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FINNISH INDUSTRY INVESTMENT LTD IN BRIEF

Finnish Industry Investment Ltd is a State-owned venture capital investment company operating under the Ministry of Trade and Industry.

The objectives of the company are:

- To promote product realization and commercialization of new innovations by investing in seed- and growth-stage companies via venture capital funds.
- To develop regional venture capital investment and business development activities, and promote the efficient and appropriate allocation of risk financing resources obtainable from European Union funding sources to venture capital funds and investee companies.
- To support substantial investment in business development, corporate restructuring and launches of important new industrial projects by making direct investments.

At the end of 2002, the total amount of State investment in the company was EUR 227.9 million.

REVIEW BY THE MANAGING DIRECTOR

The majority of investments made during the year were concerned with the creation of new venture capital funds. Assets were allocated to seed financing, regional development and corporate restructuring. Investigations were begun into the possibility of setting up new venture capital funds in the biotechnology and mining sectors. The company also made direct investments in industrial projects of importance for regional and industrial policy. The weakened state of the economy and the realization of technology investment risks in the markets led to reduced availability of risk financing, especially for early-stage companies.



Preliminary figures from the European Venture Capital Association show that a total of EUR 19.4 billion in new capital was invested in Europe's venture capital sector during the year, compared with EUR 38.2 billion in 2001. The amount invested by Europe's venture capital investors remained steady, however, at EUR 27.2 billion, as against EUR 24.3 billion the previous year.

In Finland, there was a marked increase in venture capital investment in 2002. According to preliminary figures from the Finnish Venture Capital Association, a record amount of new capital was invested in the venture capital sector: approximately EUR 779 million (2001: EUR 411 million). Correspondingly, the amount invested by Finnish venture capital investors also grew, to EUR 380 million (2001: EUR 340 million). The availability of risk financing declined during the year, however. Early-stage companies, in particular, ran into financing problems when new first-time investment became less attractive and the emphasis shifted towards investments in later stage companies. The threshold for establishing new technology funds was especially high. It is likely that Finland will soon see the emergence of a phenomenon already visible elsewhere in Europe: the amount of new investment made and the amount of new capital

invested in the sector each year will begin to approach the same level.

During the year, Finnish Industry Investment made new fund commitments worth EUR 53 million, and its direct investments amounted to EUR 9.4 million. At the end of the year, the company's investments and investment commitments together totalled EUR 254.4 million and comprised 47 fund investments, 8 direct investments and the majority holding in the Group subsidiary Start Fund of Kera Oy.

The company's financial performance for 2002 fell below the previous year's level. Exits from investee companies were postponed and write-downs were booked in both venture capital investments and the asset management portfolio. Finnish Industry Investment Ltd recorded a loss of EUR 5.6 million on the 2002 financial year, compared with a profit of EUR 4.1 million on 2001. The Group's consolidated loss was EUR 6.3 million, as against a loss of EUR 0.9 million the previous year.

Finnish Industry Investment's operations were assessed by the State Audit Office and a number of international experts during 2002. As a result, the Ministry of Trade and Industry redefined the company's priorities to be seed-stage companies, regional risk financing and new venture capital funds in sectors with an insuf-

ficient supply of private risk finance. If risk finance cannot be given effectively enough via such funds, Finnish Industry Investment will also invest in companies directly. Direct investment in major projects or corporate restructuring schemes will be made primarily on industrial policy grounds. The amount of new investment commitments planned for the current financial year, 2003, is EUR 100 million.

At the end of 2002, total State investment in Finnish Industry Investment Ltd amounted to EUR 227.9 million. A further investment of EUR 42 million was included in the Government's supplementary budget announced in November 2002. Once this sum has been invested, the decision outlined in the programme of Prime Minister Lipponen's second Government, namely to invest a further EUR 168 million in the company, will have been fully implemented. The continued development of Finnish Industry Investment in line with the policies of the Ministry of Trade and Industry will require further capital investment decisions from the new Government.

Juha Marjosola
Managing Director

INVESTMENT ACTIVITIES IN 2002

CAPITAL INVESTED IN 2002

Finnish Industry Investment Ltd's current investments and investment commitments grew from EUR 201.8 million to EUR 254.4 million in 2002. Capital was invested in funds and directly in investee companies.

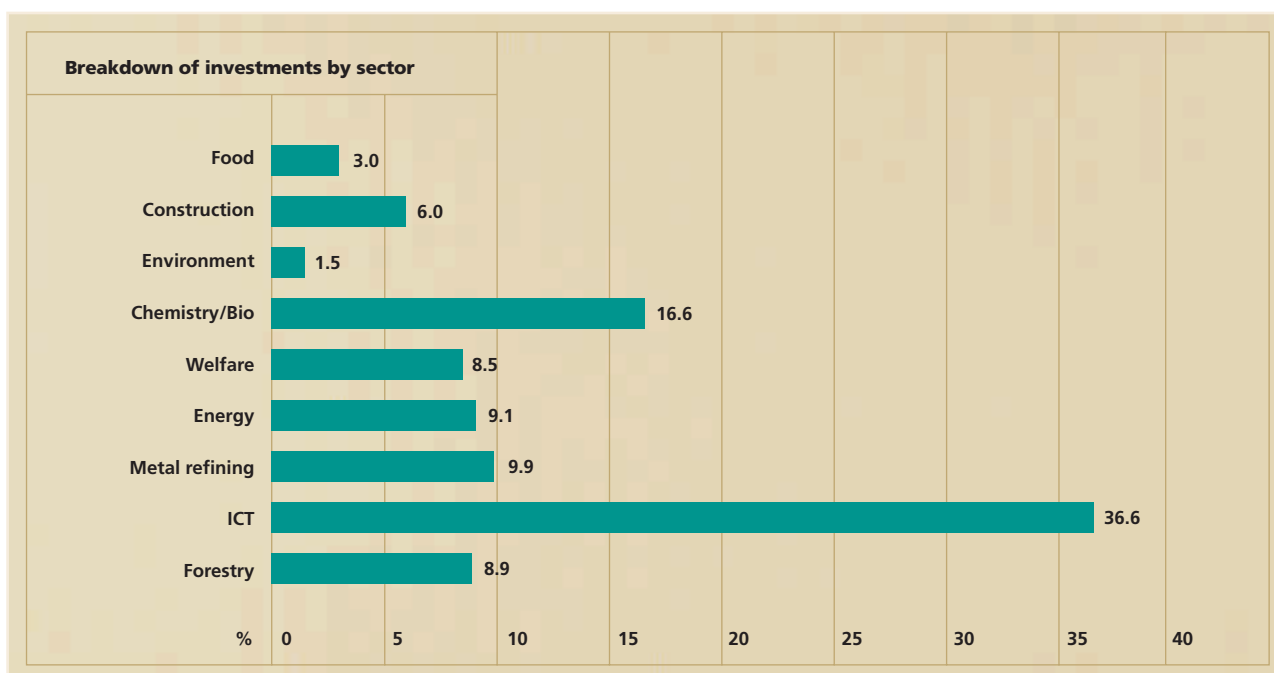
Since its founding, Finnish Industry Investment has made investment commitments worth EUR 274.4 million to a total of 47 venture capital and private equity funds. The combined total capital of these funds is EUR 2,016 million, with investments by Finnish Industry Investment accounting for an average of 11 per cent. In the 2002 financial year, Finnish Industry Investment made new fund com-

mitments totalling EUR 53.3 million. At year-end, there were early-stage financing projects in progress for which the company had made decisions to invest EUR 5 million.

Finnish Industry Investment made three new direct investments in 2002. These were in an innovative Finnish furniture company, in the mechanical engineering industry and in follow-on financing

for a consumer electronics company. In all, Finnish Industry Investment has invested directly in ten companies since 1995.

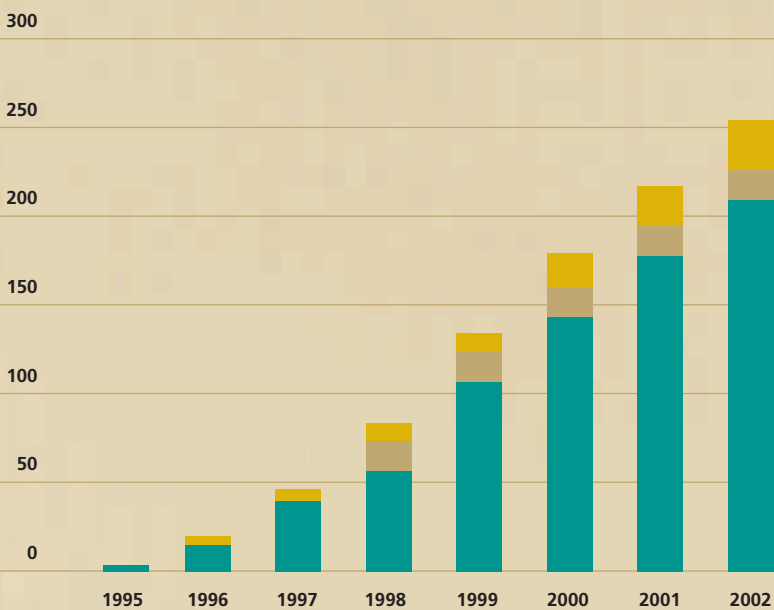
At the end of 2002, Finnish Industry Investment's direct investments and direct investment commitments in investee companies stood at EUR 28.2 million. Direct investments made in 2002 totalled EUR 9.4 million.



