

NORVESTIA

Annual Report Summary **2002**



NORVESTIA
NORVESTIA PLC

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NORVESTIA

in brief

- Norvestia plc is an investment company whose share is quoted on Helsinki Stock Exchange. The Norvestia Group mainly invests in Nordic shares, share funds, hedge funds and on the money market. The subsidiary Neomarkka plc additionally invests in unlisted companies in the telecommunications sector.
- Norvestia's aim is to provide its shareholders with a good dividend combined with a limited risk, and thus a continuously stable and when possible, gradually increasing yearly dividend. The company strives to distribute half of its profits to its shareholders in the long run.
- Norvestia plc, which is part of the Havsfrun group, is parent company to the listed investment company Neomarkka plc.

Year 2002

- The Group's externally managed investments in funds increased by EUR 9.9 million to EUR 59.0 million while the direct investments in shares decreased by EUR 7.7 million to EUR 40.8 million. The money market investments decreased by EUR 11.6 million to EUR 43.7 million.
- The parent company's direct investments decreased by EUR 6.4 million to EUR 13.3 million and the externally managed investments decreased by EUR 3.9 million to EUR 39.5 million. The money market investments increased by EUR 2.5 million to EUR 40.4 million.
- Net asset value per share after deferred tax liability was EUR 21.03 at year-end (EUR 22.36 in 2001, of which EUR 1.40 per share was distributed as dividend).
- Net asset value per share (dividend-adjusted) after deferred tax liability grew 0.3% during the year under review (5.3%).
- The Board of Directors proposes that EUR 1.40 per share be distributed as dividend (EUR 1.40).

REVIEW BY

the Managing Director

Norvestia's aim is to guarantee its shareholders a good long-term return at limited risk and to pay a competitive annual dividend. I am pleased to say that Norvestia's performance in 2002 was fairly good, considering the overall negative trend on the stock market, although the company did not achieve its long-term returns target.

NET ASSET VALUE DEVELOPMENT

In 2002, Norvestia's dividend-adjusted share price rose by EUR 0.07, that is, 0.3%. The HEX portfolio yield index fell 13.5% and the HEX yield index 32.8%. Several other indices, including the German, Swedish and Dutch, fell still more.

The company succeeded relatively well in reaching its targets in the last three years, a period that witnessed an exceptionally weak trend on the stock market. Norvestia's dividend-adjusted net asset value increased 10.9% during the three-year period, while the HEX portfolio yield index fell 44.4% and the HEX yield index 57.7%. The difference in net asset value is significant. The HEX portfolio yield index would have to rise more than 90% in order to close the gap with Norvestia's net asset value returns over the last three years.

Norvestia's returns have also been very satisfactory over a five-year period, as the chart below, illustrating the results of the company's investment activity, shows. It is also clear that the return on Norvestia investment was generated with low volatility, i.e. at relatively low risk, as is shown in the table on the next page.

FINANCIAL POSITION

Norvestia's financial position is very stable and its relative position has also improved constantly. Norvestia is effectively debt-free and its investment portfolio is almost fully liquid. At a time when stock quotations have in other respects fallen, Norvestia has been able to maintain and even increase the value of its assets. The result is that Norvestia's net asset value is now higher than the market value of almost half the companies in the HEX index. This means Norvestia's relative position has improved quite dramatically compared with its stock exchange standing only a few years ago.

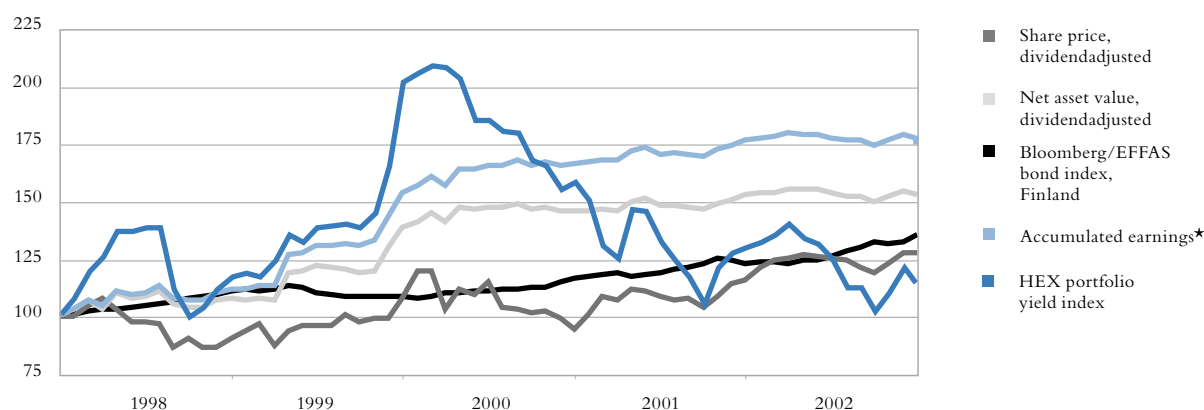
TRENDS IN SHARE PRICES

This stable upward trend in net asset value, combined with good dividend pay-outs, has strengthened Norvestia's share price. During the past three years, average dividend yield has amounted to 10.7%. In 2002, the dividend-adjusted price of Norvestia shares rose 13.9%, and over the past three years there has been a 20.4% increase.

