

KYRO GROUP'S FINANCIAL STATEMENT 1 JANUARY - 31 DECEMBER 2000

	Mil.fim	Mil.fim	Mil.eur.	Mil.eur.	
	2000	(1999)	2000	(1999)	
Net sales	1,091.7	(889,7)	183.6	(149.6)	+22,7 %
Operating profit	576.4	(63.9)	96.9	(10.7)	
Comp. operating profit	128.0	(63.9)	21.5	(10.7)	+101 %
Earnings per share	11.80	(1.03)	1.98	(0.17)	
Equity per share	30.00	(18.70)	5.05	(3.14)	
Dividend	1.78	(0.60)	0.13	(0.10)	
Extra dividend	1.00		0.17		
Equity ratio, %	83.9	(66.3)	83.9	(68.1)	+44,5 %
Order book 31.12.	585.0	(405.0)	98.4	(68.1)	

GROUP PROFIT

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

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

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

Tamglass Group's net sales grew 23.4% to EUR 93.5 million (75.7). Sales of safety glass lines and machines grew in all main market areas during 2000. Tamglass' order book stood at a record level of EUR 64 million (34.5) at the end of the fiscal year. The operating profit nearly doubled and was EUR 13.0 million (6.7), i.e. 13.9% (8.9%) of net sales.

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

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

NET SALES, OPERATING PROFIT AND ORDER BOOK

	Net sales		Operating profit		Order book	
	EUR million		EUR million		EUR million	
	2000	1999	2000	1999	2000	1999
Tamglass Group	93.5	75.7	13.0	6.7	64.0	34.5
Tecnomen Group	66.4	50.7	5.5	1.2	10.7	11.4
Kyro Power	23.6	23.0	5.5	5.8	23.7**	22.2**
Other operations	0.7	0.7	73.7*	-2.2		
Group eliminations	-0.6	-0.5	-0.8	-0.2		
Kyro Group	183.6	149.6	96.9	11.3	98.4	68.1

*) Includes, in addition to parent company operations, a capital gain of EUR 39.5 million on Tecnomen shares sold and EUR 36.5 million as profit from the Tecnomen share issue, which has been booked in group's consolidated Profit and Loss statement.

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

COMBINED NEW ISSUE AND SALE OF TECNOMEN SHARES

The Boards of Directors of Kyro and Tecnomen decided on 9 June 2000 to initiate the combined new issue and sale of Tecnomen shares and to seek a listing for Tecnomen shares on the Main List of the Helsinki Exchanges. The combined offering and the associated listing expanded Tecnomen's ownership base and strengthened the Group's financial structure while creating additional opportunities to develop employee incentive and commitment schemes. Trading in Tecnomen shares commenced on the Pre List of the Helsinki Exchanges on 30 June 2000 and on the Main List on 4 July 2000.

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

SHARES AND SHARE PRICE DEVELOPMENT

During 2000, a total of 16,289,530 Kyro Corporation shares were traded at the Helsinki Exchanges, which equals 41.2 % of the total number of shares. The highest trading price for a Kyro Corporation share was EUR 16.50 and the lowest EUR 6.40. The average price during the year was EUR 11.19.

FINANCING

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

INVESTMENTS

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

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

RESEARCH AND DEVELOPMENT

Kyro Group's product development expenditure amounted to EUR 20.6 million (17.3), i.e. 11% (12%) of net sales. Tamglass Group's research and development expenditure totalled EUR 5.4 million (6.7) and the equivalent figure for the Tecnomen Group was EUR 15.2 million (10.6).

GROUP DEMERGER

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

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

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

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

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

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

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

Lauri Fontell, Lars Hammarén, Carl-Olaf Homén, Barbro Koljonen, Carl-Johan Numelin, Carl-Johan Rosenbröijer, Christer Sumelius and Gerhard Wendt were unanimously elected to the Board of Directors of the new Kyro Corporation. KPMG Wideri Oy Ab was unanimously elected as the auditor of Kyro Corporation.