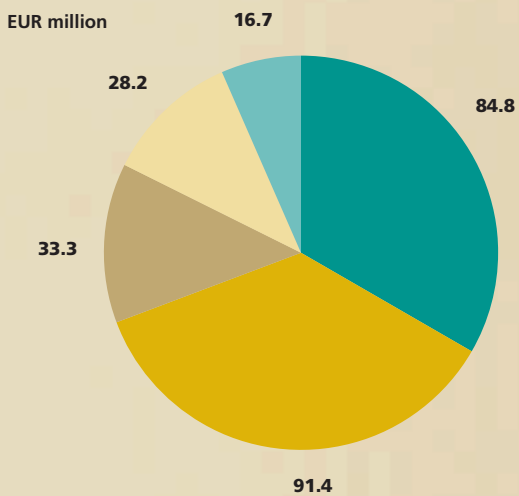
Current investments and investment commitments 1995–2002

EUR million

- Direct investments
- Start Fund of Kera (subsidiary)
- Commitments to funds



EUR million



Breakdown of investments and investment commitments on December 31, 2002

- Private equity funds EUR 84.8 million
- Venture capital funds EUR 91.4 million
- Regional funds EUR 33.3 million
- Direct investments EUR 28.2 million
- Start Fund of Kera Oy EUR 16.7 million

TRENDS IN VENTURE CAPITAL INVESTMENT

2002 was a challenging year on the Finnish, European and US venture capital markets. While there was already some hope of recovery on the European market, the downward slide continued in the United States. Contrary to the overall trend in the market, a record level of new capital was invested in the Finnish venture capital sector.

The improvement in the Finnish market was visible in the number of investments made by Finnish Industry Investment's investment portfolio funds in 2002. The funds covered a total of 328 investee companies by the end of the year which was 10 per cent above the previous year's figure of 298. New investments were made in 126 companies (2001: 147). The level of fund investment by Finnish Industry Investment remained almost unchanged at EUR 21.0 million (2001: EUR 22.2 million).

Sharp decline in US market

In the United States, the venture capital market continued its sharp decline during 2002, as anticipated. This was due to the ongoing restructuring within the sector in response to the shrinking number of projects, lower valuations of investee companies, continuing financial uncertainty, and commitments given to existing funds, most of which are unused. In 2002, a total of 172 US venture capital funds had an accumulated capital of USD 38.3 billion; in 2001, the equivalent figures were 478 funds and USD 105.6 billion. The collapse has been even greater in early-stage venture capital funds: in 2000, early-stage funds accumulated USD 106.9 billion, whereas in 2001 the figure was USD 40.7 billion, and in 2002 USD 6.8 billion. In 2002, most existing funds decided to release

their investor commitments in order to adjust operations to the declining number of projects and falling valuations of investee companies.

Balance attained on the European market

The European venture capital investment market was relatively stable throughout 2002. According to preliminary information, total investments came to EUR 27.2 billion as against EUR 24.3 billion in 2001. The emphasis was slightly on the latter half of 2002 and on major corporate acquisitions. Early-stage investments were down on 2001.

In Europe, funds accumulated EUR 19.4 billion in new capital in 2002 as against EUR 38.2 billion in 2001. There was, however, a good balance between new accumulation and invested capital. Capital was accumulated mainly by funds that focus on later-stage corporate restructuring.

Finland sees record amount of new capital invested in funds

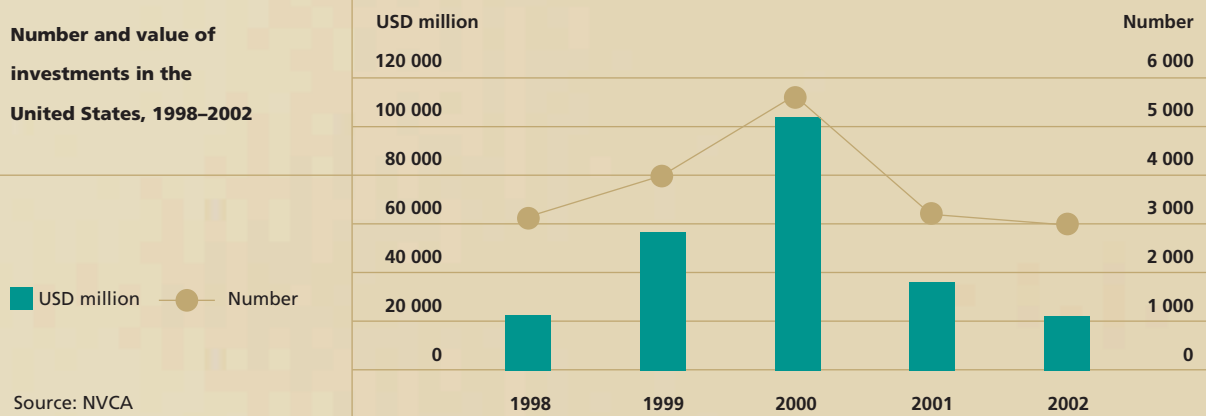
Data from the Finnish Venture Capital Association shows that the amount of investment by Finnish venture capital investors in 2002 was 12 per cent up on the previous year's figure. A total of 471 investments were made in 2002, worth a total of EUR 380 million; in 2001, the

corresponding figures were 449 and EUR 340 million. In contrast to the situation in the United States and elsewhere in Europe, the investments continued to include a substantial number of new first-time investments, totalling EUR 252 million; in 2001, the corresponding figure was EUR 221 million.

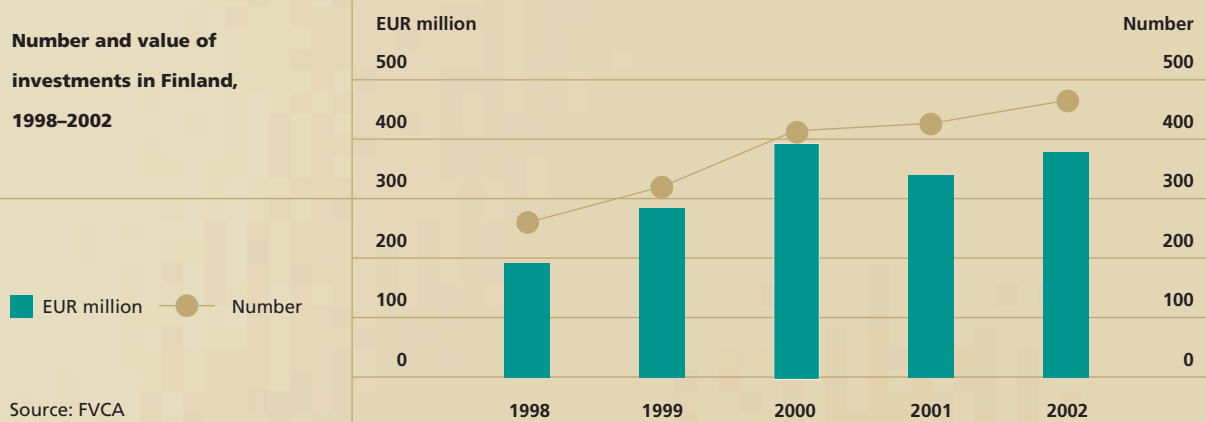
In 2002, the amount of new capital invested in funds on the Finnish venture capital market was EUR 779 million. This was more than ever before, reaching almost double the figure for 2001. The total amount of capital managed in the sector was up by 6 per cent, to EUR 2,953 million at the end of the year. The considerable growth in new capital largely coincided with the creation in 2002 of three new funds specializing in corporate acquisitions.

The growth in the proportion of private capital in the Finnish venture capital sector continued in 2002, accounting for some 95 per cent of the managed capital, compared with about 90 per cent in 2001. No new technology funds specializing in early-stage investments were established in Finland during 2002. However, there was significant growth in regional venture capital investment, with three new fixed-life regional funds set up during the year, attracting total assets of EUR 31 million.

