FINANCIAL STATEMENTS
2002

OKMETIC
High Quality Silicon Wafers

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Financial Statements on pages 4 - 34.
Graphs and tables are not a part of the official Financial Statements.
Translation from Finnish to English.

Contents: Okmetic Corporate Communications
Design and layout: Design Reform Oy
Print: Painotalo Keili Oy

PRESIDENT´S REVIEW

Exceptional circumstances marked 2002. Persistent bad times for Okmetic's customer base, the semiconductor industry, are probably best described by the observation that for the first time in the history of the industry two bad years ran consecutively. Sales are at the level they were in the mid-1990s. The sales within industry fell back to the level of the mid-1990s. The disappointment for the year was further accentuated by a turn for the worse towards the year-end.

The difficulties experienced by the customer base multiplied in the production of silicon wafers. Adjusting the planning of production and human resources to the strong fluctuation of demand turned out to be an almost impossible task. Reacting to the changing situations in the different parts of the chain ranging from the raw material of silicon to electronic appliances seems to primarily add to the cyclical nature of the industry. Simultaneously, the importance of predicting demand and understanding the strong fluctuations in the market has increased substantially. Another challenge relating to the cycles of the industry consists of increasing flexibility and implementing new methods of adaptation.

The Okmetic Group fell short of reaching its growth and profitability objectives set for 2002. The production resources of plants and the latest investments are under-utilised. The intended improvement targets on production effectiveness and profitability were thus not met. Substantial procedural programmes were implemented in order to manage the state of profitability crisis that we had entered. The negative side of these programmes encompassed redundancies whilst the positive results were achieved in the spheres of development projects and cost cutting.

Nevertheless, I view the situation of the Group as encouraging. In terms of the operating margin, the Group performed satisfactorily, although the large investments and the resulting depreciation would require a substantial increase in the operating capacity. The recent investments will, however, enable fast and strong development as soon as the market situation allows this. The self-sufficiency level of the Group is also good, and – despite the low profitability – the cash flow from business activities is clearly positive.

Further encouragement was brought by the improving results of the Allen plant towards the end of the year. The plant has now started meeting the targets that have been set for it. Significant breakthroughs were made in the development of silicon carbide wafers and customer feedback was greatly appreciative. The production of SOI wafers was further developed and the readiness for significant growth was obtained in this field as well. Setbacks were experienced in quality issues but as a positive consequence for this was an enticement for a comprehensive quality improvement program. All in all, the quality of products and services remained at a satisfactory level.

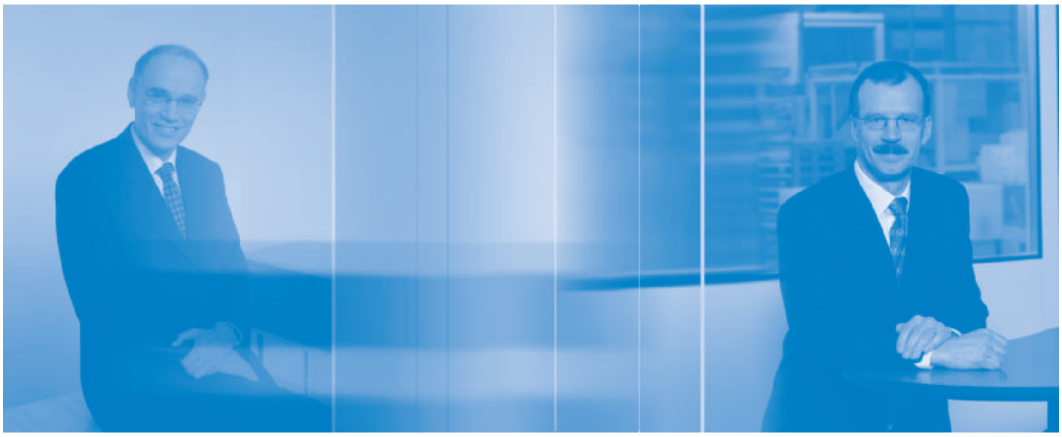
The personnel and their trust in the future have repeatedly been tested during the past couple of years. We have pulled through the difficulties exceedingly well. The Okmetic values defined by the entire personnel together turned out to be functional even at the worst of times. The direct correlation between the profitability of the company and the security of jobs was understood.

My term of nearly four years with Okmetic has been rewarding. It has had its ups and downs. Above all, I feel grateful about having had the opportunity of participating in the development of a growing and successful company. I wish to take this opportunity to address special thanks to the owners of the company. Without the long-term work and decision-making of the board of directors and the board's ability to look over the economic cycles, retaining the company's competitiveness would have been extremely difficult in this rapidly developing field.

A new year brings a new leader for Okmetic. It is with a contented mind and confidence that I hand over this task to my successor. Okmetic has the know-how and the readiness to return to the intended path of profitable growth as the external circumstances improve.

Seppo Isoherranen
President

Seppo Isoherranen — Antti Rasilo



The recession in the semiconductor industry that began in 2001 continued through the year. This also affected the silicon wafer industry and brought difficulties to the business of the Okmetic Group. The predicted strong growth for the year 2002 changed into zero growth. The fluctuations in demand during the year added to the difficulties. The rapid growth at the beginning of the year changed into a strong decline in the second half of the year. This had not been foreseen in human resources planning, which resulted in redundancies and temporary dismissals. The plants were under-utilised and the depreciation was exceptionally high in relation to the net sales. The unexpectedly low productivity combined with the increase in unit costs resulted in operating loss. The net sales of the Group were 57.7 million euro and the operating result was a loss of 6.2 million euro. The cash flow from operating activities was 4.4 million euro. Equity ratio and the financial position of the Group remained good.

The second consecutive unprofitable year in the market

The economic conditions of the electronics industry and the related production chain conform to the changes in world economy. The recession of the semiconductor industry followed the general weak economic development in 2002. Sales volumes increased slowly for most of the year, but the predicted single digit annual growth was not attained. According to the published information the change in global semiconductor sales was approximately one percent in comparison with the year 2001.

Perhaps the most significant influences on the markets were the continuing difficulties in the IT and telecommunications industries and the low level of investments. The variations in the inventory levels contributed to the cyclical nature of the business. A significant share of semiconductors ends up in consumer electronics appliances. Customers' confidence in the future as well as their willingness to invest in consumer durables was challenged throughout the year.

Geographical variations were large. The south-eastern Asia perked up significantly, whilst Europe and the United States suffered from a prolonged recession. The financial difficulties of the semiconductor industry and related industries continued. The level of investment was noticeably low and restructuring activities in organisations remained strong.

The sensor industry, which is one of the main industries utilising the products of the Okmetic Group also suffered from the general economic situation. In the sensor industry the changes have, however, traditionally been less significant and according to expert estimates the slow growth continued in this field. The estimate is supported especially by the increasing growth of car electronics. Significant structural changes took place within the sensor industry during the year.

The silicon wafer industry suffered from the weak economic situation. The beginning of the year was promising and the sales of silicon wafers increased rapidly, but after the summer the increase changed to a decrease accelerating towards the end of the year. The significance of the changes was applied by the variations in silicon wafer inventories during the year. According to expert estimates the total global sales volume by area of silicon wafers increased 19% in comparison to year 2001. The value of sales increased from the approximately 5.2 billion dollars (SEMI) of the previous year to approximately 5.5 billion dollars.

Due to the closing down of semiconductor plants and the low level of investment activity the total production capacity of silicon wafers was under-utilised for the majority of the year. The markets were dominated by oversupply and competition was fierce. The weak demand was evenly split in different wafer applications. The demand of large diameter wafers grew most significantly. The position of the south-eastern Asia as a major growth area strengthened.

Net sales remained unchanged

The net sales of the Okmetic Group increased by 0.8% from the previous year to 57.7 million euro (2001: 57.3 million euro). The clear net sales increase of the first few months of the year ended in the summer and sales began to decrease during the last months of the year. The fourth quarter was the weakest of the year. ICprime and POWER product groups followed a similar pattern of increase and decrease. Regarding MEMS-product the best quarters of the year were the first and the last one. The sales of SOI-wafers (Silicon On Insulator) within this product group suffered from the low level of the investments in the optical data transmission market.

The effect of the weak economic situation was most prominent in the Finnish plants. Utilisation varied most significantly in the Vantaa plant, due to demand fluctuations of ICprime and POWER-wafers. The situation in Espoo was more stable, but the capacity was noticeably under-utilised throughout the year. The sales of the Allen plant (Okmetic Inc.) increased steadily during the period, with the very last months of the year as an exception.

The division of the Group deliveries by product groups was as follows:

ICprime (application specific wafers)	47%	(49%)
MEMS (sensor wafers)	25%	(28%)
POWER (power and discrete semiconductor wafers)	28%	(23%)

The combined share of the exports from the Finnish plants and the business activities abroad formed 96% (2001: 96%) of the overall net sales of the Group. The sales were divided by main geographical market areas as follows: North America 46% (2001: 54%), Europe 40% (2001: 36%) and the Far East 14% (2001: 10%).

Profitability was low

The operating loss of the Okmetic Group was 6.2 million euro (2001: -0.8 million euro). The operating loss therefore includes the 2.4 million euro worth of extraordinary items that appear elsewhere in the profits from operating activities. The main reasons for the loss were the low sales and production volumes, and the resulting unsatisfactory development of productivity and cost-effectiveness. Preparing for growth resulted in additional personnel costs. The temporary discharges, redundancies and other cost cutting and efficiency procedures throughout the year could not compensate for the negative cost-effectiveness caused by low volumes. The depreciations rise to 23.3% of the net sales and their negative effect on the result turned out to be significant. The average sales prices decreased.

The operating loss of the Group before the extraordinary items was 8.1 million euro (2001: -2.1 million euro). Finance costs increased as the Group got more into debt. The Parent Company expensed 6.1 million euro worth of depreciation difference accumulated in previous years. Due to this, a total of 1.8 million euro of imputed financing of tax debt was recorded during the financial year. The operating result of the Group was a loss of -6.3 million euro (2001: -1.6 million euro). The result per share was -0.37 euro (2001: - 0.10 euro) and the return on investment - 4.9% (2001: - 3.6%). A significant proportion of the production machinery was under-utilised and the relation of the net sales to invested capital was extraordinarily low.

The net sales of Okmetic Oyj was 54.5 million euro (2001: 55.4 million euro) and the operating result a loss of - 4.6 million euro (2001: 2.8 million euro).

The profitability of the Espoo plant remained slightly positive. The situation of the plant was facilitated by the higher level of refinement of the product range than that of the Vantaa plant, as well as the more stable operating level. The fluctuation in demand had the most significant effect on the Vantaa plant. The dimensions of the resources allocated for continuing growth exceeded the needs of the actual demand especially during the summer. The net sales of the Allen plant increased and the profitability improved. During the best months the plant achieved a positive operating result.

Okmetic AB, the unit in Linköping, Sweden that develops SiC-wafers- implemented new devices for the production scale. The quality of silicon wafers produced on the new production line turned out to be excellent and the sales of the sample batch progressed favourably. The unit still concentrated on research and development. Okmetic Oyj covered the product development costs of the subsidiary as agreed.