INVESTMENT STRATEGY

Several factors have contributed to our performance in the past few years. Norvestia's investment policy has been cautious since the unprecedented stock market peak in 2000. Analyses, value shares and funds became the focus on our investment operations. The company on the whole operates on the bottom-up principle, meaning that investments are made in individual, carefully selected companies. These

NET ASSET VALUE AND SHARE PRICE TRENDS





make up the share portfolio, as opposed to concentrating on any particular sectoral or stock index. Investing all our assets in accordance with index weightings has never actually been considered by Norvestia. Also, a considerable portion of our fund holdings have gradually been transferred to Finnish and foreign funds, mostly hedge funds, which also aim at absolute returns. This has enabled us to make selective use of the expertise of external persons with documented knowledge in investments.

THE STOCK MARKET

Generally speaking, world stock market trends, including those in Finland, hinge critically on the US stock market. The US Stock Exchange rose continuously for almost 20 years, from the early 1980s until 2000. The S&P 500 index, a good indicator of the overall trend in the US stock market, increased by an average of 12.5% a year during that period. We thus got accustomed to strong, steady growth, but a similar trend in the future is by no means self-evident. Upon examination of the 1960–1980 period, we find that the index yield was only 4.5% a year, and in 1965–1975 it was in fact zero. We would therefore do well to bear in mind that stock market returns may be quite low for several years, or even negative over a long period. This is what happened in Japan, where share indices are now lower than ten years ago.

The obvious question for the future is which of these reference periods most accurately illustrates future trends.

Is the current downturn temporary or will it be protracted? Has the downward trend already bottomed out? Will the prospective period of low returns be short-lived or will it be prolonged? Naturally, we do not have any definite answers to these questions at present, but well-founded arguments can be produced for and against different scenarios.

So far Norvestia has managed to perform relatively well in different and constantly changing circumstances. The company has pursued a fairly cautious, analytical and value-oriented investment strategy, aiming at absolute returns. It seems likely that we will continue to pursue this strategy for some time to come. This does not mean, however, that significant changes, even drastic ones, cannot occur in the future conditions and behaviour. Norvestia must adapt to changing circumstances and seize opportunities when they arise. Our success so far does not automatically guarantee that we will be able to continue achieving equally good results. Shareholders may rest assured, though, that Norvestia will persist in striving for good returns at limited risk, allowing for a steady and when circumstances allow, gradual growth in annual dividends.

Claes Werkell

GROUP VOLATILITY AND RETURNS

	Dividend-adjusted share price	Dividend-adjusted net asset value incl. income tax	Dividend-adjusted net asset value	HEX portfolio yield index	Bloomberg/EFFAS Bond Index, Finland
Volatility*	11.1%	3.3%	3.8%	26.4%	3.1%
Return**	5.1%	12.2%	8.9%	2.3%	6.3%
Sharpe ratio***	0.12	2.50	1.30	neg	0.79

* Calculated on the basis of monthly returns in 2001 and 2002.

** The cumulative returns for 1998–2002 have been translated into annual returns.

*** An indicator of 'risk-adjusted return' (return less risk-free coupon rate divided by annual volatility). These calculations use the three-month Finnish market rate in 1998–2002 as the risk-free interest rate. The higher the Sharpe ratio, the better the return on an investment relative to its risk has been.

NORVESTIA GROUP'S NET ASSET VALUE

Net asset value, million €	31.12.2002	31.12.2001	31.12.2000	31.12.1999	31.12.1998
Assets					
Non-current assets	0.1	0.1	0.2	0.1	14.1
Current assets					
Stocks	99.6	99.5	109.6	107.8	76.6
Financial assets	46.7	56.2	50.0	62.1	19.1
Cumulative assets	146.4	155.8	159.8	170.0	109.8
Current liabilities	-1.7	-2.2	-3.0	-8.1	-11.4
Gross net asset value	144.7	153.6	156.8	161.9	98.4
Minority Interest	-33.8	-36.1	-37.8	-39.6	-
Net asset value before deferred tax liability	110.9	117.5	119.0	122.3	98.4
Deferred tax liability	-3.5	-3.3	-3.8	-6.8	-5.9
Net asset value after deferred tax liability	107.4	114.2	115.2	115.5	92.5