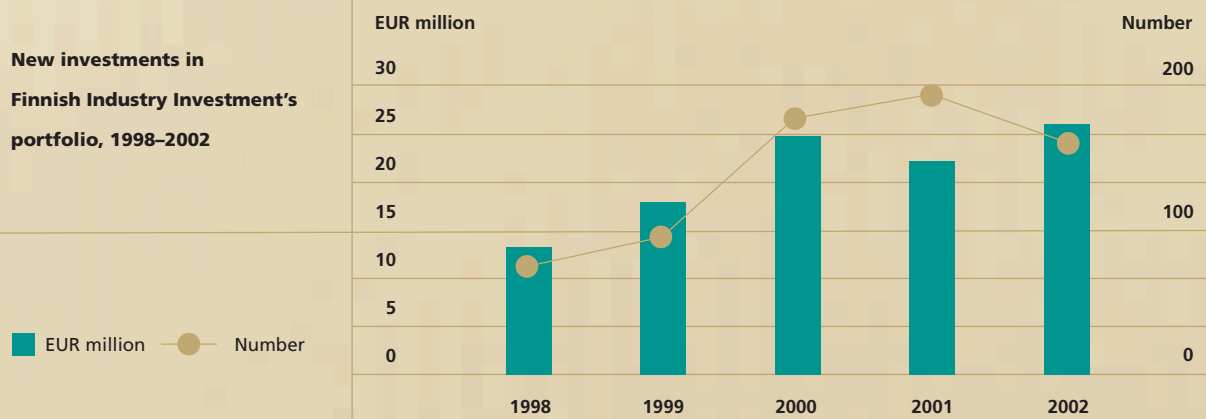
Number and value of investments in the United States, 1998–2002



Number and value of investments in Finland, 1998–2002



New investments in Finnish Industry Investment's portfolio, 1998–2002



INVESTMENTS IN VENTURE CAPITAL AND PRIVATE EQUITY FUNDS

The situation on the Finnish market was reflected in the number of new fund commitments made by Finnish Industry Investment Ltd in 2002. Its new fund investments increased to EUR 53 million from the previous year's EUR 34.5 million. The great majority of investments made by Finnish Industry Investment in 2002 were fund investments: the company was also a co-founder of regional funds in northern Finland and the Häme region.

During the financial year, Finnish Industry Investment made 8 investment commitments to new funds. Under decisions taken in 2001 mainly, investment commitments worth EUR 30 million were made to new funds specializing in later stage companies. In addition, an investment commitment of EUR 10 million was made to a fund specializing in both later stage companies and technology investments, EUR 5 million to an SME corporate restructuring fund and EUR 8 million to regional funds.

Finnish Industry Investment participated in 47 funds

Finnish Industry Investment has made investment commitments to a total of 47 venture capital and private equity funds. At the end of 2002, these funds had a combined portfolio of 407 investments in 328 companies, and were managed by 22 different management companies.

The funds have made capital calls totaling EUR 105 million from Finnish Industry Investment's capital commitments in order to finance their investments and operations; this corresponds to 46.6 per cent of Finnish Industry Investment's capital commitments. The investments made

by the funds account for about 89 per cent of their assets, while management fees account for 9 per cent and a further 2 per cent is held in the funds' accounts. Altogether, the funds have returned a total of EUR 43.2 million to Finnish Industry Investment in the form of capital and profits.

Finnish Industry Investment is well represented in regional funds

Finnish Industry Investment aims to support regional venture capital investment through its fund investment activities and by consulting with its fund partners. The purpose of this regional investment is to accelerate the growth of local businesses and develop their management expertise. Finnish Industry Investment has been a co-founder of almost all the limited partnership fixed-life regional funds in Finland. By the end of 2002, the company had invested in a total of 18 regional funds.

During the year, it also co-founded three new regional funds specializing in the financing of local early- and growth-stage companies. A significant proportion of the regional fund investors are private institutions. One of the new regional

funds focuses exclusively on seed-stage and start-up venture capital.

Teknoventure Rahasto II Ky

In spring 2002, Finnish Industry Investment co-founded the Teknoventure Rahasto II Ky fund, which operates in northern Finland. The fund is managed by the regional venture capital company Teknoventure Management Oy, and is the biggest of its funds. In the summer, at the end of the first investment round, the Teknoventure Rahasto II fund amounted to EUR 15.1 million, of which EUR 4 million is invested by Finnish Industry Investment. The fund's other investors are mainly national rather than local investors. The capital invested by Finnish Industry Investment accounts for 26.5 per cent of the fund's assets.

The creation of this new fund was an important step in developing venture capital activities in northern Finland. The fund makes it possible to foster at local level the development of companies with good growth potential and early growth-stage companies. For example, the business potential of the Oulu region, significant both locally and nationally, provides

an excellent opportunity for profitable venture capital investment on a firm foundation. The fund will concentrate its investment in northern Finnish growth centres, specifically targeting SMEs with the potential and desire to grow. It will help create the conditions for profitable growth in these companies and will also enable different types of corporate restructuring. The fund also has a separate seed allocation designed to simplify early-stage investment process.

Tamseed Ky

Finnish Industry Investment is a co-founder of the Pirkanmaa-based venture capital fund Tamseed Ky, which began operating in October 2002. The fund invests exclusively in seed-stage and start-up companies and is managed by Innofinance Oy. After the first round, Tamseed's investment commitments totalled EUR 5.6 million, of which EUR 1 million was invested by Finnish Industry Investment. The fund aims to accumulate about EUR 10 million in investment commitments by the end of 2003. The capital invested by Finnish Industry Investment accounts for 17.9 per cent of the fund's assets.

Sentio Invest Oy is the Pirkanmaa-based business partner of fund manager Innofinance. Sentio and Innofinance have signed a cooperation agreement that consolidates the venture capital activity in the region. Sentio specializes in growth-stage investments and corporate restructur-

ing, while Innofinance will focus on early-stage investments processes.

Sentio Kasvurahasto Ky

In December 2002, Finnish Industry Investment co-founded a new venture capital fund, Sentio Kasvurahasto, in the Pirkanmaa region. The fund is managed by Sentio Invest Oy and specializes in growth-stage SME companies and corporate ownership restructuring in the regions of Pirkanmaa, Päijät-Häme, Kanta-Häme, Satakunta and Southern Ostrobothnia.

The fund's first round investment commitments total over EUR 10 million, and the aim is to later expand this to EUR 20 million. Finnish Industry Investment's commitment is EUR 3 million, which represents 29.3 per cent of the fund.

The Tampereen Kasvurahasto Tasku Ky fund, managed by Sentio Invest, was closed to further investment in June 2002. The new fund continues as a financing source for growth-stage companies and corporate ownership restructuring. The new fund focuses especially on nurturing growth and international expansion in sectors which are prominent in the Pirkanmaa and Häme regions, namely mechanical engineering, automation, IT and health-care technology.

Helmet SME Ventures II Ky

The Helmet SME Ventures II Ky fund began operating early in 2002. The fund was initially closed to further investment

after it had accumulated capital of over EUR 13 million. Prior to the fund's second closure, a direct investment commitment was made by Finnish Industry Investment in October 2002. By the end of 2002, the fund had grown to EUR 21.8 million, of which EUR 5 million is committed by Finnish Industry Investment. The fund actually comprises two separate funds, one of which has a Garantia capital guarantee. The fund invests mainly in well-established SMEs that still have good growth potential, and looks especially for investee companies that need not only capital but also substantial management support in order to realize profitable growth and expand into the international arena. Typical investments for the fund are generational transfers of ownership in family businesses (i.e. family succession), corporate acquisitions, and corporate ownership and sectoral restructuring. Prior to the involvement of Finnish Industry Investment, the fund had made four investment decisions under the management of Helmet Venture Managers Oy. Finnish Industry Investment accounts for 22.9 per cent of the fund.

Procuritas Capital Investors III L.P.

In July 2002, Finnish Industry Investment made a commitment of EUR 10 million to the Procuritas Capital Investors III L.P. fund before the fund's second closure. The fund makes investments in the Nordic

countries, specializing in medium and moderately large companies that are going through a transitional phase in their development. The fund's capital currently totals EUR 184.9 million.

CapMan Equity VII Ky

Finnish Industry Investment is a co-founder of CapMan Equity VII, the seventh private equity fund established by CapMan Plc. The first financing round accumulated a total capital of EUR 166 million. Upon closure of the fund, its total commitments had risen to EUR 343 million. Finnish Industry Investment made the decision to invest in 2001, and it now accounts for EUR 10 million of the fund's assets. The other investors are primarily Finnish and other Nordic institutions. The fund's main investment emphasis is in companies operating in the Nordic countries. About two thirds of its investments are in corporate

restructuring of medium-sized companies and about one third in IT and telecommunications companies.

Sponsor Fund II Ky

Sponsor Fund II Ky, managed by Sponsor Capital Oy, began operation in January 2002. Finnish Industry Investment has a commitment of EUR 10 million in the fund's total capital of EUR 107 million; the decision to invest in the fund was taken in 2001. The fund's other investors are Finnish institutions. The fund will be making majority investments mainly in medium-sized Finnish companies in collaboration with the management of the company concerned.

Typically, investments will be in ancillary business operations disposed of by major companies as surplus to their core business requirements. Structural changes and generational changes of ownership in

family businesses also provide investment opportunities for the fund. The capital invested by Finnish Industry Investment accounts for 9.3 per cent of the fund's assets.

MB Equity Fund III Ky

In April 2002, Finnish Industry Investment co-founded MB Equity Fund III Ky, which is managed by MB Rahastot. The fund focuses on providing finance in different corporate growth and transition situations, such as acquisitions by management. The MB Equity Funds have 20 Finnish investors. The amount invested in the fund by Finnish Industry Investment is EUR 10 million; the decision to invest was made in 2001. The fund's total capital had grown to EUR 109.8 million by the end of 2002.

DIRECT INVESTMENTS

Finnish Industry Investment Ltd makes direct investments in selected companies in conjunction with co-investors, the companies themselves and other financiers. The investments are made as minority investments in unlisted companies. Direct investments can be made on economic and industrial policy grounds. However, any company invested in directly must always have good potential for commercial success.