No significant changes in the financing situation

The cash flow from operating activities of the Group was 4.4 million euro positive. The change in net working capital followed the patterns of the changes in the net sales and significant depreciation supported the positive cash flow from operating activities.

The level of equity ratio was 57.9% (2001: 68.3%) at the end of the year and the equity per share was 4.66 euro (2001: 5.20 euro). At the end of the year the company had 6.6 million euro worth of unpaid equity loans. The payments and interests of equity loans could not be paid in the absence of distributable funds.

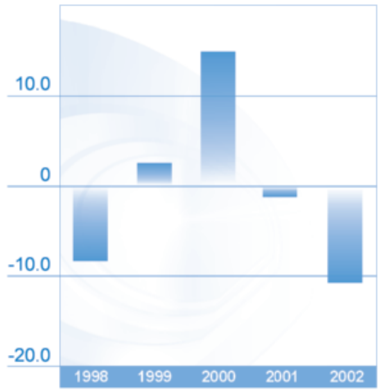
The Group's liquidity remained good throughout the year. At the end of the year there were 3.8 million euro (2001: 5.4 million euro) worth of total cash and cash equivalents. 16 million euro of the agreed credit facility of 32.5 million euro was in use at the end of the year. The limit was reduced in November to 25 million euro when the Parent Company took out a fixed-rate loan of 7.5 million euro for buying the shares of Kiinteistö Oy Piitalot. Net debt with interest was 43.1 million euro at the end of the year.

The Group has continued hedging the sales while also slightly reducing their time span of one and a half years.

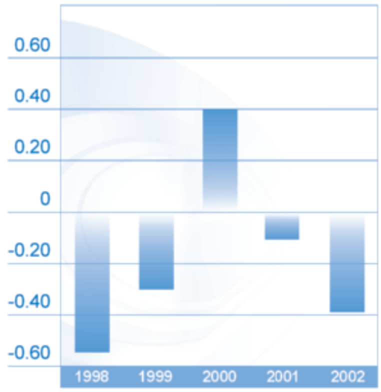
Cuts on the investment plan

The fixed assets investments of the Group were 24.7 million euro (2001: 43.7 million euro), i.e. 42.9% of the net sales.

Operating profit/loss, % of Net sales



Income per share, euro



The majority of investments were allocated to the completion of the projects commenced during the previous year. The most significant of these was the new production line of SOI-wafers in the Espoo plant. The only new and significant investment on the Allen plant was an epi-reactor for increasing the production capacity.

In November Okmetic Oyj purchased all the shares of Kiinteistö Oy Piitalot. The trade price of the shares was approximately 7.5 million euro. Kiinteistö Oy Piitalot has been consolidated in the Okmetic Group ever since its launch and the purchase did not increase the fixed assets of the Group.

After the investments the Group has a significant capacity to increase production as soon as the market situation allows.

R&D concentration in short-term improvements

The gross costs of the research and development activities of the Group formed 7.0% (2001: 6.3%) of the net sales during the year. The costs take into account long-term projects of a minimum duration of three years. The most significant of these was the development project of the production process of the Okmetic AB silicon carbide wafers. A total of 0.7 million euro (2001: 0.9 million euro) were received as financial grants for long-term projects.

During the year the research and development work concentrated on improving the production process and cutting costs. Numerous positive results were achieved through the projects.

The process and product development of the SOI-wafers continued in the form of commercialisation. The three-year EU project SeSiBon relating to SOI-wafers was completed at the end of the year. The development work on the heavily doped new type of silicon wafers will be completed during the first half of the year 2003.

The development work on silicon carbide wafers (SiC) was continued in Linköping, Sweden. Several customers were supplied with SiC wafers based on the Okmetic HTCVD technology, which are suited for different applications. The feedback concerning the wafers has been very positive. New equipment suitable for industrial operations was implemented and preparations for industrialising the project were continued.

Quality of operations was improved

The level of quality of the products of the Group remained good. The amount of customer complaints rose slightly from the previous year but remained at a lower level than in previous years.

The certified quality systems of both the Espoo, Vantaa and Allen plants were maintained and improved. The authorities and certain customers audited the operative system for several times. The findings of the inspections were good all-round.

The Group adopted a new development method for processes, Six Sigma, which was used for the completion of one development project and the commencing of another. The impact was considered positive.

Environmental issues continuously under control

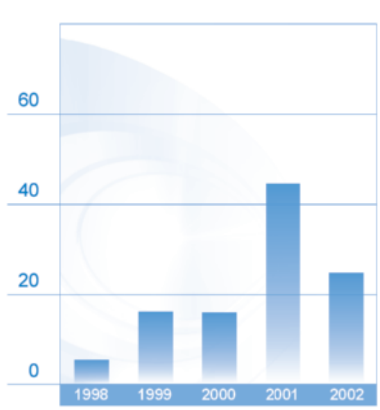
The ISO certificate authorities audited the functioning of the ISO-14001 certified environment system of Okmetic Oyj twice during the year. Only minor changes were needed. Throughout the year targets set for development were pursued and met. The most significant of the developments were the improvements on the collection of silicon slurry and on recycling as well as the reduction on the use of chemicals. The project on reducing the harmful effects of waste acid that was launched in the year 2001 was continued.

Human Resources

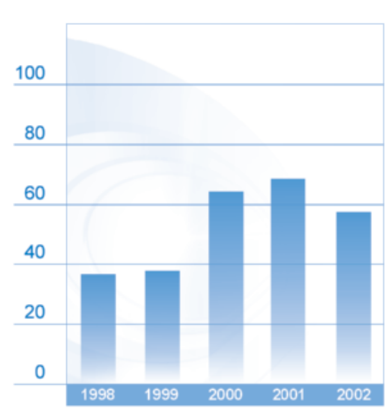
The number of personnel varied significantly during the year. In addition, exceptional measures had to be implemented. The number of personnel in the Group was 515 (2001: 510) and in the Parent Company 460 (2001: 461) at the end of the year. At its highest the number of personnel in the Group was 632 at the end of June.

The change on work shifts in 2001 was cancelled at the end of February. During the beginning of the

Investments, Million euro



Equity ratio, %



year the number of personnel was increased determinedly in anticipation of increased growth. Due to the deterioration in the backlog of orders in the summer the number of personnel of the Parent Company was adjusted to the production need. The operations in the Finnish plants were shut down between Christmas and 6th January.

The outsourcing of maintenance and reception activities reduced the personnel of the Parent Company by 35 people in November.

There were 40 people working at the Allen plant at the end of the year and 15 people at Okmetic AB. 180 of the Group personnel were white collar and 335 blue collar staff.

Two members of staff were appointed to represent the personnel at the activities of the Extended Management Group as from the beginning of November.

The entire personnel participated in a project that defined the values of Okmetic: customer oriented approach, continuous improvement, profitability, know-how and co-operation.

A review on the well being of Okmetic Oyj as a working environment was conducted with the help of an external consultant. The overall situation was found satisfactory.

Important agreements of the year

An agreement on the deliveries of MEMS-wafers between Okmetic Oyj and JDS Uniphase that was signed in March 2001 ended in September as JDS Uniphase announced the sale of its Cronos MEMS business unit. As a result JDS Uniphase will no longer manufacture MEMS products or need the SOI-wafers of Okmetic. Due to the stagnant market situation the sales in question had virtually stopped even before the announcement.

On 21st November 2002 Okmetic Oyj and ABB Oy signed an agreement confirming the sale of the maintenance business of the Espoo and Vantaa plants of Okmetic to ABB. The contract came into effect on 1st December. To Okmetic the outsourcing meant that an expert in maintenance activities would overtake the maintenance business.

The personnel incentive schemes

All plants and almost the entire personnel of the Group were affected by different incentive schemes. The production rewards of the staff were based on production quantities and profitability among other things. In relation to the white collar staff rewards were granted based on the net sales, the yield of production and reliability of deliveries. The main target of the bonus scheme for key persons was the operating result of the Group, in addition to which personal targets were set for most.

Shares and capital stock

The trading of shares between 1st January and 31st December 2002 was 4.1 million shares, which is 24.3% of the total amount of shares of 16.9 million. The price of a share also decreased sharply as a result of the general share price trend. The lowest quotation of the year was 1.90 euro and the highest 5.99 euro per share with the average being 3.71 euro. The closing share price for the year was 2.30 euro. The market capitalisation was 38.8 million euro.

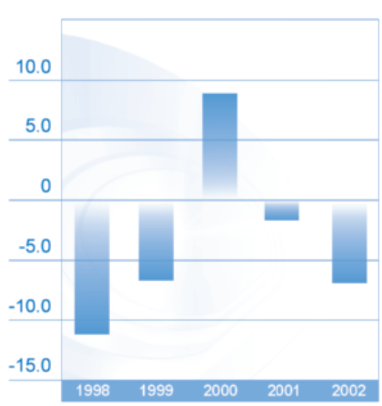
The most significant deal in shares was the deal by which JDS Uniphase Corporation sold all of its 900,000 shares.

During the year the Board of Directors did not take advantage of the authority granted to it at the Annual General Meeting on 26th March 2002 to increase capital stock by new issue, to grant right of option or to take out convertible debenture loans. Options were not converted into shares during the year.

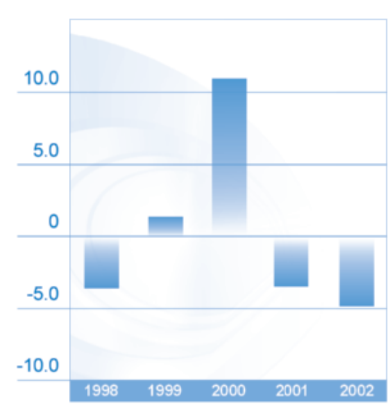
Significant events after the end of the financial year

Due to the decreased demand for silicon wafers and the low profitability of the company, resources will be adjusted according to market situation. At the personnel negotiations conducted between the 17th and the 28th of January 2003 it was agreed that a total of 31 people will be temporarily dismissed for three months and 9 white collar employees will be made redundant. In addition, 11 temporary contracts will not be continued. Okmetic AB will adjust to the market

▶ Return on equity, %



▶ Return on investment, %



situation through applying part-time and other work arrangements. A separate cost cutting program has been agreed on at Okmetic Inc.

The proposals of the Board of Directors to be presented at the Annual General Meeting on 27th March 2003:

The Board of Directors will propose at the Annual General Meeting to be held on 27th March 2003 that the Board of Directors should be granted the authority from 27th March 2003 until the following Annual General Meeting, although for no longer than one year from the Annual General Meeting, to decide on the increasing of capital stock by new issue, granting rights of options or taking out convertible debenture loans in bulk or in several instalments in such a way that no more than a total of 2,000,000 new shares will be subscribed in relation to any new issues, granting of rights of options or taking out convertible debenture loans. Capital stock can be increased by no more than 1,400,000 euro by authorisation.

The authorisation includes the right to deviate from the shareholders´ pre-emptive subscription rights.

Future projections and targets

The uncertainty of the market continues. Both the market demand and the profitability of the company are expected to remain low during the first half of 2003. However, the cash flow from operating activities is expected to be positive.