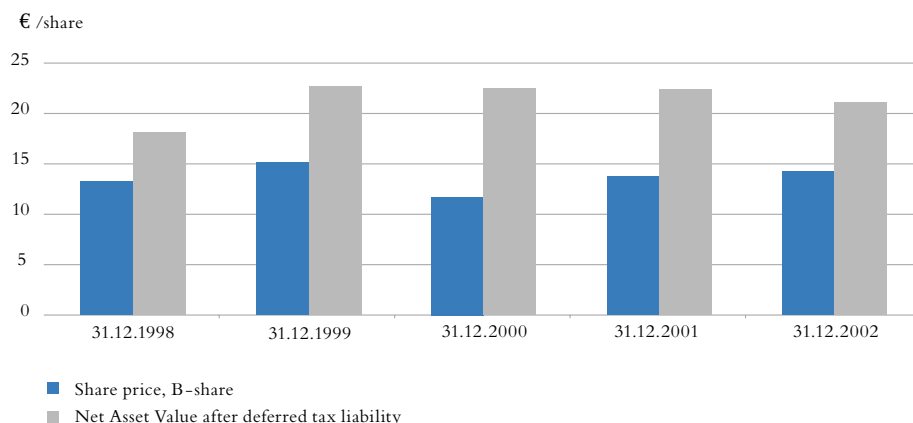
Net asset value/share, €	31.12.2002	31.12.2001	31.12.2000	31.12.1999	31.12.1998
Before deferred tax liability	21.73	23.02	23.30	23.96	19.28
After deferred tax liability	21.03	22.36	22.56	22.61	18.12

PRINCIPLES FOR CALCULATION

Publicly listed shares, mutual funds and derivatives have been valued at closing price. In case a closing price has been unavailable, the purchase quotation has been used. Unlisted shares have been valued to the purchase expense or the probable selling price in case the former is lower than the purchase expense.

The deferred tax liability refers to the deferred tax on appreciation in Norvestia plc. Unbooked deferred tax receivables are directed against deferred tax debts regarding overvalue with equal amounts in Neomarkka. Exceeding amounts of the unbooked deferred tax receivables are not booked as assets. The deferred tax liability on appreciation in Neomarkka amount to EUR 0,5 million, of which EUR 0,2 million constitute Norvestia's part. The deferred tax receivables constitute 29% of appreciation, which is the difference between the market value and the book value.

SHARE PRICE AND NET ASSET VALUE



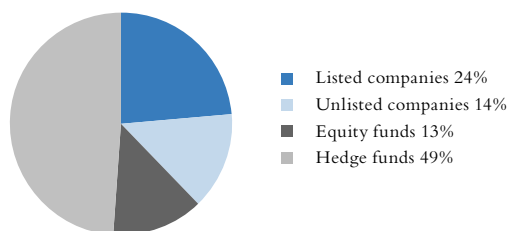
INVESTMENTS

December 31st, 2002

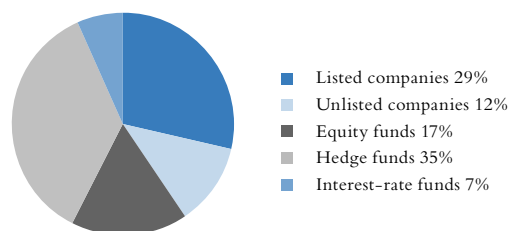
	Number of shares/units	Book value, 1,000 €	Market value, 1,000 €	Share of market value
NORVESTIA PLC				
LISTED COMPANIES				
Comptel Corporation	83,975	84	84	0.1%
Elisa Communications Corporation A share	243,637	1,394	1,394	1.4%
Fortum Corporation	185,000	858	1,156	1.1%
Huhtamäki Oyj	69,000	529	659	0.7%
Lännen Tehtaat plc	99,300	1,013	1,013	1.0%
Nokia Corporation	40,850	547	619	0.6%
Nokian Renkaat Oyj	21,200	664	721	0.7%
Orion Corporation B share	53,200	1,095	1,133	1.1%
Outokumpu Oyj A share	55,000	457	457	0.5%
Perlos Corporation	110,700	665	665	0.7%
Pohjola-Group plc D share	48,000	714	714	0.7%
Rautaruukki Corporation K share	139,600	480	480	0.5%
Scanfil Oyj	70,400	232	232	0.2%
Sonera Corporation	145,000	712	797	0.8%
Wärtsilä Corporation B share	88,500	1,064	1,064	1.1%
Merkantidata ASA	224,800	161	161	0.2%
Optimum Optik AB	1,886,980	297	515	0.5%
TeliaSonera AB	200,000	717	717	0.7%
Nasdaq 100 UTS	29,100	676	676	0.7%
		12,359	13,257	13.3%
PRIVATE EQUITY FUND				
Sponsor Fund I Ky		2,939	2,939	3.0%
		2,939	2,939	3.0%
FUNDS				
Pohjola Euro Value B	17,180	1,018	1,018	1.0%
Pohjola Finland Value B	24,913	1,582	1,669	1.7%
Ramsay & Tuutti Avenir B	2,401	2,523	2,972	3.0%
Seligson Phalanx A	290,440	716	716	0.7%
Seligson Phoenix A	337,112	2,886	2,886	2.9%
Brummer & Partners Nektar	22,390	3,545	5,269	5.3%
Brummer & Partners Zenit	2,661	3,337	11,410	11.4%
Didner & Gerge Aktiefond	32,123	1,607	1,607	1.6%
Futuris	18,237	2,733	3,755	3.8%
MSCI Taiwan Opals	23,278	1,451	1,451	1.5%
RAM One	35,000	3,807	3,807	3.8%
		25,205	36,560	36.7%
NORVESTIA PLC IN TOTAL				
		40,503	52,756	53.0%
NORVENTURES LTD				
UNLISTED COMPANIES				
NSD Products Oy	4,189	6	6	0.0%
Polystar Instruments AB	240	1,717	1,717	1.7%
		1,723	1,723	1.7%
NORVENTURES LTD IN TOTAL				
		1,723	1,723	1.7%