In 2002, the company's direct investments amounted to EUR 9.4 million, compared with EUR 3.4 million the previous year. At the end of 2002, the Finnish Industry Investment portfolio contained 8 direct investments, with a total commitment of EUR 28.2 million. During the year, it was decided to make one direct investment at the start of 2003.

Incap Furniture Oy

In March 2002, Finnish Industry Investment invested EUR 3.0 million in Incap Furniture Oy, a contract manufacturer of furniture and the country's largest pine furniture maker. Finnish Industry Investment became a shareholder in Incap Furniture when Incap was sold in an MBO deal to Finnish Furniture Holding Oy. Besides Finnish Industry Investment, the other owners in Finnish Furniture Holding Oy are the Incap Furniture Oy management, JMC Finance Oy, Tekno-venture Oy and Jokilaaksojen Rahasto

I Ky. Incap Furniture Oy's Finnish operations are in Oulu, Haapavesi, Kärsämäki and Varpaisjärvi. In addition, it has a marketing company in the United States and a procurement company in Latvia. Incap Furniture employs about 250 people and had a turnover of EUR 51.5 million in 2002, representing a growth of almost 32 per cent on the previous year.

Finlux Oy

At the end of 2002, Finnish Industry Investment made a direct investment in Finlux Oy, bringing its total investment in Finlux to EUR 7.4 million. Finlux was established in 1927 and is today the only television manufacturer in the Nordic countries. In recent years the company has undergone ownership restructuring and has expanded its competence in certain areas, and is now to concentrate on producing integrated digital TVs and non-combustible TVs. Following financial restructuring in autumn 2002, Helmet

Business Mentors became the majority owner of Finlux. The company employs about 500 people and has an annual production capacity of about 500,000 television sets.

Konepaja Ceiko Oy

In August 2002, Finnish Industry Investment made a direct investment in Turku-based Konepaja Ceiko Oy as part of an MBI deal in conjunction with venture capital investment funds managed by Nordea Capital and Aboa Venture. Finnish Industry Investment's involvement with Ceiko is in the form of both a direct mezzanine loan and as an investor in the fund managed by Aboa Venture. Ceiko is a manufacturer of demanding welded and machined steel structures and has considerable expertise in mechanical engineering. It employs an average of 50 people.

START FUND OF KERA OY

2002 was the twelfth year of operation for Start Fund of Kera Oy, which has been a subsidiary of Finnish Industry Investment since 1998.

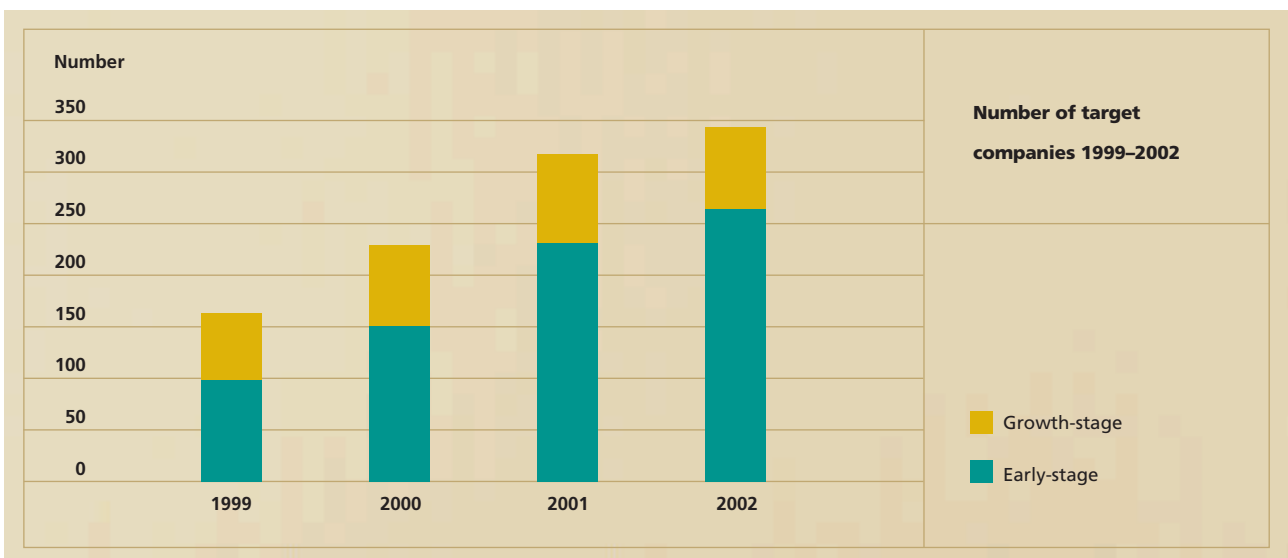
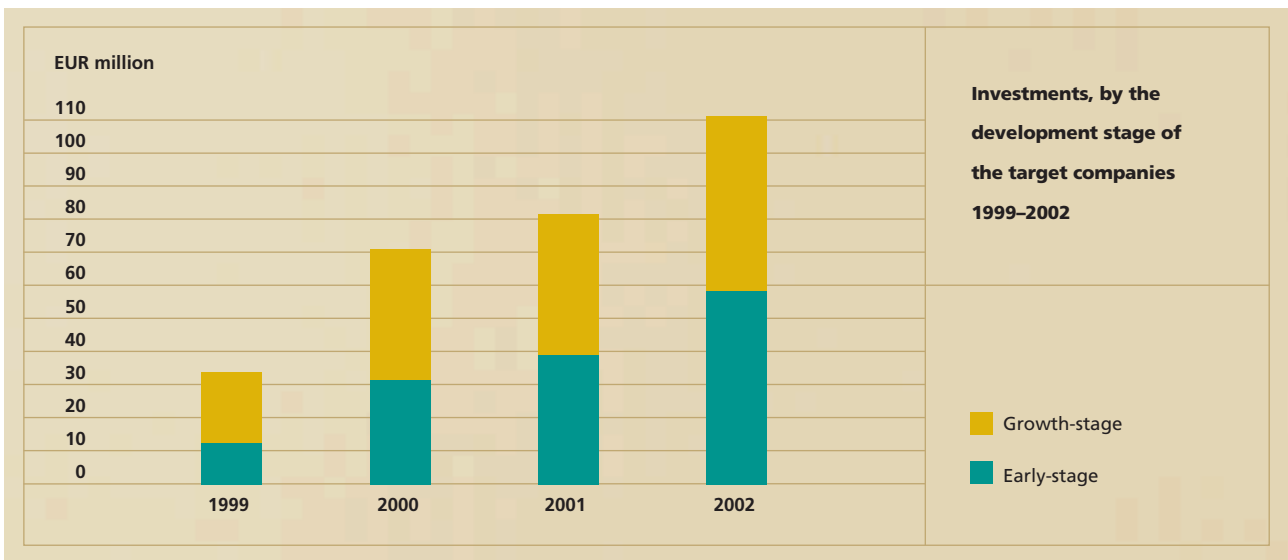
During 2002 the subsidiary continued to exit from investee companies as planned. It made final exits from 10 investee companies and made no follow-on investments.

At the end of 2002, Start Fund of Kera's portfolio included 9 investee com-

panies, with a total book value of EUR 1.8 million. In addition, the portfolio included 2 fund investments with a combined book value of EUR 1.5 million. The liquid assets of the company stood at EUR 36.6 million.

The company aims to divest its entire investee company portfolio by the end of 2003.

INVESTMENTS, BY THE DEVELOPMENT STAGE OF THE COMPANIES





Members of the board from the left: Sirikka-Liisa Roine, Markku Tapio, Kalle J. Korhonen, Harri Pynnä, Antti Paasio, Satu Huber and Pertti Kobi

REPORT BY THE BOARD OF DIRECTORS JANUARY 1 – DECEMBER 31, 2002

Operating environment

According to preliminary figures produced by the Finnish Venture Capital Association, a record amount of new capital was invested in Finland's venture capital sector in 2002. Correspondingly, the amount invested by Finnish venture capital investors was up by 12 per cent on 2001, reversing the previous decline.

The growth in investment and new venture capital in Finland during 2002 was especially attributable to the increased activity of funds specializing in finance for corporate restructuring, as was generally the case elsewhere in Europe. A total of EUR 380 million was invested by Finnish venture capital investors in 2002, compared with EUR 340 million in 2001. Private venture capital investors accounted for 89 per cent of the capital invested during the year, while public-sector investors accounted for 11 per cent; the total number of investments made in 2002 was 471, compared with 449 in 2001.

Preliminary data indicates that the total amount of capital managed by Finnish venture capital investors at the end of 2002 was EUR 2,953 million, which is 6 per cent higher than the 2001 total of EUR 2,785 million. Ninety-five per cent of all the capital managed by the sector was with private venture capital investors.

Investment activities

At the end of 2002, Finnish Industry Investment's fund commitments totalled EUR 209.4 million, of which new commitments made to funds during the year came to EUR 53.0 million. Direct invest-

ments totalled EUR 28.2 million at year-end, of which EUR 9.4 million was invested during the year. No exits were made.