The recession that began in the semiconductor industry in 2001 will continue and slow the increase in demand of silicon wafers at least for the first half of the year 2003. The competitive situation prohibits any increase in price. The net sales are expected to remain at the level of the previous year. The estimate will be exceeded if the demand for semiconductors takes an upward turn by the third quarter of the year at the latest. The profitability of the company is expected to remain low during the first half of the year. The key factor for improving profitability is the recovery of demand in the second half of the year as well.

Through its investments in recent years Okmetic has obtained a capability for significant increases in production volumes. The improved production equipment is modern and competitive. The concerted improvements on the profitability of the entire production process will be continued into 2003.

The company will aim at expanding its customer base in its focus areas of the MEMS- and POWER-wafer business.

Okmetic will continue its determined development of new products in accordance with the market demand during the future years.

The operating activities of the company will be improved through enhanced adaptability to face demand fluctuation.

The Board of Directors

Members of the Board of Directors in 2002:

Mikko J. Aro, Chairman
Juho Mäkinen, Vice Chairman
Heikki Huomo
Seppo Isoherranen
Karen W. Markus until 2nd September 2002
Pekka Paasikivi
Pekka Salmi, from 26th March 2002

The President of Okmetic Oyj, Seppo Isoherranen (M.Sc.) announced his retirement at the end of January 2003 when he turns 60 years of age. On 30th October 2002 the Board of Directors appointed M.Sc. Antti Rasilo as the new President as from 1st January 2003.

Karen W Markus, Vice President, Technology Strategy of JDS Uniphase Corporation, resigned from the Board of Directors of Okmetic Oyj on 2nd September 2002.

CONSOLIDATED INCOME STATEMENT

Euro 1,000		1.1. - 31.12.2002	1.1. - 31.12.2001
Net sales	(1)	57,737.6	57,304.8
Cost of sales		-59,519.6	-49,777.4
Gross margin		-1,782.0	7,527.4
Selling and marketing expenses		-2,599.6	-3,068.9
Administration expenses		-4,334.9	-4,943.4
Other operating income		2,684.8	181.4
Other operating expenses		-119.5	-480.2
Operating profit/loss	(2,3)	-6,151.2	-783.7
Financial income and expenses	(4)	-1,969.4	-1,279.5
Profit/loss before extraordinary items and taxes		-8,120.6	-2,063.2
Extraordinary items		-	-
Profit/loss after extraordinary items and taxes		-8,120.6	-2,063.2
Income taxes	(6)	1,802.1	454.2
Net income		**-6,318.5**	-1,609.0

Numbers in brackets refer to the notes on pages 17 - 25.

CONSOLIDATED BALANCE SHEET

Euro 1,000		31.12.2002	31.12.2001
ASSETS			
Fixed assets	(7)		
Intangible assets			
Other long-term expenses		1,015.2	1,179.2
Goodwill		28.2	56.3
Goodwill on consolidation		128.9	206.2
		1,172.3	1,441.7
Tangible assets			
Land		2,045.1	2,247.9
Buildings		24,221.1	25,622.0
Machinery and equipment		85,588.8	73,196.7
Construction in process		1,203.3	14,424.6
		113,058.3	115,491.2
Investments			
Other long-term equity investments	(9)	6.3	6.3
Other debts		238.0	185.0
		244.3	191.3
Total fixed assets		**114,474.9**	117,124.2
Current assets			
Inventories			
Raw materials		4,503.7	3,995.2
Work in process		1,278.7	1,344.9
Finished products		2,862.7	3,382.0
		8,645.1	8,722.1
Receivables			
Accounts receivable		7,379.5	6,342.8
Other receivables		1,290.0	1,510.1
Prepaid expenses and prepaid income	(10)	550.1	4.2
		9,219.6	7,857.1
Cash and cash equivalents		**3,750.8**	5,369.2
Total current assets		**21,615.5**	21,948.4
TOTAL ASSETS		**136,090.4**	139,072.6

CONSOLIDATED BALANCE SHEET

Euro 1,000		31.12.2002	31.12.2001
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(11)		
Share capital		11,821.3	11,821.3
Premium fund		71,055.8	71,055.8
Retained earnings		2,080.9	6,539.8
Net income for the year		-6,318.5	-1,609.0
		78,639.5	87,807.9
Subordinated loans	(12)	6,597.7	6,576.4
Total shareholders' equity		**85,237.2**	94,384.3
Minority interest		-	7,232.1
Liabilities			
Deferred tax liability	(14)	14.2	1,617.9
Long-term liabilities	(16)		
Loans from financial institutions		18,816.8	16,309.0
Other liabilities		367.0	550.4
		19,183.8	16,859.4
Short-term liabilities			
Loans from financial institutions		20,856.0	4,774.9
Advances received		160.9	10.2
Accounts payable		5,050.2	9,117.5
Other liabilities		898.6	948.3
Accrued expenses and prepaid income	(17)	4,689.5	4,128.0
		31,655.2	18,978.9
Total liabilities		**50,853.2**	37,456.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**136,090.4**	139,072.6

CONSOLIDATED STATEMENT OF CASH FLOW

Euro 1,000	**1.1. - 31.12.2002**	1.1. - 31.12.2001
Operating activities		
Operating profit	-6,151.2	-783.8
Adjustments to operating profit		
Depreciation	13,432.3	9,757.8
Other adjustments	138.6	-9.5
Change in net working capital	-1,218.5	7,424.6
Interest received	143.8	810.4
Interest paid	-1,699.5	-1,374.3
Other financial items	-214.4	-438.0
Cash provided by operating activities	**4,431.1**	15,387.2
Investing activities		
Capital expenditure	-24,742.3	-43,748.3
Cash used in investing activities	-	2.4
Cash flow before financing activities	**-24,742.3**	-43,745.9
Financing activities		
Paid in share capital and funds from convertible loan	-	9,039.1
Increase (+), decrease (-) in long-term loans	2,405.3	-403.6
Increase (+), decrease (-) in subordinated loans	21.3	-1,080.2
Increase (+), decrease (-) in short-term loans	16,000.0	0.0
Other financial activities	266.2	965.8
Cash provided by financing activities	**18,692.8**	8,521.1
Increase (+), decrease (-) in cash and cash equivalents	-1,618.4	-19,837.6
Cash and cash equivalents on 1 January	5,369.2	25,206.8
Cash and cash equivalents on 31 December	**3,750.8**	5,369.2

PARENT COMPANY'S INCOME STATEMENT

Euro 1,000		1.1. - 31.12.2002	1.1. - 31.12.2001
Net sales	(1)	54,540,134.29	55,423,682.45
Cost of sales		-55,155,841.03	-45,412,914.61
Gross margin		-615,706.74	10,010,767.84
Selling and marketing expenses		-2,484,288.22	-3,018,479.82
Administration expenses		-3,851,976.92	-4,203,924.76
Other operating income		2,453,567.73	181,425.33
Other operating expenses		-88,813.44	-173,263.86
Operating profit/loss	(2,3)	-4,587,217.59	2,796,524.73
Financial income and expenses	(4)	-1,459,741.49	-902,665.65
Profit/loss before extraordinary items and taxes		-6,046,959.08	1,893,859.08
Extraordinary items		-	-
Profit/loss after extraordinary items and taxes		-6,046,959.08	1,893,859.08
Increase (-)/decrease (+) in untaxed reserves			
Depreciation difference	(5)	6,050,382.46	-2,308,695.29
Net income		3,423.38	-414,836.21

PARENT COMPANY'S BALANCE SHEET

Euro		31.12.2002	31.12.2001
ASSETS			
Fixed assets	(7)		
Intangible assets			
Other long-term expenses		**722,548.74**	726,132.80
Tangible assets			
Land		977,081.45	977,081.45
Buildings		8,889,579.34	9,113,380.81
Machinery and equipment		72,768,849.24	61,248,309.24
Construction in process		1,033,631.54	12,000,588.09
		83,669,141.57	83,339,359.59
Investments			
Shares in subsidiaries	(8)	28,073,507.20	20,342,833.06
Other long-term equity investments	(9)	6,281.82	6,281.82
Other debts		130,239.30	77,255.31
		28,210,028,32	20,426,370.19
Total fixed assets		**112,601,718.63**	104,491,862.58
Current assets			
Inventories			
Raw materials		3,899,371.33	3,448,099.44
Work in process		1,278,712.87	1,344,879.14
Finished products		2,588,990.80	3,147,561.86
		7,767,075.00	7,940,540.44
Receivables			
Accounts receivable		6,761,303.60	5,410,781.69
Other receivables		11,399,036.28	8,757,981.61
Prepaid expenses and prepaid income	(10)	464,791.46	4,219.00
		18,625,131.34	14,172,982.30
Cash and cash equivalents		**3,359,936.05**	5,073,602.97
Total current assets		**29,752,142.39**	27,187,125.71
TOTAL ASSETS		**142,353,861.02**	131,678,988.29

PARENT COMPANY'S BALANCE SHEET

Euro		31.12.2002	31.12.2001
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(11)		
Share capital		11,821,250.00	11,821,250.00
Premium fund		71,055,849.80	71,055,849.80
Retained earnings		5,114,161.86	5,528,998.07
Net income for the year		3,423.38	-414,836.21
		87,994,685.04	87,991,261.66
Subordinated loans	(12)	6,597,684.48	6,576,421.56
Total shareholders' equity		94,592,369.52	94,567,683.22
Untaxed reserves			
Depreciation difference	(5)	2,656,587.24	8,706,969.70
Liabilities			
Long-term liabilities	(16)		
Loans from financial institutions		14,964,426.09	10,961,134.40
Short-term liabilities			
Loans from financial institutions		19,360,448.57	3,279,423.97
Advances received		160,922.23	10,176.32
Accounts payable		4,138,304.76	7,850,169.11
Other liabilities		2,012,617.90	2,386,682.01
Accrued expenses and prepaid income	(17)	4,468,184.71	3,916,749.56
		30,140,478.17	17,443,200.97
Total liabilities		45,104,904.26	28,404,335.37
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		142,353,861.02	131,678,988.29

PARENT COMPANY'S CASH FLOW

Euro 1,000	1.1. - 31.12.2002	1.1. - 31.12.2001
Operating activities		
Operating profit	-4,587.2	2,796.5
Adjustments to operating profit		
Depreciation	10,350.2	7,607.8
Other adjustments	138.6	-9.5
Change in net working capital	-4,471.1	3,018.1
Interest received	143.7	647.2
Interest paid	-1,342.1	-901.4
Other financial items	-63.7	-724.0
Cash provided by operating activities	**168.4**	12,434.7
Investing activities		
Capital expenditure	-22,144.3	-40,371.6
Cash used in investing activities	-	2.4
Cash flow before financing activities	**-22,144.3**	-40,369.2
Financing activities		
Paid in share capital and funds from convertible loan	-	9,039.1
Increase (+), decrease (-) in long-term loans	4,084.3	0.4
Increase (+), decrease (-) in subordinated loans	21.3	-1,080.2
Increase (+), decrease (-) in short-term loans	16,000.0	0.0
Other financial activities	156.6	216.0
Cash provided by financing activities	**20,262.2**	8,175.3
Increase (+), decrease (-) in cash and cash equivalents	-1,713.7	-19,759.2
Cash and cash equivalents on 1 January	5,073.6	24,832.8
Cash and cash equivalents on 31 December	**3,359.9**	5,073.6

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The Consolidated Financial Statements • The Consolidated Financial Statements cover all the Group companies, i.e. the Parent Company, Okmetic AB, Okmetic Inc., Okmetic Invest Oy and Kiinteistö Oy Piitalot.