	Number of shares/units	Book value, 1,000 €	Market value, 1,000 €	Share of market value
NEOMARKKA-GROUP				
NEOMARKKA PLC LISTED COMPANIES				
Osuuspankkien Keskuspankki Oyj A share	16,000	231	231	0.2%
Aspocomp Group Plc	28,000	175	175	0.2%
Finnair Oyj	70,000	262	262	0.3%
Finnlines Plc	10,000	205	205	0.2%
Fiskars Corporation A share	30,000	234	234	0.2%
Fortum Corporation	88,000	478	550	0.6%
Hackman Oyj Abp A share	13,500	226	260	0.3%
HK Ruokatalo Oyj A share	40,000	160	238	0.2%
Huhtamäki Oyj	32,000	247	306	0.3%
Kemira Oyj	40,000	256	262	0.3%
Kesko Corporation B share	35,000	348	423	0.4%
Metso Corporation	20,000	206	206	0.2%
M-real Corporation B share	28,000	212	224	0.2%
Nordea FDR	75,000	320	320	0.3%
Okmetic Oyj	42,000	97	97	0.1%
Olvi plc A share	6,000	126	126	0.1%
Outokumpu Oyj A share	23,375	194	194	0.2%
Pohjola-Group plc D share	10,000	139	149	0.1%
Polar Kiinteistöt Oyj T share	1,000,000	417	530	0.5%
Raisio Group plc V share	80,000	84	86	0.1%
Rautaruukki Corporation K share	70,000	241	241	0.2%
Stockmann plc B share	20,000	276	276	0.3%
UPM-Kymmene Corporation	7,000	198	214	0.2%
Wärtsilä Corporation B share	11,000	132	132	0.1%
Adecco SA	4,600	172	172	0.2%
Alcatel AS	4,000	17	17	0.0%
Aventis S.A.	4,900	254	254	0.3%
Banco Popular	5,000	195	195	0.2%
Canon Inc.	7,000	252	252	0.3%
Cemex SA Spon ADR rep5	10,500	215	215	0.2%
Diageo plc	26,500	275	275	0.3%
Holcim Ltd B share	390	67	67	0.1%
Kookmin Bank ADR	1,800	61	61	0.1%
Nestle SA registered	1,550	313	313	0.3%
OTP Bank RT	10,000	84	94	0.1%
Philip Morris Companies Inc.	2,500	97	97	0.1%
Principal Financial Group	8,700	215	250	0.3%
Samsung Electronics Co., Ltd.	700	89	89	0.1%
Secom Co., Ltd.	4,000	131	131	0.1%
State Street Corp.	3,600	134	134	0.1%
Svenska Cellulosa AB B share	3,500	112	112	0.1%
Svenska Handelsbanken A share	6,000	76	76	0.1%
Tesco plc	32,000	95	95	0.1%
Tomra Systems ASA	22,500	139	139	0.1%
UBS AG	4,900	227	227	0.2%
Vestas Wind Systems A/S	7,300	69	69	0.1%
Vodafone Group plc	99,000	172	172	0.2%
Wolseley plc	8,600	69	69	0.1%
		8,994	9,516	9.6%

NORVESTIA GROUP'S*
INVESTMENTS ON DECEMBER 31, 2002



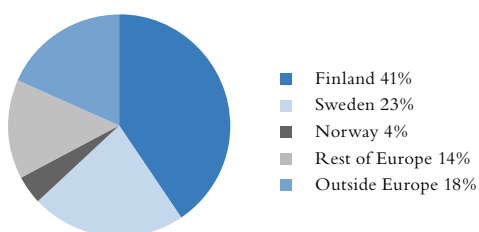
NORVESTIA GROUP'S*
INVESTMENTS ON DECEMBER 31, 2001