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

PERSONNEL

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

Number of employees at 31 December:

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

BUSINESS GROUPS

Safety glass

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

Tamglass sales in 2000 were record high and more evenly distributed geographically than in the preceding year. The company's order book grew significantly to stand at a record EUR 64 million at the end of the year. Europe and the Middle East accounted for approximately one half of the orders received last year. Tamglass strengthened its market share as a manufacturer of safety glass machines. Growth was particularly strong in special machinery.

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

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

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

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

Telecommunications

The market for messaging and prepaid systems continued to grow in 2000 as the number of mobile phone subscribers increased. Unified Messaging systems, which enable the sending and receipt of voice, fax and e-mail messages using the most suitable terminal in a given situation, were increasingly adopted particularly in Europe and the Far East.

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

Sales of Tecnomen messaging and prepaid systems grew as operator customers expanded the capacity of their messaging systems and launched Unified Messaging systems. The strongest growth in subscriber numbers was in Asia and in South America. The largest product group, messaging systems, which includes wireless Internet solutions, accounted for 68% of net sales. Prepaid systems and other intelligent network products accounted for 23% of net sales and paging systems 8%.

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

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

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

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

Energy

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

Kyro Power's sales of electricity grew from the previous year by around 3% and sales of heat declined by around 2%. Electricity sales increased due to growth in forest industry production, and heat sales declined due to a mild winter and a strike in the paper industry during the spring. In 2000 the gas-fired power plant sold 450,000 MWh of electricity and 340,000 MWh of heat. The hydropower plant sold 53,900 MWh of electricity. Both power plants are new in terms of their operating life span, and they operated largely without disturbance.

STRATEGY

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

FUTURE OUTLOOK

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

Tamglass has a record strong order book. The demand for safety glass machines and lines continues to grow as the use of safety glass increases and diversifies and as the company strengthens its market position. Tamglass is estimated in 2001 to continue its growth of net sales and to improve its operating profit over the previous year.

Tecnomen messaging and prepaid systems will see continuing demand growth as mobile phone subscriber numbers increase and broadband mobile phone networks are introduced. Tecnomen aims in 2001 at growth in net sales at least in line with the previous year, and its operating profit is estimated to improve.

Kyro Power's net sales and operating profit in 2001 are estimated to be roughly at the same level as in 2000.

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

FINANCIAL REPORTING IN 2001 AND DEMERGER TIMETABLE

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

Kyro will publish its Annual Report for 2001 in week 11, 2001. During the fiscal year 2001, Kyro will publish three interim reports:

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

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

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

It is expected that Kyro Corporation will demerge into the new Kyro Corporation and Tecnomen Holding Corporation on 1 April 2001. The ownership of the new companies will be automatically updated in the book-entry accounts of the shareholders of the present Kyro Corporation and will require no separate action on their part.