The Consolidated Financial Statements are drawn up as a combination of the Parent Company's and subsidiaries' income statements, balance sheets and notes. Prior to the consolidation of the Consolidated Financial Statements, the Group companies' separate financial statements were adjusted to comply with the Group's uniform accounting principles.

The Group companies' internal income, expenses and margins as well as intercompany receivables and liabilities are eliminated in the consolidation.

Intercompany ownership has been eliminated by means of the acquisition method. The elimination difference between the acquisition of the subsidiaries' shares and the shareholders' equities at the time when the subsidiary was acquired was allocated primarily to those assets and liabilities in the Consolidated Balance Sheet that caused the elimination difference.

The conversion differences due to changes in exchange rates which emerged in the elimination of intercompany share ownership are entered under shareholders' equity.

The minority interests in the results and shareholders' equity are shown as separate items in the Income Statement and the Balance Sheet.

Items and derivative instruments denominated in foreign currency • Business transactions denominated in foreign currency are valued at the current rate on the date of the transaction. At closing, the receivables and debts denominated in foreign currency are translated into euros at the average rate quoted by the European Central Bank on the closing day. Advances received are entered in the Balance Sheet at the rate on the date of payment.

The exchange rate differences of business receivables and debts are offset against sales and purchases in the Income Statement.

The exchange rate profits and losses from the translation of receivables and debts and financing activities are entered in the Income Statement in the category of financial income and expenses.

The derivative contracts made for hedging against exchange rate risks are entered as affecting income so that interest is periodised as interest income or interest expenses and the exchange rate differences are entered against the hedged item when the contracts mature either as exchange rate differences in sales or purchases.

The interest difference on interest rate swap agreements covering interest risks is offset against interest expenses in the Income Statement.

The foreign subsidiaries' income statements are translated into euros at the average rate for the financial period and their balance sheets at the rate valid on the closing day.

Fixed assets • The balance sheet values of fixed assets are based on the original acquisition costs.

Rental expenditure on operational lease agreements is entered as rental costs, and the assets are not entered as fixed assets. The liability for these is stated in the notes.

The planned depreciation of fixed assets is based on the original acquisition cost and estimated economic life of the assets. The depreciation is calculated by means of straight-line depreciation. The estimated economic lives for the different assets are

• Intangible rights	5 years
• Goodwill and the goodwill on consolidation	5 years
• Other long-term expenses	3-10 years
• Buildings and structures	25 years
• Machinery and equipment	3-15 years

Depreciation of office premises and goodwill on consolidation are included in the costs arising from acquisition and manufacturing.

Current assets • Stock is valued using the FIFO principle and at the lower of cost or market.

The cost of stock only includes the variable costs arising from acquisition and manufacturing.

Cash and cash equivalents • Cash and cash equivalents includes cash, bank accounts and deposits of less than three months.

Net sales • The net sales include revenue from goods sold less sales related taxes and discounts.

Research and product development costs • The costs of research and development are expensed as incurred.

The costs are included in the Income Statement as costs arising from acquisition and manufacturing.

Other operating income and expenses • Other operating income and expenses include income and expenses generated outside normal business activities, such as capital gains and losses on fixed assets, as well as scrapping and credit losses.

Contingent losses • Provisions are made for any contingent losses the future realisation of which is known with reasonable certainty and of which the amount can be estimated with sufficient accuracy.

Pension plans • The pension coverage for the Group's Finnish personnel has been provided by pension insurance.

The pension arrangements of the foreign subsidiaries are arranged according to local practice. The pension liability has also been arranged for those companies.

Extraordinary items • Extraordinary items include significant transactions outside the scope of the Group's core business activities.

Untaxed reserves • In the Consolidated Balance Sheet the untaxed reserves (depreciation difference) of the Group companies are divided into the shareholders' equity and the deferred tax liability. Correspondingly, the change in the untaxed reserves that occurred during the period has been divided in the Consolidated Income Statement between the net income for the period and the change in the deferred tax liability.

Under the Companies Act, the untaxed reserves included in the Group's shareholders' equity do not constitute distributable shareholders' equity.

Income Taxes • The estimated taxes on the results of the Group companies for the financial period and adjustments of taxes for earlier periods are entered in the Income Statement as income tax. The deferred tax liability is also shown in the Consolidated Income Statement.

Deferred tax liability • The deferred tax liability or receivable has been calculated for the timing differences between taxation and the financial statements using the tax rates for the following years confirmed at the closing of the accounts. The Consolidated Balance Sheet includes the deferred tax liability in its entirety. The deferred tax receivable, other than for the subsidiary's loss, is presented in the notes as the amount of the estimated probable tax benefit. The probable tax benefit from the subsidiary's loss has been taken into consideration in the Group's results.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Parent Company	
	2002	2001	**2002**	2001
	Euro 1,000	Euro 1,000	Euro	Euro
1. Net sales by market area				
Market area				
North America	26,884.4	31,087.1	26,252,117.69	29,836,146.48
Europe	22,932.5	20,527.2	20,556,086.97	19,958,916.19
Far East	7,920.7	5,690.5	7,731,929.63	5,628,619.78
Total	**57,737.6**	57,304.8	**54,540,134.29**	55,423,682.45
2. Personnel Expenses				
Wages and salaries	17,746.4	16,395.0	15,883,139.05	14,298,514.08
Pension costs	2,307.5	2,163.7	2,268,498.60	2,118,606.15
Other personnel costs	2,581.6	2,182.0	1,431,925.28	1,564,695.15
Total	**22,635.5**	20,740.7	**19,583,562.93**	17,981,815.38
Remuneration of the Board	107.8	61.7	107,775.00	61,718.26

Accrual-based salaries include not only salaries paid for time at work but also salaries paid for holiday time, days off, sick leave, holiday pay and fees for years of service etc.

Separate remuneration is not paid to the President or the Management Group for membership on the Boards of Subsidiary Companies or for acting as President.

The retirement age of the President is 65 years.

	Group 2002	Group 2001	Parent Company 2002	Parent Company 2001
Number of personnel				
White collar employees	211	203	174	169
Blue collar employees	358	347	341	329
Average	**569**	550	**515**	498
31 December	**515**	510	**460**	461
3. Depreciation				
Depreciation according to plan				
Goodwill	21.0	39.7		
Goodwill on consolidation	576.0	77.3		
Other long-term expenses	395.5	457.9	269,528.86	276,679.58
Buildings	1,398.3	1,139.0	535,653.38	327,215.34
Machinery and equipment	11,041.5	8,043.9	9,545,047.31	7,003,888.52
Total	**13,432.3**	9,757.8	**10,350,229.55**	7,607,783.44
Depreciation by category of expenses				
Cost of sales	13,212.3	9,575.1	10,284,340.38	7,527,787.49
Selling and marketing	0.6	1.9	627.22	1,919.40
Administration	219.4	180.8	65,261.95	78,076.55
Total	**13,432.3**	9,757.8	**10,350,229.55**	7,607,783.44
4. Financial income and expenses				
Interest from short-term investments				
From Group companies			221,527.55	520,859.22
From others	100.3	836.0	96,935.76	802,182.47
	100.3	836.0	**318,463.31**	1,323,041.69

	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
Interest expenses				
To Group companies			-62,051.57	-97,614.68
To others	-2,148.1	-2,132.4	-1,800,000.40	-1,670,713.45
	-2,148.1	-2,132.4	**-1,862,051.97**	-1,768,328.13
Other financial income and expenses				
To Group companies *)			-	451,554.63
To others	78.4	16.9	83,847.17	-5,824.58
	78.4	16.9	**83,847.17**	-457,379.21
Total	**-1,969.4**	- 1,279.5	**-1,459,741.49**	-902,665.65

*)Okmetic Oyj forgave Okmetic AB's debt of 4.2 MSEK during 2001 in order to cover subsidiary's loss for the year.

5. Income taxes and changes in untaxed reserves

Income taxes from ordinary operations				
Change in deferred tax liability				
Buildings			144,989.02	257,972.92
Machinery and equipment			-6,136,268.08	2,029,190.36
Intangible assets			-59,103.40	21,532.01
Total			**-6,050,382.46**	2,308,695.29
Accumulated depreciation difference				
Buildings			657,643.57	512,654.55
Machinery and equipment			1,978,140.21	8,114,408.29
Intangible assets			20,803.46	79,906.86
Total			**2,656,587.24**	8,706,969.70

6. Income taxes

Deferred tax from subsidiary's loss	198.4	1,243.0		
Change in deferred tax liability	1,603.7	-788.8		
Taxes for period	**1,802.1**	454.2		

7. Fixed assets

See the following page 20

7. Fixed assets

Group

Euro 1,000	Acquisition cost 1.1.2002	Translation differences	Additions	Disposals
Intangible assets				
Intangible rights	185.0	-	-	-
Goodwill	107.5	-2.8	-	-
Goodwill on consolidation	386.7	-	498.6	-
Other long-term expenses	4,205.8	104.5	245.0	135.0
	4,885.0	**101.7**	**743.6**	**135.0**
Tangible assets				
Land	2,180.7	-135.6	-	-
Buildings	31,632.9	-351.3	549.6	-
Machinery and equipment *)	114,742.8	-1,073.4	10,862.0	294.4
Construction in progress	14,339.5	-104.2	1,103.9	-
	162,895.9	**-1,664.5**	**12,515.5**	**294.4**
Investments				
Other long-term equity investments	6.3	-	-	-
Other debts	-	-	53.0	-
	6.3	**-**	**53.0**	**-**
Total	**167,787.2**	**-1,562.8**	**13,312.1**	**429.4**

*) Balance sheet value of production machinery and equipment

Parent company

Euro	Acquisition cost 1.1.2002	Translation differences	Additions	Disposals
Intangible assets				
Intangible rights	77,255.31	-	-	-
Other long-term expenses	3,420,571.26	-	245,020.49	135,031.16
	3,497,826.57	**-**	**245,020.49**	**135,031.16**
Tangible assets				
Land	977,081.45	-	-	-
Buildings	12,274,753.97	-	311,851.91	-
Machinery and equipment *)	101,082,252.06	-	9,305,785.97	294,399.41
Construction in progress	12,000,588.09	-	943,323.58	-
	126,334,675.57	**-**	**10,560,961.46**	**294,399.41**
Investments				
Shares in subsidiaries	20,342,833.06	-	7,730,674.14	-
Other long-term equity investments	6,281.82	-	-	-
Other debts	-	-	52,983.99	-
	20,349,114.88	**-**	**7,783,658.13**	**-**
Total	**150,181,617.02**	**-**	**18,589,640.08**	**429,430.57**