At the end of the year, the company's investments and investment commitments together totalled EUR 254.4 million and comprised 47 fund investments, 8 direct investments and the majority holding in the Group subsidiary Start Fund of Kera Oy. The subsidiary exited from 10 companies during the year and made no new or follow-on investments. Its year-end investment portfolio comprised 9 investee companies and 2 fund investments.

At the end of 2002, Finnish Industry Investment Ltd was an investor in 345 companies, either directly or through Start Fund of Kera or other funds. These investments accounted for a total of EUR 111 million of Finnish Industry Investment's assets. 265 of the investee companies were early-stage enterprises and 80 were at later stages in their development. The investee companies employed a total of 84,000 personnel and had a combined turnover of EUR 10 billion.

Capital structure

Finnish Industry Investment Ltd is a venture capital investment company wholly owned by the State. Its initial capital in 1995 was FIM 320 million. The State invested a further FIM 80 million in the company in 1997, FIM 205 million in 1998 and FIM 500 million in 2000. During the 2001 financial year, the share capital was converted into euros and the State made a further investment of EUR 42 million. The State made no further

investment in the company in 2002. By the end of 2002, total State investment in the company was EUR 227.9 million.

In a supplementary budget announced in November 2002, the Government granted a sum of EUR 42 million for the purposes of increasing the share capital of Finnish Industry Investment Ltd. This increase in share capital will be made during 2003.

Profit, balance sheet and shareholders' equity

Finnish Industry Investment's performance in 2002 was weaker than in recent years. Funds delayed their exits from investee companies because of the weak economic trends. Write-downs were booked in direct investments, fund investments and asset management portfolios.

Income from realization of and interest and dividends on venture capital investments amounted to EUR 5.4 million. A total of EUR 5.6 million was booked as write-downs on investments. Valuation of the investments was in accordance with the recommendations of the Finnish Venture Capital Association, and write-down bookings were made when the write-downs were estimated to be of significance and permanent.

The company's investments in liquid securities had a total book value of EUR 113.2 million at the end of 2002 and comprised EUR 86.2 million in interest-bearing instruments and EUR 27.1 million in equities. Income from investment in liquid securities totalled EUR 1.4 million. A total of EUR 4.7 million was

booked as write-downs. The company's investments in liquid securities are managed by its three asset managers, each of whom has unlimited power of attorney. In the company's financial statements, liquid securities are valued at the lower of their acquisition price and current price at the close of business on the last day of the financial year.

Fixed expenses for the year totalled EUR 1.7 million, compared with EUR 1.3 million in 2001. The results for the year showed a loss of EUR 5.6 million, as against a profit of EUR 4.1 million in 2001.

The Group subsidiary Start Fund of Kera Oy turned in a profit of EUR 3.4 million, compared with a profit of EUR 2.1 million the previous year. At year-end, the shareholders' equity of Start Fund of Kera Oy stood at EUR 38.0 million (2001: EUR 38.9 million).

The consolidated results of Finnish Industry Investment Ltd for 2002 showed a loss of EUR 6.3 million; the Group recorded a loss of EUR 0.9 million the previous year. The consolidated balance sheet at year-end was EUR 265.5 million (EUR 271 million in 2001). Consolidated shareholders' equity stood at EUR 250.1 million, compared with EUR 257.8 million the previous year.

Administration

The Annual General Meeting of the shareholders of Finnish Industry Investment Ltd, held on March 19, 2002, elected Markku Tapiro chairman of the Board of

Directors, and Satu Huber, Pertti Kohi, Kalle J. Korhonen, Antti Paasio, Harri Pynnä and Sirkka-Liisa Roine as regular Board members.

The company appointed KPMG Wideri Oy Ab, Authorized Public Accountants, as its auditors, with Hannu Niilekselä as chief auditor.

The members of the company's Investment Council, elected by the Board of Directors on April 11, 2002, were Jarmo Leppiniemi, Maija-Liisa Friman, Eero Hovi, Pertti Karhinen, Juha Korkeaaja, Pekka Kuosmanen, Reijo Laitinen, Veli-Pekka Saarnivaara, Ulla Sirkeinen and Matti Viialainen. The Council's chairman was Jarmo Leppiniemi.

The Managing Director of Finnish Industry Investment Ltd is Juha Marjosola.

Members of the Board of Directors are not paid any remuneration other than that deriving from their membership. None of the company's management has any form of business relationship with Finnish Industry Investment Ltd. The State's liability does not exceed the total amount of shareholders' equity.

Board proposal for the distribution of profit

The Group's distributable non-restricted shareholders' equity stood at EUR 22,271,311 on December 31, 2002.

The parent company's distributable non-restricted shareholders' equity on the same date was EUR 14,867,159, and a loss of EUR 5,563,679 was recorded. The Board proposes to the Annual General Meeting

that no dividend be distributed on the 2002 financial year from profits at the Meeting's disposal.

Future prospects

Finnish Industry Investment's operations were assessed by the State Audit Office and a number of international experts during the year. As a result, the Ministry of Trade and Industry has introduced some alterations to the company's operating policies. In particular, Finnish Industry Investment is required to pay special attention to ensuring that risk financing is directed more effectively at seed-stage companies throughout the country. Another priority is the further development of venture capital investment regionally; risk financing that targets regional development will in future be arranged by Finnish Industry Investment Ltd in conjunction with the financing company Finnvera Plc, as the Finnish National Fund for Research and Development (Sitra) is withdrawing from such regional investment.

Most of Finnish Industry Investment's assets will continue to be allocated to fund investments. The possibility of setting up new venture capital funds in the biotechnology and mining sectors is being investigated. If risk finance cannot be given effectively enough via such funds, the company will also invest directly in companies. Direct investment in major projects or corporate restructuring schemes will be made primarily on industrial policy grounds.

FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2002

INCOME STATEMENT

€	Group		Parent company	
	Jan. 1-Dec. 31, 2002	Jan. 1-Dec. 31, 2001	Jan. 1-Dec. 31, 2002	Jan. 1-Dec. 31, 2001
Other income from business operations	5 705 600.82	1 473 938.33		
Personnel expenses	-565 632.85	-543 006.48	-565 632.85	-541 699.66
Depreciation	-39 925.80	-29 259.89	-39 925.80	-29 259.89
Depreciation on goodwill	-511 400.03	-511 400.03		
Other business expenses	-3 135 708.85	-1 147 063.56	-1 108 989.66	-775 324.48
Operating profit/loss	1 452 933.29	-756 791.63	-1 714 548.31	-1 346 284.03
Financial income and expenses				
Profit from investment in non-current assets	3 053 629.29	3 470 434.42	5 421 183.95	10 118 447.78
Other interest income and financial income/expense	-1 865 648.93	413 456.30	-3 250 640.52	-759 235.71
Interest expenses	-34 639.22	-11 204.72	-34 639.22	-10 344.51
Write-downs on investments in non-current assets	-6 010 214.25	-2 970 768.09	-5 612 192.07	-3 363 758.53
Profit+/loss- before extraordinary items, reserves and taxes	-3 403 939.82	145 126.28	-5 190 836.17	4 638 825.00
Direct taxes	-1 744 970.73	-297 615.23	-372 842.63	-528 591.59
Profit for the period before minority interest	-5 148 910.55	-152 488.95		
Minority interest	-1 122 498.10	-711 683.63		
Profit (+)/loss (-) for the period	-6 271 408.65	-864 172.58	-5 563 678.80	4 110 233.41

BALANCE SHEET

€	Group		Parent company	
	Dec. 31, 2002	Dec. 31,2001	Dec. 31, 2002	Dec. 31, 2001
Assets				
Non-current assets				
Intangible assets	4 819.26	6 024.06	4 819.26	6 024.06
Consolidated goodwill	468 782.56	980 182.60		
Tangible assets	116 160.69	67 506.98	116 160.69	67 506.98
Investments				
Shares in Group companies			16 717 209.75	16 717 209.75
Shares and holdings	94 731 348.59	81 505 178.41	92 431 307.86	76 356 490.23
Receivables	16 748 870.49	6 289 450.53	15 764 971.12	4 885 821.37
Total investments	111 480 219.08	87 794 628.94	124 913 488.73	97 959 521.35
Non-current assets, total	112 069 981.59	88 848 342.58	125 034 468.68	98 033 052.39
Current assets				
Current receivables	2 826 162.19	6 028 437.00	3 901 637.80	3 439 184.90
Liquid securities	149 158 359.08	174 069 780.70	113 226 308.35	147 781 219.91
Cash in hand and at bank	1 435 320.79	2 022 490.16	678 368.18	526 931.59
Current assets, total	153 419 842.06	182 120 707.86	117 806 314.33	151 747 336.40
Assets, total	265 489 823.65	270 969 050.44	242 840 783.01	249 780 388.79

