paolo Cavasin
Via Maffei 39
50133 Firenze
ITALY
Tel. / Fax +39 0555001931

Cattin Machines, S.A.
Rue Fritz-Courvoisier 105
2300 La Chaux-de-Fonds
SWITZERLAND
Tel. +41 32 925 7070
Fax +41 32 925 7071
switzerland@tamglass.com

Tamglass-Bavelloni Singapore Pte. Ltd.
50 Kallang Avenue
#01-03 Noel Corporate Building
SINGAPORE 339505
SINGAPORE
Tel. +65 6842 4232
Fax +65 6842 4234
singapore@glaston.net

Tamglass-Bavelloni (Shanghai)
Machinery Trading Co. Ltd
Shenzhen Liaison Office
After Sales services
Room 25-26, 8/F, Shenzhen Kerry Centre
Renminnan Road
518001 Shenzhen
CHINA
Tel. +86 755 8236 6336
Fax +86 755 8236 6119

Tamglass-Bavelloni (Shanghai)
Machinery Trading Co. Ltd.
69 Xiva Road – Shanghai Waigaoqiao
Free Trade Zone
CHINA
Tel. +86 21 5046 3099 / 5046 3101
Fax +86 21 50463098
shanghai@glaston.net

Tamglass Japan, Inc.
703 Esaka Business Zone
18-37Toyotsu-Cho, Suita-shi
Osaka 564-0051
JAPAN
Tel. +81 6 6330 5139
Fax +81 6 6330 5136

Tamglass Japan Inc.
c/o Taijoo Trading Co. Ltd.
Mujigae Shopping Center Room
No. 202
1332-3, Seocho-Dong, Seocho-ku,
Seul
Republic of Korea
Tel. +82 2 3472 3147
Fax +82 2 3474 3605

Tamglass Middle East
P.O. Box 17322
Dubai
UNITED ARAB EMIRATES
Tel. +971 4 8838 268
Fax +971 4 8836 779
middle.east@tamglass.com

OOO "Tamglass-Bavelloni"
Pr. Vernadskogo 9/10, off. XXXI
119311 – Moscow
RUSSIA
Tel. +7 095 1315101 / 1315103
Fax +7 095 1315105
russia@glaston.net

Glaston Estonia Oü
Endla 4
10142 Tallinn
Estonia
Tel. +372 626 3110
Fax +372 626 3111

Tamglass Australia Pty Ltd.
2141 Beaufort Way, Hope Island
Queensland 4212, AUSTRALIA
Tel. +61-7-5514 0631
Fax +61-7-5514 0645

MACHINERY MANUFACTURING UNITS

Tamglass Engineering Ltd. Oy
Vehmaistenkatu 5
P.O Box 25
FIN-33731 Tampere, FINLAND
Tel. +358 3 372 3111
Fax +358 3 372 3190

Tamglass Tempering Systems, Inc.
510 Whitmore Street
Cinnaminson, N.J. 08077-1626
U.S.A.
Tel. +1 856 786 1200
Fax +1 856 786 7606

Tamglass South America Ltda.
Avenida Dona Ruyce Ferraz Alvim,
2906 - Jardim Ruyce
Diadema - SP
CEP 09961-540
BRAZIL
Tel. +55 11 4066 2506
Fax +55 11 4067 3911
tamglass@tamglass.com.br

Tamglass-Bavelloni
(Tianjin) Co. , Ltd.
No 5 Xingwang Road
Wuqing Development Area
301700 Tianjin
PEOPLE'S REPUBLIC OF CHINA
Tel. +86 22 8210 1230
Fax +86 22 8212 2122
china@glaston.net

Z. Bavelloni S.p.A.
Via Milano, 93
22070 Bregnano (Co), ITALY
Tel. +39 031 72 83 11
Fax +39 031 72 86 358

Z. Bavelloni S.p.A
Via Landri, 25
24060 Costa di Mezzate (BG)
ITALY
Tel. +39 035 66 66 011
Fax +39 035 68 25 70

Z. Bavelloni South América
Ind. E Com. Ltda.
Av. Dona Ruyce Ferraz Alvim, 3036
Jardim Ruyce Diadema – SP
CEP: 09961-540
BRAZIL
Tel. +55 11 4061 6511
Fax +55 11 4066 6020
z.bavelloni@bavelloni.com.br

Uniglass Engineering oy
P.O Box 394
FIN-33101 Tampere, FINLAND
Tel. +358 20 7430 220
Fax +358 20 7430 221
info@uniglass.com

TOOLS MANUFACTURING UNIT

DiaPol S.r.L
Via dell'industria 1
22070 Bregnano (CO) Italy
Italy
Tel. +39 031 72 85 30
Fax +39 031 72 85 19

RECONDITIONING UNITS

Tamglass Refurbishing Centre
Lenkkitie 11
FIN-35300 Orivesi, FINLAND
Tel. +358 3 334 0801
Fax +358 3 3340802

Z.Bavelloni Mexico S.A. de C.V.
Calle 30 n.2646 Zona ind. 1
P.O.Box 44940
Guadalajara, Jalisco
MEXICO
Tel +52 333 145 2045
Fax +52 333 145 0143
sales@zbavmex.com.mx

GLASS PROCESSING GROUP

Tamglass Safety Glass Ltd.
P.O Box 25
FIN-33731 Tampere, FINLAND
Tel. +358 3 372 3111
Fax+358 3 372 3890/Sales
Fax +358 3 372 3927/Production

Tamglass Finton Oy
Vesijärvenkatu 74
FIN-15140 Lahti, FINLAND
Tel. +358 3 877 177
Fax +358 3 877 1711

Tamglass Insulating Glass Ltd.
Teollisuuskyläntie 4
FIN-37550 Lempäälä, FINLAND
Tel. +358 201 442 600
Fax +358 3 375 2010

KYRO
TECHNOLOGIES

Kyro Corporation

P.O. Box 25, FIN-33731 Tampere, FINLAND
Tel. +358 3 382 3111, fax +358 3 382 3016

www.kyro.fi

Kyro Corporation

P.O. Box 25, FIN-33731 Tampere, Finland
Tel. +358 3 382 3111, fax +358 3 382 3016

www.kyro.fi