*) Balance sheet value of production machinery and equipment

Transfers between items	Accumulated depreciation 1.1.2002	Accumulated depreciation of transfers and disposals	Depreciation for period 1.1. - 31.12.2002	Balance sheet value 31.12.2002	
-185.0	-	-	-		-
-	55.5	-	21.0	28.2	
-	180.4	-	576.0	128.9	
37.0	3.046.6	-	395.5	1,015.2	
-148.0	**3.282.5**	**-**	**992.5**	**1,172.3**	
-	-	-	-	2,045.1	
-24.6	6,187.2	-	1,398.3	24,221.1	
14,123.5	41,911.2	181.0	11,041.5	85,588.8	
-14,135.9	-	-	-	1,203.3	
-37.0	**48,098.4**	**181.0**	**12,439.8**	**113,058.3**	
-	-	-	-	6.3	
185.0	-	-	-	238.0	
185.0	**-**	**-**	**-**	**244.3**	
-	**51,380.9**	**181.0**	**13,432.3**	**114,474.9**	
				83,021.1	

Transfers between items	Accumulated depreciation 1.1.2002	Accumulated depreciation of transfers and disposals	Depreciation for period 1.1. - 31.12.2002	Balance sheet value 31.12.2002
-77,255.31	-	-	-	-
37,041.70	2,694,438.46	118,913.77	269,528.86	722,548.74
-40,213.61	**2,694,438.46**	**118,913.77**	**269,528.86**	**722,548.74**
-	-	-	-	977,081.45
-	3,161,373.16	-	535,653.38	8,889,579.34
11,873,238.43	39,833,942.82	180,962.32	9,545,047.31	72,768,849.24
-11,910,280.13	-	-	-	1,033,631.54
-37,041.70	**42,995,315.98**	**180,962.32**	**10,080,700.69**	**83,669,141.57**
-	-	-	-	28,073,507.20
-	-	-	-	6,281.82
77,255.31	-	-	-	130,239.30
77,255.31	**-**	**-**	**-**	**28,210,028.32**
-	**45,689,754.44**	**299,876.09**	**10,350,229.55**	**112,601,718.63**
				70,585,783.76

NOTES TO THE FINANCIAL STATEMENTS

	Group 2002 Euro 1,000	Group 2001 Euro 1,000	Parent Company 2002 Euro	Parent Company 2001 Euro

8. Subsidiaries on 31 December 2002

Name of company or corporation	Registered office	Ownership share	Parent and Group
Okmetic AB	Ekerö, Sweden		100
Okmetic Inc.	Dallas, USA		100
Okmetic Invest Oy	Vantaa		100
Kiinteistö Oy Piitalot	Vantaa		100

9. Other long-term equity investments

Book value of shares in other companies owned by the Group is 6,281.82 euro and market value 7,722.00 euro

10. Prepaid expenses and accrued income

	Group 2002 Euro 1,000	Group 2001 Euro 1,000	Parent Company 2002 Euro	Parent Company 2001 Euro
Essential items included in prepaid expenses and accrued income				
Pension accruals	338.3	4.2	338,303.01	4,219.00
Other	211.8	-	126,488.45	-
Total	**550.1**	4.2	**464,791.46**	4,219.00

11. Shareholders' equity

	Group 2002 Euro 1,000	Group 2001 Euro 1,000	Parent Company 2002 Euro	Parent Company 2001 Euro
Share capital				
1 January	11,821.2	11,186.5	11,821,250.00	11,186,525.00
Share issue	-	630.0	-	630,000.00
Conversion of convertible bond into shares	-	4.7	-	4,725.00
31 December	**11,821.2**	11,821.2	**11,821,250.00**	11,821,250.00
Premium fund				
1 January	71,055.9	62,651.5	71,055,849.80	62,651,495.00
Premium from new issues	-	8,404.4	-	8,404,354.80
31 December	**71,055.9**	71,055.9	**71,055,849.80**	71,055,849.80
Retained earnings				
1 January	6,539.8	2,081.0	5,528,998.07	3,129,279.68
Translation difference	-2,849.9	749.7		
Net income from previous period	-1,609.0	3,709.1	-414,836.21	2,399,718.39
31 December	**2,080.9**	6,539.8	**5,114,161.86**	5,528,998.07
Net income for the period	**-6,318.5**	-1,609.0	**3,423.38**	-414,836.21
Subordinated loans				
1 January	6,576.4	7,656.6	6,576,421.56	7,656,586.60
Increase	21.3	10.1	21,262.92	10,089.31
Decrease	-	1,090.3	-	1,090,254.35
31 December	**6,597.7**	6,576.4	**6,597,684.48**	6,576,421.56
Total shareholders' equity on 31 December	**85,237.2**	94,384.3	**94,592,369.52**	94,567,683.22

	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
12. Subordinated loans				
Due date 31 December 2003, interest 7,0 %				
The Finnish National Fund for Research and Development SITRA	91.3	79.7	91,270.41	79,719.11
Due date 31 December 2003, interest 7,0 %				
The Finnish National Fund for Research and Development SITRA	148.4	138.7	148,449.00	138,737.38
Loan period 1996 - 2006 *)				
Conventum Securities Limited, Helsinki	101.4	101.4	101,424.05	101,424.05
Tapiola Mutual Pension Insurance Company	33.3	33.3	33,334.85	33,334.85
Tapiola Mutual Insurance Company	33.3	33.3	33,334.85	33,334.85
Nordea Capital Oy	504.3	504.3	504,281.22	504,281.22
Insurance Company Sampo Life	672.4	672.4	672,374.96	672,374.96
Oras Oy	1,008.6	1,008.6	1,008,562.45	1,008,562.45
The Finnish National Fund for Research and Development SITRA	404.3	404.3	404,276.68	404,276.68
Finnish Industrial Investment Ltd	605.7	605.7	605,705.27	605,705.27
Total	**3,363.3**	3,363.3	**3,363,294.33**	3,363,294.33
Loan period 1999 - 2009, interest 6,0 % **)				
Nordea Capital Oy	196.9	196.9	196,846.41	196,846.41
Insurance Company Sampo Life	338.7	338.7	338,691.61	338,691.61
Oras Oy	392.2	392.2	392,245.42	392,245.42
Outokumpu Oyj	1,660.2	1,660.2	1,660,167.88	1,660,167.88
The Finnish National Fund for Research and Development SITRA	144.7	144.7	144,740.01	144,740.01
PCA Corporate Finance Oy	262.0	262.0	261,979.41	261,979.41
Total	**2,994.7**	2,994.7	**2,994,670.74**	2,994,670.74
Total	**6,597.7**	6,576.4	**6,597,684.48**	6,576,421.56

Principle terms of loans

The capital, interest and other remuneration must, upon the dissolution of the company or in the bankruptcy of the company, be paid subordinated to all other debts. The capital may otherwise be refunded only if the restricted shareholders' equity and the other non-distributable items according to the Balance Sheet to be adopted for the company or, if the company is a parent company, for the group, for the financial period last ended are fully covered thereafter. Interest or other remuneration may be paid only if the amount payable may be used for the distribution of profit in accordance with the Balance Sheet to be adopted for the company, or if the company is a parent company, for the group, for the financial period last ended. If interest cannot be paid according to agreement, it will be cumulated. There is no interest not entered as expense at the time of the closing of the accounts.

*) The loan will be converted by 31 March 2000 into restricted shareholders' equity or, in special circumstances, refunded in three equal instalments annually starting on 31 December 2003. The interest on the loan until 1 April 2000 will be 2 % and subsequently 8 %. Following payment of an instalment on the loan, the Group's equity-to-assets ratio must be a minimum of 40 %. The loan was not converted into restricted shareholders' equity by 31 March 2000.

**) Each bond with a par value of FIM 8,605.85 (EUR 1,447.40) entitles its holder to obtain in exchange for the bond one share with an accounting par value of EUR 0.7. The exchange ratio is 1:8.60586. The number of company's shares can increase as a consequence of subscriptions of all loans taken out at the same time by a maximum of 524,000. The share subscription can occur 30 June 2001 – 30 November 2001, 8 April 2002 – 29 November 2002, 8 April 2003 – 28 November 2003, 8 April 2004 – 30 November 2004, 8 April 2005 – 30 November 2005, 8 April 2006 – 30 June 2006.

The company's share capital can increase in this bond exchange by a maximum of Eur 366,800.00. On 30 June 2001 the number of shares involved in the conversion of bonds was 6,750. If the remaining loan is converted in full, 517, 250 new shares will be issued and the share capital of the company will be increased by EUR 362,075.

NOTES TO THE FINANCIAL STATEMENTS

	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
13. Retained earnings				
Accumulated profit	2,080.9	6,539.8	5,114,161.86	5,528,998.07
Net income for the period	-6,318.5	-1,609.0	3,423.38	-414,836.21
Capitalisation of foundation expenses of subsidiary	-128.9	-420.2		
Equity share of untaxed reserves	-3,078.0	-7,004.3		
Total	**-7,444.5**	-2,493.7	**5,117,585.24**	5,114,161.86
14. Deferred tax liability				
Total deferred tax liability on 1 January	2,860.9	2,072.1		
Change during period presented in income statement	-1,603.7	788.8		
Deferred tax income from subsidiary's loss	-198.4	-1,243.0		
Deferred tax liability presented in the balance sheet on 31 December				
Deferred tax liability from untaxed reserves	1,257.2	2,860.9		
Deferred tax income from subsidiary's loss	-1,243.0	-1,243.0		
Total	**14.2**	**1,617.9**		
15. Deferred tax receivable				
Total deferred tax receivable presented in the balance sheet on 1 January	196.3	77.7	157,796.18	39,224.86
Change during period presented on the income statement	-5.3	118.6	-5,250.65	118,571.32
Deferred tax receivable presented in the balance sheet on 31 December	191.0	196.3	152,545.53	157,796.18
16. Liabilities				
Loans falling due in five or more years:				
Loans from financial institutions	3,975.0	375.0	3,750,000.00	-
17. Accrued expenses and income				
Essential items included in accrued expenses and deferred income				
Wages and related social expenses	2,789.6	2,857.6	2,716,238.53	2,786,322.78
Accrued interests	1,318.9	922.0	1,282,998.78	866,946.30
Other	581.0	348.4	468,947.40	263,480.48
Total	**4,689.5**	4,128.0	**4,468,184.71**	3,916,749.56
18. Receivables and liabilities from Group companies				
Other receivables			10,172,737.47	7,464,439.30
Other liabilities			1,437,549.44	1,741,753.87

	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
19. Pledges, contingent liabilities and other commitments				
Pledges given on 31 December				
Mortgages on land and buildings				
Capital of loans from financial institutions	38,310.8	18,886.5	32,412,523.75	11,309,201.87
Mortgages given				
Capital of loans from financial institutions secured by mortgages	16,314.2	16,314.2	6,222,953.01	6,222,953.01
Capital of loans from financial institutions secured by mortgages	28,760.1	29,432.9	28,760,135.42	29,432,887.13
Book value of pledged shares	8,908.1	-	8,908,125.47	-
Total pledges given on 31 December	**53,982.4**	45,747.1	**43,891,213.90**	35,655,840.14

The lease rights for the site are also pledged as security for loans in the Group

Commitments relating to current rental and leasing agreements on 31 December	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
To be paid in the following year	1,119.9	1,167.2	831,034.99	909,128.78
To be paid subsequently	2,328.7	3,352.2	1,147,153.65	1,815,028.59
Total pledges and contingent liabilities	**3,448.6**	4,519.4	**1,978,188.64**	2,724,157.37

The leasing agreements are mainly five-year agreements with no redemption clauses.