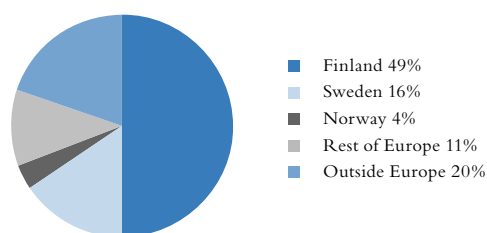
* Including Norvestia's share of Neomarkka investments, 31.6% in 2002 and 29.3% in 2001

	Number of shares/units	Book value, 1,000 €	Market value, 1,000 €	Share of market value
NEOMARKKA-GROUP				
NEOMARKKA PLC				
FUNDS				
Ramsay & Tuutti Avenir B	1,709	2,000	2,116	2.1%
Seligson Phoenix A	194,383	1,664	1,664	1.7%
Brummer & Partners Nektar	9,773	1,994	2,300	2.3%
Brummer & Partners Zenit	303	1,058	1,300	1.3%
Futuris	21,440	4,000	4,414	4.4%
Lunden Eikos	224	3,991	4,078	4.1%
RAM One	15,000	1,631	1,631	1.7%
Tanglin	13,147	1,997	2,028	2.0%
		18,335	19,531	19.6%
NOVALIS PLC				
UNLISTED COMPANIES				
Kymen Puhelin Oy	135	111	111	0.1%
Länmen Puhelin Oy	569	717	717	0.7%
Oulun Puhelin Oyj	746,250	3,081	3,081	3.1%
Satakunnan Puhelin Oy	81,700	920	920	0.9%
Tikka Communications Oy	830	822	822	0.8%
Puhelinosuuskunta KPY	7,618	10,667	10,667	10.7%
		16,318	16,318	16.3%
NEOMARKKA-GROUP IN TOTAL		43,647	45,365	45.5%
Group eliminations		-235	-235	-0.2%
NORVESTIA-GROUP IN TOTAL		85,638	99,609	100.0%

**GEOGRAPHIC BREAKDOWN
OF NORVESTIA GROUP'S*
INVESTMENTS ON DECEMBER 31, 2002**



**GEOGRAPHIC BREAKDOWN
OF NORVESTIA GROUP'S*
INVESTMENTS ON DECEMBER 31, 2001**



* Including Norvestia's share of Neomarkka investments, 31.6% in 2002 and 29.3% in 2001

REPORT BY THE BOARD OF DIRECTORS

STOCK MARKET

The downward trend in share prices which began in spring 2000 continued throughout 2002 and share indices all over the world continued plummeting. The HEX portfolio index fell 16.7% and the Nokia-dominated HEX all-share index 34.4%. Only one third remained of the Helsinki Exchanges market value three years ago. This corresponds to a good EUR 250 billion.

In practice, all the world's stock markets declined during 2002, with a few exceptions. What is more, the fall affected almost every sector of industry. The European exchanges led the way in this trend. The sharpest decline among the main European indices was recorded by the German DAX, which fell 44%, leading the Frankfurt Exchanges to report their worst performance in fifty years.

It is extremely unusual for the major share indices to decline for three successive years. If we look at the S&P 500 index, for example, which reflects US markets, we have to go back to the Second World War, in 1939-1941, to find such a period. Since then - with the exception of the present recession - the S&P index has fallen in two successive years only once, during the oil crisis in 1972-1973. All other bearish years have thus been followed by a bullish year.

Statistically, it is therefore extremely unlikely that share prices will continue to decline in 2003. The problem seems to be that, although share prices have already plummeted for three years, share valuations are still rather high. Share prices still include strong growth expectations which current knowledge indicates will not necessarily materialize.

The pace of growth in the world economy is slack at the moment. The newest macroeconomic forecasts expect the world economy to strengthen gradually during 2003 and again in 2004. There is a marked risk of a bleaker trend, however.

Any revival in the US economy still remains to be seen, and European growth expectations are also modest. Germany, the expected dynamo of economic growth in Europe, is in difficulties and growth is almost at a halt there. The problems of balancing the public finances in the other EU Member States have also worsened. Japan does not seem to provide any driving force for the world economy either. The only significant expanding economy is China, where buoyant growth may give a boost to the recovery of the entire world economy. The situation in the Middle East also poses problems; as long as developments there continue unpredictable, oil prices will be subject to strong fluctuations. In the worst scenario, oil prices will climb even higher than at present, with a clearly negative impact on economic trends throughout the world.

The uncertain outlook and low capacity utilization rates have kept companies reluctant to invest. No significant recovery is to be expected before capacity utilization improves and companies start to invest again.