	Group		Parent company	
	Dec. 31, 2002	Dec. 31,2001	Dec. 31, 2002	Dec. 31, 2001
Liabilities				
Shareholders' equity				
Share capital	45 582 200.00	45 582 200.00	45 582 200.00	45 582 200.00
Issue premium fund	182 265 458.74	182 265 458.74	182 265 458.74	182 265 458.74
Profit for the previous year	28 542 719.99	30 775 442.57	20 430 838.12	17 689 154.71
Profit/loss for the financial year	-6 271 408.65	-864 172.58	-5 563 678.80	4 110 233.41
Shareholders' equity, total	250 118 970.08	257 758 928.73	242 714 818.06	249 647 046.86
Minority interest	12 677 467.16	12 421 849.06		
Liabilities				
Current				
Accounts payable	30 848.61	40 557.34	30 633.76	33 826.48
Other liabilities	1 022 933.53	519 676.20	43 450.24	36 676.57
Accrued liabilities and deferred income	1 639 604.27	228 039.11	51 880.95	62 838.88
Current liabilities, total	2 693 386.41	788 272.65	125 964.95	133 341.93
Liabilities, total	265 489 823.65	270 969 050.44	242 840 783.01	249 780 388.79

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

€	Group		Parent company	
	Jan. 1-Dec. 31, 2002	Jan. 1-Dec. 31, 2001	Jan. 1-Dec. 31, 2002	Jan. 1-Dec. 31, 2001
Cash flow from operations				
Net profit	1 452 933	-756 792	-1 714 548	-1 346 284
Adjustments to operating profit	-5 154 273	-933 278	39 926	29 260
Change in working capital	4 614 555	-3 217 632	239 443	19 805
Paid interest and payments of other financial expenses		-860		
Direct taxes paid	-880 433	-6 451 173	-4 375	-3 081 788
Cash flow from extraordinary items				
Cash flow from operations (A)	32 782	-11 359 735	-1 439 554	-4 379 007
Cash flow from investments				
Income from sale of investments	5 680 473	1 530 238		56 300
Interest from investments	2 010 047	3 131 148	1 952 369	2 828 688
Dividends from investments	499 797	141 323	2 220 810	5 065 186
Other income from investments	331 402	89 051	306 274	89 051
Investment in securities	-29 695 806	-24 253 122	-32 566 159	-25 005 072
Investment in tangible and intangible assets	-87 375	-24 541	-87 375	-24 541
Cash flow from investments (B)	-21 261 462	-19 385 903	-28 174 081	-16 990 388
Cash flow from financing activities				
Share issue		42 000 000		42 000 000
Interest from financing activities	6 135 554	7 170 971	4 744 739	5 702 530
Change in liquid securities	20 224 890	-46 886 575	29 874 203	-20 608 092
Dividends from financing	446 961	388 369	446 961	388 369
Sales losses from financing	-3 932 282	-2 158 867	-3 932 282	-2 158 867
Dividends paid and other distribution of profit	-2 233 612	-7 264 584	-1 368 550	-4 776 285
Cash flow from financing activities (C)	20 641 511	-6 750 686	29 765 071	20 547 655
Change in liquid funds (A+B+C)	-587 169	-37 496 324	151 436	-821 740
Liquid funds at beginning of period	2 022 490	39 518 814	526 932	1 348 672
Liquid funds at end of period	1 435 321	2 022 490	678 368	526 932
	-587 169	-37 496 324	151 436	-821 740

NOTES TO THE FINANCIAL STATEMENT

ACCOUNTING PRINCIPLES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Finnish Industry Investment Ltd's subsidiary Start Fund of Kera Oy has been included in the consolidated financial statements using the acquisition cost method. The difference in shareholders' equity corresponding to the acquired share of the cost of acquiring the subsidiary is entered as goodwill. Consolidated goodwill is depreciated over five years. The minority interest has been separated from consolidated shareholders' equity and result and entered as a separate item. Start Fund of Kera Oy's partnership companies and the parent company's partnership funds have not been consolidated, but are valued in the consolidated financial statements at acquisition cost or market value, whichever is lower. Market value was defined following the Finnish Venture Capital Association's recommendations.

VALUATION PRINCIPLES USED IN THE FINANCIAL STATEMENTS

Physical fixed assets

Fixed assets are entered in the balance sheet at acquisition cost less planned depreciation.

Intangible assets

Intangible rights	straight-line depreciation	5 years
Consolidated goodwill	straight-line depreciation	5 years

Other intangible assets

Tangible assets

Machinery and equipment	reducing balance	25%
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Securities under fixed assets and other non-current investments

Holdings and shares and other non-current investments are valued in the balance sheet at acquisition cost or market value, whichever is lower. Market value has been defined following the recommended principles of the Finnish Venture Capital Association. Write-down bookings were made on fund investments if the write-down was estimated to be of significance (at least 20 per cent) and permanent. Permanence was judged against the life of the fund (life of at least 48 months) and the amount invested (capital calls totalling at least 40 per cent).

Securities under financial assets

Securities under financial assets are valued at acquisition cost or market value, whichever is lower. The difference between acquisition cost and nominal value is accrued as interest income.

INCOME STATEMENT

In the income statement, the basic formula given in section 1 of the Accounting Decree has been used, according to the State Accounting Committee decision. Income typical of venture investment, such as dividends, shares of profit and interest, is entered under 'financial income and expenses'. Sales gains arising in exits are entered under 'other business income'.

INCOME STATEMENT

€	Group		Parent company	
	2002	2001	2002	2001
Other business income				
Sales gains in shares	5 680 473	1 454 551		
Other income	25 128	19 388		
	5 705 601	1 473 938		
Financial income and expenses				
On investments of non-current assets				
Dividends	702 669	183 592	3 127 901	7 134 065
Shares of profits	1 591 031	2 619 623	1 581 715	2 445 414
Other financial income	759 929	667 220	711 568	538 969
	3 053 629	3 470 434	5 421 184	10 118 448
Other interest and financial income/expenses	2 786 243	5 559 103	1 395 429	4 090 662
Write-downs on investments in fixed assets	-4 686 531	-5 145 647	-4 680 708	-4 849 897
	-1 900 288	413 456	-3 285 280	-759 236
Write-downs on investments in fixed assets	-6 010 214	-2 970 768	-5 612 192	-3 363 759
Personnel expenses				
Salaries and fees	-469 718	-458 079	-469 718	-456 818
Pension expenses	-76 717	-89 903	-76 717	-89 903
Other personnel expenses	-19 198	4 976	-19 198	5 021
	-565 633	-543 006	-565 633	-541 700
Depreciation and write-downs on fixed assets				
Depreciation on tangible and intangible asset	-39 926	-29 260	-39 926	-29 260
Depreciation on consolidated goodwill	-511 400	-511 401		
	-551 326	-540 661	-39 926	-29 260

STAFF

During the financial period, the company had a staff of seven on average (the average number in 2001 was seven). These figures are the same for the Group.

SALARIES AND FEES PAID TO THE MANAGEMENT

	Group		Parent company	
	2002	2001	2002	2001
Board of Directors	75 964	59 668	75 964	58 361

CHANGES IN ACQUISITION COSTS OF FIXED ASSETS

€	Group		Parent company	
	2002	2001	2002	2001
Intangible assets				
Acquisition cost Jan. 1	38 949	37 275	38 949	37 275
Increases		1 673		1 673
Decreases				
Accumulated depreciation	-32 925	-26 168	-32 925	-26 168
Depreciation during the period	-1 205	-6 758	-1 205	-6 758
Balance sheet Dec. 31	4 819	6 024	4 819	6 024
Consolidated goodwill				
Acquisition cost Jan. 1	2 557 003	2 557 003		
Increases				
Decreases				
Accumulated depreciation	-1 576 820	-1 065 419		
Depreciation during the period	-511 401	-511 401		
Balance sheet Dec. 31	468 782	980 183		
Machinery and equipment				
Acquisition cost Jan. 1	232 985	210 117	232 985	210 117
Increases	118 552	22 868	118 552	22 868
Decreases	-31 177		-31 177	
Accumulated depreciation	-165 478	-142 975	-165 478	-142 975
Depreciation during the period	-38 721	-22 502	-38 721	-22 502
Balance sheet Dec. 31	116 161	67 507	116 161	67 507

FINANCIAL SECURITIES UNDER CURRENT ASSETS

€

Group	2002		2001	
	Book value	Market value	Book value	Market value
Bonds	87 981 230	89 909 608	88 548 487	88 643 858
Deposits	390 000	390 000	690 000	690 000
Interest rate fund units	10 236 582	10 690 701	39 557 520	39 691 049
Certificates of deposits and commercial papers	23 485 743	23 593 459	16 386 796	16 491 057
	122 093 555	124 583 768	145 182 803	145 515 964
Shares	11 645 382	12 200 764	12 646 298	13 527 942
Equity fund units	15 419 422	15 419 422	16 240 680	16 240 680
	27 064 804	27 620 186	28 886 978	29 768 621

Parent company	2002		2001	
	Book value	Market value	Book value	Market value
Bonds	63 596 948	65 550 051	64 164 205	64 148 959
Deposits	390 000	390 000	690 000	690 000
Interest rate fund units	10 236 582	10 690 701	39 557 520	39 691 049
Certificates of deposits and commercial papers	11 942 230	12 031 809	14 492 595	14 592 263
	86 165 759	88 662 561	118 904 320	119 122 271
Shares	11 641 127	12 190 686	12 636 220	13 517 863
Equity fund units	15 419 422	15 419 422	16 240 680	16 240 680
	27 060 549	27 610 108	28 876 900	29 758 543

The book value of bonds, certificates of deposits and commercial papers is the lower of their acquisition price or market value.
Shares are valued at the lower of their acquisition price or market price.