Derivative contracts/ currency forward agreements	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
Contract value	17,517.9	20,123.4	17,517,882.42	20,123,429.24
Fair value	15,257.0	20,424.4	15,256,984.84	20,424,373.09
Hedging on 31.12. (+ profit - loss)	**2,260.9**	-301.0	**2,260,897.58**	-300,943.85

The company has hedged its net incoming cash flow in dollars with derivative contracts. The derivative contracts have been extended up to the end of April 2004.

Interest rate swap agreements	Group 2002 Euro 1,000	2001 Euro 1,000	Parent Company 2002 Euro	2001 Euro
Value of underlying commodity	8,408.9	-	3,061,020.25	-
Market value	-139.3	-	-63,632.70	-

The market value of interest rate swap agreements is calculated as the difference in interest flow of undiscounted interest rate swaps by using the floating interest market rate on 31.12.2002. The value of the underlying commodity is shown as the amount of the loan capital under the interest rate swap.

KEY FIGURES AND CALCULATION

Key figures showing financial performance [1)]

Euro 1,000, financial period 1 Jan - 31 Dec	**2002**	2001	2000	1999	1998
Net sales	57,738	57,305	68,561	45,844	34,489
Net sales, change %	0.8	-16.4	49.6	32.9	13.9
Export and foreign operations share of net sales, %	95.5	96.3	96.8	94.7	96.4
Operating profit	-6,151	-784	10,873	1,217	-2,823
% of net sales	-10.7	-1.4	15.9	2.7	-8.2
Profit before extraordinary items	-8,121	-2,063	7,444	-2,253	-4,958
% of net sales	-14.1	-3.6	10.9	-4.9	-14.4
Profit after extraordinary items	-8,121	-2,063	6,164	-2,253	-4,958
% of net sales	-14.1	-3.6	9.0	-4.9	-14.4
Return on equity (ROE), %	-7.3	-1.8	8.2	-7.1	-11.3
Return on investment (ROI), %	-4.9	-3.6	10.7	1.6	-3.5
Non-interest bearing net debt	10,630	15,638	15,875	11,567	5,192
Net debt to net equity (Net Gearing), %	54.8	24.2	5.4	127.6	156.7
Equity ratio, %	57.9	68.3	65.5	36.5	35.4
Capital expenditure	24,742	43,748	16,059	15,894	6,172
% of net sales	42.9	76.3	23.4	34.7	17.9
Depreciation	13,432	9,758	8,500	7,160	6,577
Research and development expenditure 2)	4,060	3,627	2,702	2,103	1,289
% of net sales	7.0	6.3	3.9	4.6	3.7
Average personnel	569	550	516	430	398
Personnel at the end of the period	515	510	534	444	376

Key figures of the group per share

Euro, financial period 1 Jan - 31 Dec	**2002**	2001	2000	1999	1998
Income per share diluted, euro	-0.37	-0.10	0.40	-0.30	-0.55
Income per share undiluted, euro	-0.38				
Shareholders' equity per share, euro	4.66	5.20	4.98	3.09	3.47
Dividend per share, euro	0.00	0.00	0.00	0.00	0.00
Dividend per earnings, %	-	-	-	-	-
Price per earnings	-6.1	-49.9	13.2		
Development of share price					
Average trading price	3.71	5.43	6.63		
Lowest trading price	1.90	2.80	4.82		
Highest trading price	5.99	7.38	8.20		
Trading price at the end of the period	2.30	4.80	5.16		
Market capitalization at the end of the period 1,000 euro	38,841	81,060	82,461		
Development in trading volume					
Trading volume, transactions	4,097,207	5,480,099	3,486,339		
In relation to weighted average number of shares, %	24.3	32.8	27.7		
Trading volume, euro	15,202,025	29,756,672	23,097,345		
Adjusted average number of shares during the period 3)	16,887,500	16,718,947	12,580,476	7,613,250	6,388,547
Adjusted number of shares at the end of the period 3)	16,887,500	16,887,500	15,980,750	9,135,750	6,388,547

	2002	2001	2000	1999	1998
Adjusted average number of shares during the period including the dilution due to the convertible loans and options	16,099,136	16,741,199	13,356,274	8,064,039	
Adjusted average number of shares at the end of the period including the dilution due to the convertible loans and options	16,099,136	16,909,752	16,738,716	9,918,932	

1) Financial statements of the Group and Parent Company on pages 9 - 25.

2) Research and development expenditure has been presented in gross figures and only long-term projects based on research programs have been taken into account

3) Per share figures have been adjusted in accordance with the guidelines issued by the Finnish Accounting Board (KILA) no 390/1999 and have been adjusted to correspond to the current number of shares in the Company. As the Company does not have a market price for 1998 - 1999, the adjusted average number of shares after the issue of shares has been calculated by using the shareholder's equity per share at the end of the quarter closest to the share issue as the price of an old share and the subscription price as the price of a new share.

Calculation of the key figures

Return on equity (ROE), % = $\dfrac{\text{Profit before extraordinary items - taxes x 100}}{\text{Shareholders´ equity - subordinated loans + minority interest (average for the year)}}$

Return on investment (ROI), % = $\dfrac{\text{Profit before extraordinary items + interest and other financial expenses x 100}}{\text{Total assets - non-interest bearing debt (average for the year)}}$

Equity ratio, % = $\dfrac{\text{Shareholders´ equity - subordinated loans + minority interest x 100}}{\text{Total assets - advances received}}$

Net debt to equity, % (Net gearing) = $\dfrac{\text{Interest-bearing debt - cash and cash equivalence x 100}}{\text{Shareholders´ equity - subordinated loans + minority interest}}$

Earnings per share, euro = $\dfrac{\text{Profit before extraordinary items - taxes +/-minority interest}}{\text{Adjusted average number of shares}}$

Shareholders´ equity per share, euro = $\dfrac{\text{Shareholders´ equity - subordinated loans}}{\text{Adjusted average number of shares at the end of the period}}$

Price/earnings ratio (P/E) = $\dfrac{\text{Adjusted trading price at the end of period}}{\text{Income per share}}$

Shares and share capital

Okmetic Oyj has issued altogether 16,887,500 shares. The equivalent book value of each share is 0.7 euro. According to the Articles of Association, Okmetic Oyj's minimum share capital is 6,000,000 euro and the maximum share capital is 24,000,000 euro, within which limits the share capital may be increased or decreased without amending the Articles of Association. The Company's registered share capital is 11,821,250 euro. Each share gives one vote in the General Meeting. The Company has one class of shares. The ownership of the Company's shares is registered in the Finnish book-entry securities system.

Quotation of the shares

Okmetic Oyj's shares have been quoted on the main list of the Helsinki Exchanges since 3 July 2000 under the trading code OKM.

The authorisation of the Board of Directors for increasing the share capital

The Annual General Meeting held on 27 March 2001 authorised the Board of Directors to increase the Company's share capital by a new issue or by issuing options or convertible bonds in one or more tranches within one year of the date of the Annual General Meeting so that the new issue or the convertible bonds or the option rights shall give the right to subscribe for a maximum of 2,000,000 new shares. Under this authorisation, it was possible to increase the share capital by a maximum of 1,400,000 euro. The authorisation included the right to deviate from the shareholders' pre-emptive subscription rights provided for in Chapter 4:2 of the Companies Act, if the deviation is justified by an important financial reason for the Company.

This authorisation was not utilised.

The Annual General Meeting held on 26 March 2002 authorised the Board of Directors to increase the Company's share capital by a new issue or by issuing options or convertible bonds in one or more tranches starting on 27 March 2002 until the next Annual General Meeting but not later than within one year of the date of the Annual General Meeting. The aggregate maximum number of shares to be issued in the new issue or to be offered for subscription pursuant to options or convertible bonds shall be 2,000,000 new shares. Pursuant to this authorisation, the share capital of the Company may be increased by a maximum of 1,400,000 euro. The authorisation includes the right to deviate from the shareholders' pre-emptive subscription rights provided for in Chapter 4:2 of the Companies Act, if the deviation is justified by an important financial reason for the Company.

This authorisation was not utilised by 31 December 2002.

In its meeting held on 12 February 2003 the Board of Directors decided to propose to the Annual General Meeting to be held on 27 March 2003 that the Board be authorised to increase the Company's share capital by a new issue or by issuing options or convertible bonds in one or more tranches starting 27 March 2003 until the next Annual General Meeting but not later than within one year of the date of the Annual General Meeting. The aggregate maximum number of shares to be issued in the new issue or to be offered for subscription pursuant to options or convertible bonds shall be 2,000,000 new shares. Pursuant to this authorisation, the share capital of the Company may be increased by a maximum of 1,400,000 euro. The authorisation shall include the right to deviate from the shareholders' pre-emptive subscription rights provided for in Chapter 4:2 of the Companies Act, if the deviation is justified by an important financial reason for the Company.

Convertible bonds

The Company's Extraordinary General Meeting held on 28 June 1999 decided to issue a convertible subordinated bond of 3,363,757.76 euro (then FIM 19,999,995.40) and offer it for subscription to the shareholders registered in the Company's Share Register on 28 June 1999 so that the Shareholders are entitled to subscribe for one bond valued at FIM 8,605.85 for each 10,483219 shares owned. A total of 2,096 bonds were subscribed at 3,033,750.54 euro (then FIM 18,037,861.60). The conversion ratio was 1:8.60585 whereupon a maximum of 2,096 shares could be subscribed under the bonds. In accordance with the terms of the loan, the Board of Directors gave one outside subscriber the right to subscribe for the bonds that were not subscribed for by the shareholders. According to the terms of the loan, the Company's Board of Directors is entitled to make the changes required by the General Meeting of Shareholders in the terms of the loan and the terms for conversion of the bonds into shares which shall not prejudice the position of the holder of the bonds if a General Meeting of Shareholders decides that the Company's share capital and the nominal value of the shares shall be denominated in euro or decides to abandon the nominal value of the shares and replace the nominal value with an equivalent book value. Increasing the number of shares from 36,543 shares to 9,135,750 shares means that the number of shares that may be subscribed under the bonds shall increase from 2,096 shares to 524,000 shares and the subscription price shall change from EUR 1,447.40 (not exact) to EUR 5.79 (not exact). The share capital of the Company may increase as a result of subscribing under all the loans taken simultaneously by a maximum of 366,800 euro which represents approximately 3.28 per cent of the Company's share capital and voting rights. The number of shares in the Company may increase by a maximum of 524,000 shares if the bonds are converted. The conversion of the bonds may take place during the following periods:

30.6.2001–30.11.2001; 8.4.2002–29.11.2002; 8.4.2003–28.11.2003; 8.4.2004–30.11.2004; 8.4.2005–30.11.2005 and 8.4.2006–30.6.2006.