Index trends on various exchanges in 2002 developed as follows:

Finland/HEX yield index	-32.8%
Finland/HEX portfolio yield index	-13.5%
Sweden/SAX index	-37.4%
Norway/OBX index	-31.8%
Denmark/KFX index	-26.3%
USA/Nasdaq Composite index	-31.5%
USA/S&P 500 index	-23.4%
Japan/Nikkei 225 index	-18.6%
Norvestia's dividend-adjusted share price	13.9%
Norvestia's dividend-adjusted net asset value	0.3%

NET ASSET VALUE AND SHARE PRICE

On December 31, 2002, the Norvestia's net asset value after deferred tax liability stood at EUR 21.03 per share (22.36 at the end of 2001). The net asset value includes 31.6% (29.3%) of Neomarkka's net asset value, which corresponds to Norvestia's holding of the company's total shares.

In April 2002, Norvestia distributed EUR 1.40 per share in dividends. Taking this into account, the company's net asset value went up by EUR 0.07 (1.20) in the year under review, equal to a 0.3% (5.3%) rise. The rise amounted to EUR 0.55 (1.11) per share in the last quarter.

The trend in net asset value in 2002 fell well short of the company's long-term goal, but our performance can still be considered relatively good compared with the general trend in the year under review.

The price of Norvestia's B share went up by 3.6% during the year and stood at EUR 14.20 (13.70) on December 30. The discount in net asset value was 32.5% (38.7%) at year-end.

NET TURNOVER AND RESULT

Norvestia Group's turnover mainly comprises sales of securities, dividends received and interest income.

Net turnover for 2002 was EUR 44.9 (74.0) million and operating expenses EUR 2.7 (3.4) million. The Group's operating expenses were 2.5% (3.0%) of net asset value after deferred tax liability. The loss for the entire year was EUR -0.4 million (profit EUR 7.1 million), while the profit for the last quarter was EUR 2.4 (3.5) million. The parent

FOR JANUARY 1–DECEMBER 31, 2002

company's turnover for 2002 was EUR 35.9 (58.1) million and its profit EUR 0.0 (7.7) million.

For an investment company like Norvestia, the crucial figure is not the book result but the change in net asset value, because the result includes unrealised losses but not unrealised profits.

INVESTMENTS BY THE PARENT COMPANY

2002 was a difficult year for asset managers. The fall in share prices hit most equities and sectors. The correlation between different stock exchanges has also increased steadily over the year, which in practice means that all stock markets follow the same trends simultaneously. From an investor's point of view this is a negative development, since it reduces the benefits to be derived from diversifying investments over several different markets. On such markets, even a good spread by country or sector will not guarantee adequate returns.

Norvestia's investments in 2002 can be put into four general categories. About 44% of assets were invested in the money market, in cash in hand and at banks, 30% in hedge funds, 12% in other equity funds and 14% as direct investments in shares. The returns on money market investments, hedge funds and direct investments in shares were positive, whereas the aggregate returns on equity funds were negative.

The best returns were generated by hedge funds where the return is not directly linked to general price trends on the stock market. On account of the weak equity market trend, 2002 was a difficult year for equity funds, where returns followed the overall trend in the equity market and remained negative. Norvestia's direct investments in shares generated a slightly positive result. We managed to perform well in this category thanks to our careful choice of shares and successful utilization of the fast-changing market situation.

As in all investment operations, there is a risk involved in Norvestia investment activities. Performance is greatly affected by economic developments and share prices both in Finland and abroad. In addition, changes in exchange rates, especially the ratio between the Swedish krona and the euro, impact the company's performance. The krona has a significant effect on the result, since the majority of our investments in hedge funds are krona-denominated, so a strengthening of the krona improve Norvestia's returns from Swedish funds, and vice versa. In turn, however, changes in exchange rates may affect a fund's krona-denominated result.

The guiding principle of Norvestia's investment operations is to diversify and to reduce overall risks, thereby pursuing steady asset growth.

NORVESTIA GROUP

Norvestia plc belongs to the Havsfrun Group and is the parent company of Neomarkka plc. Norvestia's holding in Neomarkka was raised through acquisitions made gradually over the year, with a holding of 31.6% (29.3%) of share capital and 52.5% (50.8%) of votes at year-end. Norvestia has paid an overall acquisition price of EUR 16.9 million (16.2) for the Neomarkka shares.

Norvestia plc's B share is quoted on the Helsinki Exchanges Main List and Neomarkka plc's B share on the I List.

Norvestia plc invests primarily in Nordic funds and listed shares, in the money market and in other securities.

NEOMARKKA

Neomarkka invests in unlisted Nordic companies, funds, listed shares, the money market and other securities. Neomarkka's dividend-adjusted net asset value after deferred tax liability fell 3.2%, to EUR 8.19 per share (8.46). The result was EUR -2.1 (-2.2) million.

The investments made in telephone shares, hedge funds and on the money market produced a certain surplus for 2002, but like the year before, depreciations on international listed shares and equity funds caused the company to show a loss on a par with 2001.