INCREASES AND DECREASES IN SHAREHOLDERS' EQUITY ITEMS DURING THE PERIOD

€	Group		Parent company	
	2002	2001	2002	2001
Share capital Jan. 1.	45 582 200	37 169 532	45 582 200	37 169 532
Rights issue of share capital		8 412 668		8 412 668
Share capital Dec. 31	45 582 200	45 582 200	45 582 200	45 582 200
Reserve fund Jan. 1				
Transferred to issue premium fund				
Reserve fund Dec. 31	0	0	0	0
Issue premium fund Jan. 1	182 265 459	148 678 127	182 265 459	148 678 127
Issue premium		33 587 332		33 587 332
Transferred from reserve fund				
Issue premium fund Dec. 31	182 265 459	182 265 459	182 265 459	182 265 459
Retained profit Jan. 1	29 911 270	35 551 727	21 799 388	22 465 439
Dividend distributed	1 368 550	4 776 285	1 368 550	4 776 285
Retained profit Dec. 31	28 542 720	30 775 442	20 430 838	17 689 155
Profit for the period	-6 271 409	-864 173	-5 563 679	4 110 233
Shareholders' equity, total	250 118 970	257 758 929	242 714 818	249 647 047

The comparison data for the Group has been adjusted by allocating the minority interest in the subsidiary's dividend to the minority interest item and entering it under the Group's untied equity.

STATEMENT OF DISTRIBUTABLE FUNDS

€	Group		Parent company	
	2002	2001	2002	2001
Retained profit	28 542 720	8 655 720	20 430 838	8 137 505
Profit for the period	-6 271 409	26 896 007	-5 563 679	14 327 935
Total	22 271 311	35 551 727	14 867 159	22 465 439
CONTINGENT LIABILITIES				
Leasing liabilities	76 187	63 541	76 187	63 541
Investment commitments				
Funds	120 808 945	99 031 063	120 475 082	98 599 465
Target companies				
Total	120 808 945	99 031 063	120 475 082	98 599 465

SHARES, HOLDINGS AND OTHER INVESTMENTS OWNED BY THE GROUP AND PARENT COMPANY

Equity investments

€ Company	Group			Parent company			Per partnership company's last financial statement		
	holding %	nominal value	book value	holding %	nominal value	book value	result	shareholders' equity*	date
Detection Technology Oy	22.70	11 269	420 470				-29 233	2 276 599	31.12.2001
Elesco Holding Oy	29.00	318 380					-296 647	-78 743	31.12.2001
Fluid-Bag Oy Ab	21.69	487 745					-80 571	715 287	31.12.2001
Forchem Oy	14.00	205 346	526 754	14.00	205 346	526 754	-44 962	7 154 290	31.12.2001
Ima Engineering Oy	35.51	32 797					8 551	91 865	30.6.2002
Incap Furniture Oy	21.99	213 802	450 000	21.99	213 802	450 000	334 517	2 365 485	31.12.2002
Jopamac Oy	28.51	87 458					-48 204	235 029	31.12.2001
Jutron Oy	5.40	9 195	1 682 593	5.40	9 195	1 682 593	-1 271 256	4 252 258	31.12.2001
Kupari Solutions Oy	24.73	50 456					-231 541	65 048	31.12.2001
Okmetic Oyj	3.79	447 825	1 525 228	3.79	447 825	1 525 228	-414 836	94 567 683	31.12.2001
POM Technology Oy Ab	16.95	48 606	281 378				-620 011	924 762	31.12.2001
Setec Oyj	15.38	1 034 860	3 418 753	15.38	1 034 860	3 418 753	7 086 902	22 226 076	31.12.2001
Tooler Oy	16.56	101 400	63 953				307 866	404 378	31.12.2001
Wallas-Marin Oy	19.02	9 351	5 126				176 768	624 167	31.12.2001
TOTAL			8 374 256			7 603 328			
Start Fund of Kera Oy	subsidiary			66.67	9 690 818	16 717 210			

*including capital loan

Holdings in limited partnership

€	Group			Parent company			Per partnership company's last financial statement			
	Fund	holding %	investment commitment	book value	holding %	investment commitment	book value	result	shareholders' equity	date
	Aboa Venture II Ky	13.99	1 319 451	1 059 711	13.99	1 319 451	1 059 711	-1 469 942	5 403 068	31.12.2002
	Aboa Venture III Ky	17.61	2 000 000	224 001	17.61	2 000 000	224 001			*
	Aura Capital Rahasto V Ky	13.33	645 414	288 237	13.33	645 414	288 237	-290 661	2 151 636	31.12.2002
	Bio Fund Ventures II Ky	5.00	3 350 256	3 129 994	5.00	3 350 256	3 129 994	-1 600 860	46 911 351	31.12.2001
	Bio Fund Ventures III Ky	12.11	10 000 000	2 124 212	12.11	10 000 000	2 124 212	-1 334 090	5 689 842	31.12.2001
	CapMan Equity VII A L.P.	9.37	10 000 000	1 490 000	9.37	10 000 000	1 490 000			*
	CIM Venture Fund for Creative Industries Ky	22.56	5 000 000	581 109	22.56	5 000 000	581 109	-601 119	723 477	31.12.2001
	EQT Finland Fund C.V.	6.08	8 409 396	2 419 436	6.08	8 409 396	2 419 436	0	25 677 000	31.12.2002
	EQVITEC Technology Fund II Ky	7.47	10 000 000	1 843 145	7.47	10 000 000	1 843 145	-3 106 502	18 836 147	31.12.2002
	EQVITEC Technology Mezzanine Fund I A Ky	42.33	15 508 745	6 746 562	42.33	15 508 745	6 746 562	811 582	16 856 118	31.12.2002
	EQVITEC Teknologiarahasto I Ky	18.26	9 413 626	5 974 774	18.26	9 413 626	5 974 774	-5 712 060	37 020 399	31.12.2002
	Etelä-Pohjanmaan Rahasto Ky	33.33	1 526 760	530 577	33.33	1 526 760	530 577	-263 395	1 011 757	31.12.2001
	Etelä-Savon Pääomarahasto Ky	14.88	756 846	556 147	14.88	756 846	556 147	-891 594	4 076 011	31.12.2001
	Fenno Rahasto Ky	7.92	2 982 108	2 982 108	7.92	2 982 108	2 982 108	-377 735	37 271 381	31.12.2002
	Finnmezzanine Rahasto III A Ky	9.87	10 000 000	3 798 000	9.87	10 000 000	3 798 000	2 494 072	38 494 061	31.12.2002
	Finnventure Rahasto III Ky	13.66	1 458 525	1 072 873	13.66	1 458 525	1 072 873	-649 457	9 225 038	31.12.2002
	Finnventure Rahasto IV Ky	5.66	2 692 807	2 618 804	5.66	2 692 807	2 618 804	1 825 655	45 489 282	31.12.2002
	Finnventure Rahasto V ET Ky	49.51	16 817 258	13 561 866	49.51	16 817 258	13 561 866	-8 929 622	17 099 785	31.12.2002
	Forenia Venture I Ky	31.34	2 136 017	1 852 066	15.67	1 056 306	914 330	61 270	6 044 656	31.12.2002
	Grow How Rahasto I Ky	14.27	3 000 000	257 031	14.27	3 000 000	257 031	-68 904	319 100	31.12.2001
	Helmet SME Ventures II Ky	29.27	5 000 000	2 092 703	29.27	5 000 000	2 092 703	-137 895	5 092 036	31.12.2002
	Industri Kapital 2000 Fund LP VII	5.75	9 228 861	7 396 064	5.75	9 228 861	7 396 064	6 988 126	135 218 456	30.9.2002
	Jokilaaksojen Rahasto I Ky	34.23	1 840 644	634 852	34.23	1 840 644	634 852	-121 725	895 694	31.12.2001
	Kareliaventure Rahasto Ky	33.32	1 082 602	636 727	33.32	1 082 602	636 727	-31 306	1 548 114	31.12.2001
	Karhu Pääomarahasto Ky	22.55	554 432	246 390	22.55	554 432	246 390	-90 628	2 860 080	31.12.2001
	Lahden Alueen Pääomarahasto Ky	28.40	459 556	330 052	28.40	459 556	330 052	147 349	963 337	31.12.2001
	Lapin Rahasto I Ky	26.03	832 160	172 576	26.03	832 160	172 576	-158 397	672 374	31.12.2002
	MB Equity Fund II Ky	9.99	3 829 912	2 958 559	9.99	3 829 912	2 958 559	1 072 775	32 465 491	31.12.2002
	MB Equity Fund III Ky	26.53	10 000 000	501 602	26.53	10 000 000	501 602	3 083 860	39 454 668	31.12.2002
	MB Equity Fund Ky	17.44	1 256 206	1 256 206	17.44	1 256 206	1 256 206	244 217	8 178 136	31.12.2002
	MB Mezzanine Fund II Ky	5.00	2 529 546	1 808 020	5.00	2 529 546	1 808 020	3 083 860	39 454 668	31.12.2002
	Metal Fund Ky	33.33	1 681 879	1 056 939	33.33	1 681 879	1 056 939	-207 314	2 162 055	31.12.2001
	Midinvest Fund I Ky	25.15	3 363 759	831 233	25.15	3 363 759	831 233	-234 104	966 596	31.12.2001
	NEXIT Infocom 2000 Fund LP	6.12	5 000 000	2 143 164	6.12	5 000 000	2 143 164	-8 090 552	16 021 725	31.12.2001
	Procuritas Capital Investors III 'B' L.P.	0.00	10 000 000	277 547	0.00	10 000 000	277 547			*
	Profita Fund I Ky	18.07	996 547	862 637	18.07	996 547	862 637	1 586 569	4 773 257	31.12.2002
	Savon Kasvurahasto I Ky	12.90	986 102	525 203	12.90	986 102	525 203	-654 838	3 899 593	31.12.2001
	Seedcap Ky	24.96	3 353 976	1 604 614	24.96	3 353 976	1 604 614	-723 726	2 301 302	31.12.2001
	Sentio Kasvurahasto Ky	0.00	3 000 000	0	0.00	3 000 000	0			**
	SFK 99-Rahasto Ky	5.02	2 810 437	2 285 672	5.02	2 810 437	2 285 672	-5 135 872	33 434 589	31.12.2002
	Slottsbacken Fund II Ky	18.24	5 000 000	1 128 150	18.24	5 000 000	1 128 150	-966 995	3 143 755	31.12.2001
	Sponsor Fund I Ky	3.33	2 363 369	1 490 998	3.33	2 363 369	1 490 998	8 385 181	33 008 110	31.12.2001
	Sponsor Fund II Ky	9.34	10 000 000	162 126	9.34	10 000 000	162 126			*
	Tamseed Ky	39.29	1 000 000	8 036	39.29	1 000 000	8 036			**
	Tasku Ky	32.23	2 511 204	1 515 552	32.23	2 511 204	1 515 552	-19 554	4 090 333	31.12.2001
	Teknoventure Rahasto II Ky	8.90	4 000 000	330 921	8.90	4 000 000	330 921			*
	Telecomia Venture I Ky	34.02	1 594 380	989 897	17.01	811 115	398 520	-12 329	2 222 035	31.12.2002
	TOTAL		211 292 784	86 357 093		209 429 807	84 827 980			