One of the shareholders used their right of conversion on 30 June 2001. The amount of the converted bond was 39,079.80 euro and the number of shares involved was 6,750.

Own shares

The Company has not acquired its own shares, nor does the Company's Board of Directors have a valid authorisation to acquire or dispose of the Company's own shares.

Subordinated loans

At the Company's Extraordinary General Meeting held on 9 August 1996, the subscribers for the increase of the share capital i.e. Oras Oy, the Finnish National Fund for Research and Development SITRA , Nova Life Insurance Company (later Insurance Company Sampo Life), Tapiola Mutual Insurance Company, Tapiola Mutual Pension Insurance Company, Arctos Capital Oy (later Conventum Oyj), Merita Capital Oy (later Nordea Capital Oy) and Finnish Industrial Investment Ltd granted to the Company a convertible subordinated loan of 3,363,294.33 euro (then FIM 19,997,240). According to the terms of the loan, the loan would have been converted into shares by 31 March 2000 if the Company had achieved the set earnings targets. The loan was not converted because the Company did not achieve the set earnings targets.

Furthermore, the Company has taken two subordinated loans from the Finnish National Fund for Research and Development SITRA, with capitals of 91,270.41 euro and 148,449.00 euro. The due date for both subordinated loans is 31 December 2003. The subordinated loans are described in section 12 of the Notes to the Financial Statements. See also the above section "Convertible Bonds".

The option programme for personnel

The Extraordinary General Meeting held on 23 May 2000 decided, deviating from the pre-emptive rights of shareholders, to offer for subscription to the personnel of the Company and its Swedish Subsidiary a maximum of 512,000 option rights which entitle the holders to subscribe for a maximum of 512,000 shares of the Company. The option rights were fully subscribed.

Under the authorisation given by the Extraordinary General Meeting on 23 May 2000, the Board of Directors offered 43,200 option rights, deviating from the pre-emptive rights of shareholders, to the three agents, citizens of the United States, engaged by the Company's US Subsidiary located in the United States and to the employees of the Subsidiary. A total of 42,800 option rights were subscribed for.

The subscription period for these option rights was 14 August to 8 September 2000. The Board of Directors of Okmetic Oyj accepted the above mentioned personnel subscriptions for option rights in its meeting held on 18 September 2000 under the "Option Program 2000". The option rights were recorded under the book-entry securities system. Of these options, 38,200 were in the book-entry securities system of Okmetic Invest Oy on 31 December 2002.

Each option right entitles the holder to subscribe for one (1) share in the Company. Half of the option rights are marked with the letter A and half with the letter B. Subscriptions for shares under the A option right started on 3 December 2001 and subscriptions under the B option right shall start on 2 May 2003. The subscription period for shares under option rights shall end on 31 May 2007.

Option rights are freely transferable when the subscription period for them has started. The Board of Directors may, deviating from that stated above, grant permission for the option rights to be transferred earlier.

If the subscriber's employment relationship in a Company belonging to the Group terminates before 2 May 2003 for a reason other than the death or retirement of the employee, he/she must without delay offer to the Company free of consideration the option rights for which the subscription period has not yet started by the date of the termination of employment.

The Company is entitled, irrespective of whether the option rights have been offered or not, to apply for and to obtain the right to get the option rights meant in this paragraph to be transferred from the subscriber's book-entry securities account to a book-entry securities account indicated by the Company. A restriction on the transfer of the option rights in favour of the Company shall be recorded on the subscriber's book-entry securities account.

Each option right entitles the holder to subscribe for one share in the Company with an equivalent book value of 0.7 euro. In consequence of subscriptions, the Company's share capital may increase by a maximum of 554,800 new shares i.e. by not more than 388,360 euro.

The subscription price for the shares is 7.00 euro each.

The subscription price for the shares shall be lowered after the subscription price determination period and before the subscription for the shares is made with the amount of the cash dividends to be distributed according to the date of record for each dividend. No dividends were paid by 31 December 2002. The subscription price for the share is, however, always at least the equivalent book value of the share.

The shares entitle the holder to receive dividends for the financial period during which the shares have been subscribed. Other membership rights start when the increase in share capital has been registered in the Trade Register.

The Company's A-options have been quoted on the main list of the Helsinki Exchanges since 3 December 2001.

No options were exchanged for shares by 31 December 2002.

Option rights received by JDS Uniphase Corporation

The Board of Directors decided in its meeting held on 9 March 2001 to grant a total of 500,000 option rights, which entitle the holder to subscribe for altogether 500,000 of the Company's shares. The option rights were marked with the letter C. The option rights were issued free of charge.

The option rights may not be transferred or pledged without the prior written consent of the Board of Directors.

Each option right entitles the holder to subscribe for one share with an equivalent book value of 0.7 euro. In consequence of subscriptions, the company's share capital may increase by a maximum of 500,000 new shares i.e. by not more than 350,000 euro.

The subscription period for shares started as soon as the decision concerning the issuing of the option rights and the subscriptions for option rights were registered in the Trade Register. The period for subscription of shares ends on 23 May 2003.

The subscription for shares shall take place at Okmetic Oyj's Head Office or any other place advised by the Company. The subscription for shares shall be paid in cash.

The subscription price for the shares is 10.00 euro per share if the subscription takes place on 23 May 2002 or before that. If the subscription is made after 23 May 2002 but not later than 23 May 2003 (this date included), the subscription price for the shares shall be 12.00 euro each.

The subscription price for the shares shall be lowered by the amount of the dividend to be distributed before subscription on the date of record for each dividend. No dividends were paid by 31 December 2002. The subscription price for the share is, however, always at least the equivalent book value of the share .

The shares entitle the holder to receive dividends for the financial period during which the shares were subscribed. Other membership rights start when the increase in share capital is registered in the Trade Register.

No shares were subscribed under option rights by 31 December 2002.

The Management's share ownership

At the end of the year the members of the Board of Directors and the President of Okmetic Oyj possessed a total of 8,750 shares i.e. 0.05 per cent of the Company's share capital and voting rights. In addition, the President and member of the Board of Directors in office at the end of the year was entitled under the personnel option programme to 30,000 shares. If this option right is fully utilised, his share of the Company's share capital and voting rights would be 0.2 per cent.

Insider rules

In its meeting held on 16 August 2000, the Board of Directors of Okmetic Oyj approved the insider rules to be observed in the Group. The rules take into consideration legislation regulating securities markets, the regulations and instructions of the Helsinki Exchanges and the recommendations given by the Finnish Association of Securities Dealers.

Share price developments and trading

The trading volume of the Company's shares during 1 January to 31 December 2002 amounted to 4.1 million shares, which is 24.3 per cent of the total number of 16.9 million shares. The price of the share fell heavily following the general trend of stock prices. The lowest quotation during the period under review was 1.90 euro and the highest was 5.99 euro per share and the average price was 3.71. The closing quotation at the end of the year was 2.30 euro. The market value of the whole share capital was 38.8 million euro.

Flagging

JDS Uniphase Corporation gave notice on 10 September 2002 that the company's share of Okmetic Oyj's share capital and voting rights was reduced from 5.3 per cent to 0 per cent under a transaction for 900,000 shares made on 9 September 2002.

Share price and trading developments and the key figures for the shares over five years are shown on page 26.

Shares and shareholders on 31 December 2002

Shareholders	Shares, pcs	Share, %
Outokumpu Oyj	5,410,000	32.0
The Finnish National Fund for Research and Development SITRA	1,291,500	7.6
Oras Oy	1,066,500	6.3
Insurance Company Sampo Life	872,250	5.2
Finnish Industrial Investment Ltd	639,750	3.8
Nordea Capital Oy	533,250	3.2
Investment Fund Conventum Finland Value	500,000	3.0
Ilmarinen Mutual Pension Insurance Company	449,300	2.7
Investment Fund Nordea Nordic Small Cap	296,000	1.7
Onninen-Sijoitus Oy	220,000	1.3
Nominee accounts held by custodian banks	1,170,159	6.9
Other shareholders	4,438,791	26.3
Total number of shares	**16,887,500**	**100.0**

Shareholders by group on 31 December 2002

Shareholder group	Shares, pcs	Share, %
Private companies	8,661,050	51.3
Public companies	92,150	0.5
Financial and insurance institutions	3,090,500	18.3
Public organisations	652,900	3.9
Non-profit organisations	1,503,659	8.9
Private persons	1,686,782	10.0
International shareholders	1,200,459	7.1
Total	**16,887,500**	**100.0**

Distribution of shareholdings on 31 December 2002

Number of shares	Number of shareholders	% of shareholders	Total shares	% of share capital	Average shareholding
1-100	281	12.2	25,924	0.1	92
101-500	1,345	58.2	398,438	2.4	296
501-1,000	271	11.7	231,920	1.4	856
1,001-10,000	353	15.3	1,072,091	6.3	3,037
10,001-100,000	44	1.9	1,613,918	9.6	36,680
100,001-1,000,000	15	0.6	4,607,050	27.3	307,137
yli 1,000,001	3	0.1	7,768,000	46.3	2,589,333
	2,312	**100.0**	**15,717,341**	**93.1**	**6,798**
Nominee accounts held by custodian banks			1,170,159	6.9	
Total			**16,887,500**	**100.0**	

Increase in share capital 1996-2002 by date of registration

	Number of shares	Share capital euro
Share capital on 1 Jan 1996	14,884	2,503,309.10
New issues on 12 Dec 1996 and on 11 June 1998	+ 9,479	4,097,562.45
Redenomination into euro, abolishing nominal value, new issue on 20 Oct 1999	+12,180	6,146,091.39
Bonus issue on 5 June 2000		6,395,025.00
Increase in the number of shares, public limited company on 5 June 2000	+ 9,099,207	6,395,025.00
New issue at listing on 29 June 2000	+ 6,395,000	10,871,525.00
Additional shares on 19 July 2000	+ 450,000	11,186,525.00
Directed issue to JDS Uniphase Corporation 9 March 2001	+ 900,000	11,816,525.00
Convertible bonds converted into shares on 27 Sept 2001	+ 6,750	11,821,250.00
Share capital on 31 Dec 2001	**16,887,500**	**11,821,250.00**

The Proposal of the Board of Directors for Measures Concerning the Retained Earnings

The proposals of the Board of Directors to be presented at the Annual General Meeting on 27th March:

According to the financial statements of the 31st of December 2002 the Group has no dividable assets. The dividable assets of the Parent Company constitute 5.1 million euro with a profit of 3,423.38 euro.

The Board of Directors proposes to the Annual General Meeting that a dividend of shares should not be paid and that the result of the financial year will be added to the accounted retained earnings.

Vantaa, 12 February 2003

Mikko J. Aro
Chairman

Juho Mäkinen
Vice Chairman

Heikki Huomo
Board Member

Seppo Isoherranen
Board Member

Pekka Paasikivi
Board Member

Pekka Salmi
Board Member

Antti Rasilo
President

AUDITOR'S REPORT

To the shareholders of Okmetic Oyj

We have audited the accounting, the financial statements and the corporate governance of Okmetic Oyj for the period 1.1. - 31.12.2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance.

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 corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President 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 assets is in compliance with the Companies' Act.