Helsinki, 8 February 2001

Kyro Corporation
Board of Directors

CONSOLIDATED INCOME STATEMENT	2000	1999	2000	1999
	EUR million	EUR million	FIM million	FIM million
Net sales	183.6	149.6	1,091.7	889.7
Operating profit	96.9	10.7	576.4	63.9
Financial items	1.4	2.9	8.2	17.3
Profit before extraordinary items	98.3	13.7	584.6	81.2
Extraordinary items		0.8		4.5
Profit before taxes	98.3	14.4	584.6	85.6
Direct taxes	-16.8	-4.4	-100.0	-26.2
Minority interest	2.7	2.3	-16.3	14.0
Profit for the fiscal year	78.8	7.7	468.2	45.5
CONSOLIDATED BALANCE SHEET	2000	1999	2000	1999
ASSETS	EUR million	EUR million	FIM million	FIM million
Fixed assets	78.4	77.0	466.1	457.6
Current assets				
Inventories	17.5	16.3	104.2	97.0
Receivables	188.8	116.3	1,122.7	691.3
Total	284.7	209.6	1,692.9	1,246.0
CONSOLIDATED BALANCE SHEET	2000	1999	2000	1999
LIABILITIES	EUR million	EUR million	FIM million	FIM million
Shareholders' equity	200.2	124.8	1,190.2	741.9
Minority interest	25.1	4.6	149.2	27.2
Liabilities				
Interest-bearing liabilities	7.4	32.8	43.8	195.3
Non-interest-bearing liabilities	47.7	41.0	283.8	243.9
Deferred tax liability	4.3	6.3	25.8	37.7
Balance sheet total	284.7	209.6	1,692.9	1,246.0
KEY FINANCIAL INDICATORS	2000	1999	2000	1999
Return on capital invested, %	50.5	9.8	50.5	9.8
Return on equity, %	46.0	7.3	46.0	7.3
Equity ratio, %	83.9	66.3	83.9	66.3
Gearing, %	-47.9	-15.8	-47.9	-15.8
Gross investments, EUR/FIM million	11.1	10.3	66.0	61.5
- as % of net sales	6.0	6.9	6.0	6.9
Personnel, average	912	848	912	848
Personnel, at end of year	952	837	952	837
- in Finland	580	532	580	532
Research & development, EUR/FIM million	20.6	17.3	122.5	102.9
Order book, EUR/FIM million	98.4	68.1	585.0	405.0
KEY INDICATORS PER SHARE				
Earnings per share, EUR/FIM	1.98	0.17	11.80	1.03
Comparable earnings per share, EUR/FIM	0.32*	0.17	1.91*	1.03
Equity per share, EUR/FIM	5.05	3.14	30.00	18.70
Number of shares, 1000s	39,675	39,675	39,675	39,675
Share price trend EUR/FIM				
Average price	11.19	5.37	66.53	31.93
Lowest price	6.40	3.81	38.05	22.65
Highest price	16.50	7.33	98.11	43.58
Share price at end of the year	7.90	7.00	46.97	41.62
Market value of share capital				
at end of the year, EUR/FIM million	313.4	277.7	1,863.6	1,651.0
Share turnover, millions of shares	16.3	9.3	16.3	9.3
Share turnover, % of total number	41.1	23.5	41.1	23.5

Share turnover, EUR/FIM million	182.3	50.1	1,084.0	297.9
Dividend per share, EUR/FIM	0.30**	0.10	1.78**	0.60
Dividend per profit, %	15.2	58.3	15.2	58.3
Comparable dividend per profit, %	93.8*	58.3	93.8*	58.3
Effective dividend yield, %	3.8	1.4	3.8	1.4
P/E ratio	4.0	40.4	4.0	40.4
Comparable P/E ratio	24.7*	40.4	24.7*	40.4

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

***)proposal of the Board of Directors

CONTINGENT LIABILITIES	2000	1999	2000	1999
	EUR million	EUR million	FIM million	FIM million

Contingent liabilities relating to balance-sheet items

Debts to financial institutions	0.7	17.8	3.9	106.1
Mortgages	0.7	18.6	3.9	110.8
Mortgages on company assets	5.4	5.4	32.4	32.4

Other contingent liabilities

Leasing liabilities	1.8	0.9	10.6	5.4
Pledges	3.6	4.3	21.5	25.3
Repurchase commitments	4.9	3.1	26.7	18.3
Other liabilities	0.8	1.4	4.7	8.5

VALUES OF THE UNDERLYING INSTRUMENTS

OF DERIVATIVE CONTRACTS	2000	1999	2000	1999
	EUR million	EUR million	FIM million	FIM million

Interest derivatives		10.9		65.0
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Currency derivatives

Market value	49.5	26.4	294.6	156.7
Value of underlying instrument	51,3	25,2	305,0	149,8

Tampere, 8 February 2001

KYRO CORPORATION

Veli Krongqvist	Arja Louhimo
Chief Financial Officer	Group Controller

Distribution Helsinki Exchanges
Key media

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