* financial statements of the 1st financial period not yet adopted

** the 1st financial period will finish December 31, 2003

Other investments

€	Group		Parent company		
	Target	type of investment	book value	type of investment	book value
	Detection Technology Oy	Convertible bond	420 470		
	Elesco Holding Oy	Convertible bond	252 282		
	Finlux Oy	Subordinated loan	7 363 759	Subordinated loan	7 363 759
	Forchem Oy	Subordinated convertible bond	2 845 507	Subordinated convertible bond	2 845 507
	Ima Engineering Oy	Convertible bond			
	Incap Furniture Oy	Subordinated loan	2 550 000		2 550 000
	Konepaja Ceiko Oy	Loan	2 400 000	Loan	2 400 000
	Kupari Solutions Oy	Convertible bond	100 913		
	Okmetic Oyj	Subordinated loan	605 705	Subordinated loan	605 705
	Tooler Oy	Subordinated loan	126 141		
	Wallas-Marin Oy	Partly subordinated loan	84 094		
	TOTAL		16 748 870		15 764 971
	Total investments		111 480 219		124 913 489
	Investments commitments / funds		120 808 945		120 475 082
	Investments commitments / target companies				
	Total		120 808 945		120 475 082

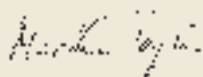
The Group's share of value of investments reported by funds based on its holding percentage (calculated per Finnish Venture Capital Association recommendations) is about EUR 76.0 million and that of the parent company about EUR 74.3 million.

The Group's value of target company investments made from its own balance sheet (calculated per Finnish Venture Capital Association recommendations) is about EUR 24.5 million and that of the parent company (without subsidiary investment) about EUR 22.7 million.

**CHANGES IN THE VALUE OF HOLDINGS, SHARES AND
OTHER INVESTMENTS HELD BY THE GROUP AND PARENT COMPANY**

€	Group				Parent company			
	Shares	Holdings in funds	Receivables	Total	Shares	Holdings in funds	Receivables	Total
Acquisition costs Jan. 1, 2002	15 443 531	69 517 626	7 541 744	92 502 901	25 355 984	67 717 716	4 885 821	97 959 521
Increases	450 000	25 924 331	14 242 908	40 617 239	450 000	25 826 597	14 242 908	40 519 505
Decreases	3 630 959	4 958 119	1 091 775	9 680 852		4 589 587		4 589 587
Acquisition costs Dec. 31, 2002	12 262 572	90 483 838	20 692 877	123 439 287	25 805 984	88 954 725	19 128 730	133 889 439
Accumulated depreciations and write-downs Jan. 1, 2002	3 455 979		4 616 053	8 072 031			3 363 759	3 363 759
Write-downs	1 861 170	4 126 746	50 456	6 038 372	1 485 446	4 126 746		5 612 192
Cancellation of write-downs on other income from operations	1 428 832		722 501	2 151 333				
Book value Dec. 31, 2002	8 374 255	86 357 092	16 748 870	111 480 218	24 320 538	84 827 980	15 764 971	124 913 488

Helsinki, March 28, 2003



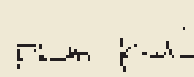
Markku Tapio
Chairman of the
Board of Directors




Kalle J. Korhonen
Vice Chairman of the
Board of Directors



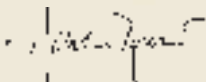
Satu Huber



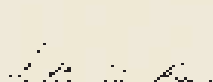
Pertti Kohi



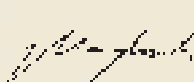
Antti Paasio



Harri Pynnä



Sirkka-Liisa Roine

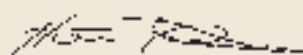


Juha Marjosola
Managing Director

The financial statements have been prepared in accordance with Generally Accepted Finnish Auditing Standards.
The auditors' report has been submitted today.

Helsinki, March 28, 2003

KPMG WIDERI OY AB
Authorized public accountants



Hannu Niilekselä, APA

AUDITORS' REPORT

To the shareholders of Finnish Industry Investment Ltd

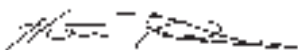
We have audited the accounting, financial statements and corporate governance of Finnish Industry Investment Ltd for the period January 1 - December 31, 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements and balance sheets, and notes to the accounts, were prepared by the Board of Directors and the Managing Director. Based on our audit, we express the following opinion on these financial statements and the corporate governance.

We have conducted our audit in accordance with the Finnish Auditing Standards. The accounting and the principles, content and presentation of the financial statements were audited to verify that they were free of material misstatement. The purpose of the audit of corporate governance is to ensure that the Board of Directors and the Managing Director have legally complied with the provisions of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations covering the preparation of financial statements. They give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company results of operations, and of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, March 28, 2003

KPMG WIDERI OY AB



Hannu Niilekselä
Authorized Public Accountant

FINNISH INDUSTRY INVESTMENT LTD IN 2002

- Total current investment commitments: EUR 254.4 million.
- New investment commitments made in 2002: EUR 53 million.
- Investments in total of 47 venture capital and private equity funds and 8 direct investments.
- Overall result for 2002: loss of EUR 5.6 million.
- Balance sheet total: EUR 265.5 million (of which shareholders' equity: EUR 250.1 million)

Operating priorities:

- Risk financing for early-stage businesses
- Development of regional venture capital finance
- Direct investments in companies

Board of Directors

Chairman Markku Tapio

Director General, Ministry of Trade and Industry

Vice Chairman Kalle J. Korhonen

Director General, Ministry of Trade and Industry

Member of the board Satu Huber

Director of Finance, State Treasury

Member of the board Pertti Kohi

Financial Counsellor, Ministry of Finance

Member of the board Antti Paasio

Professor, Turku School of Economics and Business Administration

Member of the board Harri Pynnä

Senior Vice President, Corporate Legal Affairs, Fortum Corporation

Member of the board Sirkka-Liisa Roine

President, Finnish Foundation for Share Promotion

Investment Council

Chairman Jarmo Leppiniemi

Professor, Helsinki School of Economics and
Business Administration

Members of the Investment Council:

Maija-Liisa Friman

Managing Director, Vattenfall Oy

Eero Hovi

Researcher, Finnish Metal Workers' Union

Pertti Karhinen

Managing Director, Rantasalmi Oy

Juha Korkeaoja

MP

Pekka Kuosmanen

MP

Reijo Laitinen

MP

Veli-Pekka Saarnivaara

Director General,
Technology Development Centre of Finland

Ulla Sirkeinen

Director, Confederation of Finnish
Industry and Employers

Matti Viialainen

Deputy Director,
Confederation of Finnish Trade Unions SAK

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Mika Räsänen, Director

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