Vantaa, 24 February 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Marjomaa
Authorised Public Accountant

Okmetic Oyj follows the recommendations of the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

The control and management of the Group is divided between the shareholders at the Annual General Meeting, the Board of Directors and the President of the Company.

Annual General Meeting

The shareholders assemble at the Annual General Meeting, which takes place on a date set by the Board of Directors before the end of June. The Annual General Meeting can be held either in Vantaa, Helsinki or Espoo. The Meeting will attend to matters that fall under its responsibilities by law and through the Articles of Association of the company.

The Board of Directors

The Board of Directors is elected in the Annual General Meeting for a term expiring at the end of the first Annual General Meeting subsequent to the election. Therefore the entire Board of Directors is always elected at the Annual General Meeting. The Board of Directors consists of no less than three and no more than eight members. In addition, up to eight substitute members can be elected. The Board of Directors appoints its own Chairman and Vice-Chairman.

The Board of Directors has a quorum when at least a half of its members are present.

The Board of Directors is responsible for the Company's management and the appropriate organisation of operations, and makes decisions on matters that the President presents to it and that either by law or other rules require the decision of the Board.

In addition to the duties mentioned specifically in the Act and in the Articles of Association, the responsibilities of the Board of Directors include:

- confirming operational strategy
- approving and supervising the implementation of strategic plans and objectives
- approving the budget and the finance plan
- approving the total of investments and making decisions on acquisitions and large, strategically significant investments and divestments
- defining the Company's dividend policy and making proposals on the amount of dividends to be paid each year to the shareholders in the Annual General Meeting
- confirming the main outline of the organisational structure of the Group
- appointing and defining the emoluments of the President and the Deputy President
- confirming the structure of the Executive Management Group
- confirming the personnel incentive scheme
- dealing with risk control and internal supervision.

The Board of Directors meets five to ten times each year. In 2002 the Board held 10 meetings. The Board meetings are usually held at the Company's headquarters in Vantaa.

President

The duty of the President is to manage and supervise the business operations in accordance with instructions and regulations issued by the Board of Directors. The retirement age of the president is 65 years.

The President appoints an Executive Management Group, which assists him in his tasks by attending to the preparation of strategic policies, the preparation and monitoring of strategic projects, directing resources, supervision of key activities and important operative decisions and matters relating to the preparation of Board meetings and implementation. In 2002 the Executive Management Group consisted of five members.

Emoluments of the Management

The Executive Management Group of the company falls under the same incentive scheme as the rest of the personnel and there are no separate emoluments for the Management.

Management

The control and supervision of the Group's business activities is realised through the administration and management system described above. The Company has the necessary reporting systems for monitoring business activities and supervising financial administration.

As the parent company, Okmetic Oyj is responsible for the Group's management, strategic planning, production, research and development as well as accounting and financing, communications and IT-services.

The operations of the company as well as supervision such operations are also undertaken by other management groups.

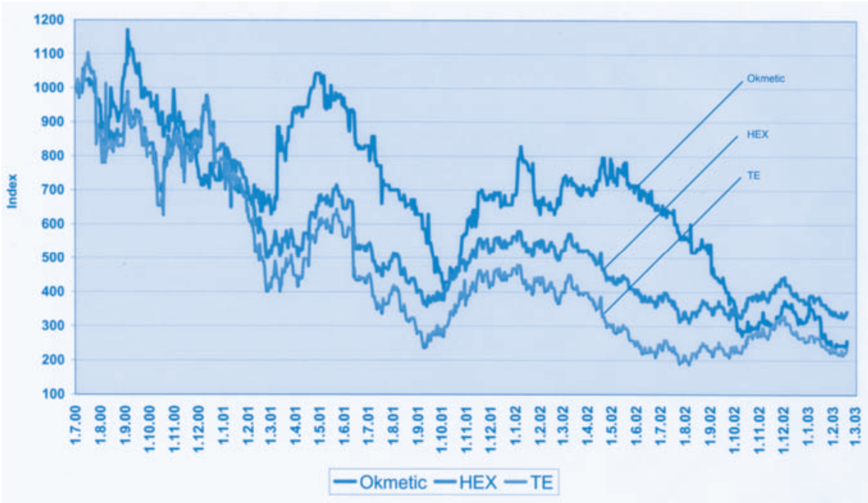
The Company has its own insider rules, the content of which corresponds to those of the Helsinki Stock Exchanges. The names of the persons defined as insiders are published in the Company website.

The auditors of the Companies in the Group are Pricewaterhouse Coopers Oy, Authorised Public Accountants, with Markku Marjomaa, APA, as the auditor in charge.

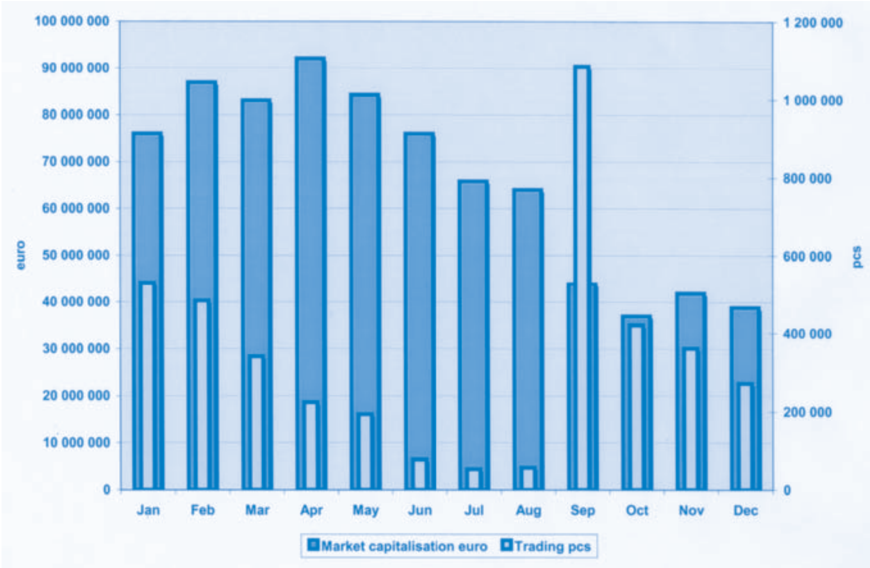
The audit programme of the Company is defined jointly by the appointed auditor and the Executive Management Group on an annual basis. The plan takes into account the absence of a separate internal audit function for the Company.

SHARE PRICE DEVELOPMENT AND TRADING

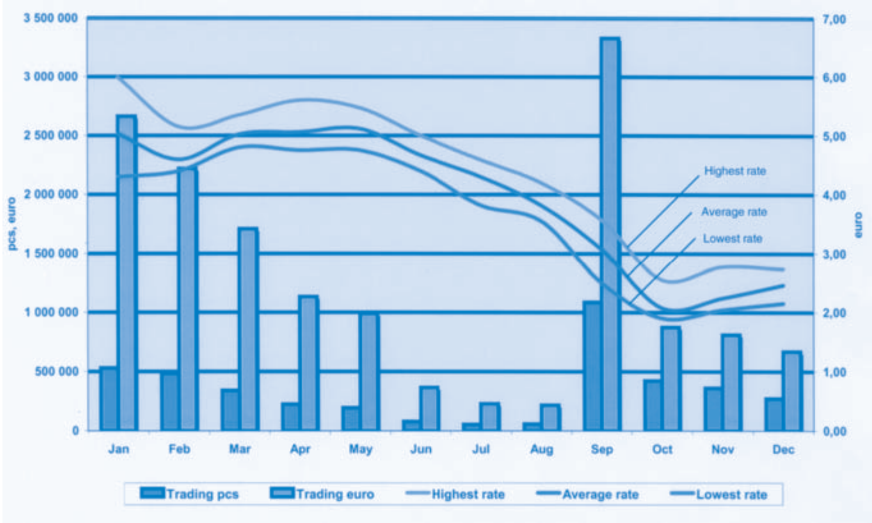
Share price development



Market capitalisation (euro) and trading (peaces)



Trading and rates



NOTES

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GLOSSARY

Chip • A piece of silicon detached from a silicon wafer, which has semiconductor functions

Crystal yield • Indicates the quantity of crystal material ready for slicing in relation to raw material used in the crystal growth process

Dataquest (Gartner) • An international consultancy company that monitors the electronics industry

Discrete semiconductor • A semiconductor consisting of a single component (e.g. a single transistor), as distinct from an integrated circuit which incorporates several or even millions of transistors

Electronic grade silicon • Extremely pure silicon used for manufacturing silicon wafers

Epiwafer • A silicon wafer with a thin epitaxial layer of silicon grown on the surface

Highly doped wafer • A silicon wafer with extremely high electrical conductivity, containing a high degree of doping element

HTCVD • A high temperature chemical vapour deposition process patented by Okmetic for growing SiC crystals

ICprime • An application specific silicon wafer for IC manufacturing

IGBT circuit • Isolated Gate Bipolar Transistor, a power transistor made on the surface of a double layered epiwafer

Integrated circuit • IC, a semiconductor component in which several electronic functions are integrated on a single silicon chip

ISO 14001 • An international standard for the management of environmental matters

ISO 9001 • An international standard for the management of the quality system

LED • Light Emitting Diode

Low conductivity wafer • A silicon wafer that contains only a little doping to achieve low electrical conductivity

MEMS wafer • A silicon wafer used for manufacturing sensors (MEMS = MicroElectroMechanical Systems)

MESFET-transistor • Metal Semiconductor Field Effect Transistor. High frequency and high power density are achieved simultaneously with the SiC-MESFET transistor.

Microcircuit • Means the same thing as an integrated circuit

Optoelectronic • A semiconductor producing light

Polysilicon • The raw material for silicon wafers

POWER • A highly doped silicon wafer marketed by Okmetic for power and discrete semiconductors

Power semiconductor • A semiconductor component that is manufactured for use in power electronics

QS-9000 • A very demanding quality standard that the automotive industry has developed for its entire subcontracting chain

RF-circuit • An integrated circuit that operates at GHz frequency e.g. in mobile telephones and base stations

SEMI • Semiconductor Equipment and Materials International, an international umbrella organisation of the semiconductor material and equipment industry. Okmetic is a member of the organisation.

Sensor • A component that measures a variable or discerns changes in it (an inertia sensor, for example, is used to trigger the airbag in a car)

SIA • Semiconductor Industry Association, an international umbrella organisation of semiconductor manufacturers

SiC, Silicon carbide • A semiconductor material; a compound of silicon and carbon

Silicon • An element in the fourth main group, the most common raw material for semiconductors

Silicon wafer • A round, thin wafer made from a single crystal of silicon in sizes of 100, 125, 150, 200 or 300 mm, usually mirror finished either on one side or both sides

SOI wafer • A value added silicon wafer (SOI = Silicon On Insulator) with a sandwich structure: an oxide layer on the silicon wafer, and a thin silicon film on the oxide layer

Transistor • A basic component in the semiconductor industry on which the operation of most electronic equipment is presently based

Wafer yield • Indicates the number of approved wafers in relation to the number of sliced wafers in the manufacturing process. A ratio that indicates how much of the material put into production comes out according to specifications.

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