NEOMARKKA'S TELECOM INVESTMENTS

In 1998 and 1999, Neomarkka bought shares and holdings in unlisted data and teleoperator companies. In 2000, the remaining unlisted telecom shares were transferred to the company's wholly owned subsidiary Novalis plc for a total acquisition price of EUR 16.3 million. The holding was acquired in order to retain a footing in the continuing consolidation expected in the telecommunications sector, thus benefiting from the appreciation in the holding's value.

In 2002, the Neomarkka Board of Directors had an independent external valuation of the company's unlisted telecom holdings made by PCA Corporate Finance. The report, submitted in December 2002, stated that the value of the shares at the time of valuation was at least as much as their acquisition price. Although due caution and well-established methods are adhered to in making such valuations, they still involve an element of uncertainty. Future developments in Neomarkka's telecom and other holdings may result in a positive or negative difference between the share prices and their book values.

In 2002, telecommunications companies distributed EUR 0.4 (0.3) million in dividends excluding avoiron fiscal, making dividend income about 2.7% (2.1%).

EQUITY PORTFOLIO

Market value breakdown of the Group's share and holding investments:

	2002		2001	
	EUR million	%	EUR million	%
Listed companies	22.7	22.8	30.4	30.6
Unlisted companies	20.8	20.9	20.9	21.0
Funds and bonds	56.1	56.3	48.2	48.4
Total	99.6	100.0	99.5	100.0

The book value of Norvestia Group's share and holding investment portfolio was EUR 85.6 (87.1) million on December 31, 2002. The market value of the parent company's share and holding investment portfolio was EUR 52.8 (65.0) million and the book value EUR 40.5 (53.4) million. The unrealised appreciation of the parent company after deferred tax liability was EUR 8.7 (8.2) million.

LIQUIDITY AND SOLVENCY

Norvestia Group's liquid assets including money market investments totalled EUR 44.8 million (54.7). The equity ratio stood at 98.7% (98.2%). Shareholders' equity totalled 98.1 million (105.7). Norvestia has entered EUR 1.1 million (1.3) of its remaining commitment to invest in Sponsor Fund Ky as a liability.

PERSONNEL AND INVESTMENTS

In 2002, Norvestia Group employed an average of 13 (15) people, and the parent company 8 (8).

No investments were made in machines and equipment during the year (EUR 0.0 million).

SHAREHOLDERS

At the end of 2002, Norvestia shareholders numbered 5,021 (4,967). 30.9% (29.3%) of the shares were in foreign ownership.

The biggest shareholder is the Havsfrun Group, which is quoted on the Stockholm Stock Exchange O List. Havsfrun had a 30.4% (28.8%) holding at year-end, which corresponds to 54.4% (53.4%) of votes. Norvestia's second biggest shareholder, Sampo Life Insurance Company Ltd., had a 14.6% (14.6%) holding of shares and 9.5% (9.5%) of votes at year-end. The ten major shareholders held a total of 49.6% (50.1%) of shares and 67.1% (67.4%) of votes.

COMPLIANCE WITH IAS RULES

By January 1, 2005, all listed companies in EU countries must have started drawing up their balance sheets in accordance with the IAS Rules, but compliance with the rules must be initiated well in advance. In Norvestia Group, compliance will be initiated during 2003. This will mainly mean that financial instruments will be entered at market, instead of their lowest, value. Deferred tax assets will also be recorded on a scale appropriate in terms of established prudence principles. In net asset value calculations, investments are already valued at market value.

ANNUAL GENERAL MEETING

The Annual General Meeting on March 20, 2002, elected the members of the Board of Directors, and the auditors and deputy auditor.

Members of the Board:

Olle Isaksson, chairman
Bo C E Ramfors, vice chairman
Stig-Erik Bergström, member
Håkan Gartell, member
Claes Werkell, member

Auditors:

Carl Gustaf af Hällström, Authorized Public Accountant
Eero Suomela, Authorized Public Accountant
Yrjö Tuokko, Authorized Public Accountant
and
Tilintarkastajien Oy Ernst & Young as deputy auditor.

The Annual General Meeting authorized the Board of Directors to buy up to 255,276 of the company's B shares. The Board was authorized to make these acquisitions in the company's name by March 19, 2003. The Board is entitled to use assets available for profit distribution to acquire B shares corresponding to up to five per cent of the total on the date of the AGM. The shares may also be acquired for the purpose of conveyance, for which a separate decision by the AGM is required. The Board has made no such acquisitions.

The AGM unanimously decided to discharge the Managing Director and the Board of Directors from liability for the previous business year. In addition, it was decided to amend section 10, paragraph 2, of the Articles of Association concerning the last date of registration for attendance at an Annual General Meeting; this is now ten days before the Meeting at the earliest.

DIVIDEND POLICY

Norvestia strives to be able to distribute a steady annual dividend in excess of the Finnish stock market average. The objective is to distribute about half of the declared profit.

SUGGESTED DIVIDEND DISTRIBUTION

The Board proposes that EUR 7.1 (7.1) million be distributed to shareholders in dividends, corresponding to EUR 1.40 (1.40) per share.

FUTURE PROSPECTS

Future stock market trends are still uncertain. Judging from the extremely protracted slump in share prices, an upturn in the stock market could be anticipated in 2003, but the unpredictable economic situation is still a source of apprehension for equity investors. The prospect of war in the Middle East, climbing oil prices, the rapidly weakening dollar, low capacity utilization, the weak trend in returns, and continued corporate reluctance to invest are among the factors that may also endanger any favourable stock market trend in 2003.

Though share prices have fallen considerably during the past three years, valuation levels, both in absolute terms and from a historical perspective, are still quite high. Stock market recovery will not rest on a solid footing before companies start to perform better. Some forecasts indicate that this might happen towards the end of 2003, but the risk of a weaker trend than expected is still great.

In accordance with our chosen strategy, Norvestia continues to focus mainly on value shares, i.e. shares offered at prices which are low both historically speaking and in relation to the company's net asset value and performance expectations. Nevertheless, Norvestia may also invest in growth companies if this is analytically justifiable. Investment levels and the ratio between shares, funds and interest-yielding investments will be assessed as the situation at any given time dictates.

INCOME STATEMENTS

1,000 €	NOTE	GROUP		PARENT COMPANY	
		1.1.-31.12.2002	1.1.-31.12.2001	1.1.-31.12.2002	1.1.-31.12.2001
NET TURNOVER	1)	44,906	74,009	35,872	58,100
Purchases of securities		-42,854	-52,829	-21,328	-35,872
Change in stock		-1,421	-9,301	-12,921	-8,368
Personnel expenses	2)	-1,237	-1,341	-786	-649
Planned depreciation		-39	-46	-18	-25
Goodwill depreciation	3)	394	50	-	-
Other operating expenses		-1,478	-1,971	-846	-1,073
OPERATING PROFIT/LOSS		-1,729	8,571	-27	12,113
Financial income and expenses	4)	18	30	167	467
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		-1,711	8,601	140	12,580
Group contribution	5)	-	-	-112	-1,711
PROFIT BEFORE TAX AND MINORITY INTEREST		-1,711	8,601	28	10,869
Income tax	6)	-111	-3,164	-8	-3,149
Minority interest		1,439	1,623	-	-
PROFIT/LOSS FOR THE FINANCIAL YEAR		-383	7,060	20	7,720

BALANCE SHEETS

1,000 €	NOTE	GROUP		PARENT COMPANY	
		31.12.2002	31.12.2001	31.12.2002	31.12.2001
Assets					
NON-CURRENT ASSETS					
Tangible assets	7)	83	127	46	65
Shares in associated companies	8)	-	-	17,153	16,253
Other investments	9)	10	10	10	10
		93	137	17,209	16,328
CURRENT ASSETS					
Stocks	10)	85,638	87,059	40,503	53,424
Deferred tax receivables	11)	1,625	371	1,186	-
Current receivables	12)	177	1,148	1,648	4,161
Current financial assets		43,744	53,374	40,390	35,890
Cash in hand and at bank		1,061	1,289	686	1,018
		132,245	143,241	84,413	94,493
		132,338	143,378	101,622	110,821
Liabilities and shareholders' equity					
SHAREHOLDERS' EQUITY					
Restricted shareholders' equity	13)	17,869	17,869	17,869	17,869
Premium fund		8,691	8,691	8,691	8,691
Retained earnings		71,929	72,062	73,674	73,101
Profit/loss for the financial year		-383	7,060	20	7,720
		98,106	105,682	100,254	107,381
MINORITY INTEREST		32,520	35,472	-	-
CURRENT LIABILITIES	14)	1,712	2,224	1,368	3,440
		132,338	143,378	101,622	110,821

CASH FLOW STATEMENTS

1,000 €	GROUP		PARENT COMPANY	
	1.1.–31.12.2002	1.1.–31.12.2001	1.1.–31.12.2002	1.1.–31.12.2001
OPERATING ACTIVITIES				
Operating profit/loss before financial items	-1,711	8,601	140	12,580
Depreciation	39	46	18	25
Liquidation of subsidiaries	-	-	47	6
Avoir Fiscal	-1,271	-2,730	-1,193	-2,713
Goodwill depreciation	-394	-50	-	-
	-3,337	5,867	-988	9,898
Changes in working capital				
Increase (-) or decrease (+) in stocks	1,421	9,301	12,921	8,368
Increase (-) or decrease (+) in current receivables	639	-446	2,277	371
Increase (-) or decrease (+) in financial assets	9,630	-6,020	-4,500	-9,717
Increase (-) or decrease (+) in current liabilities	-510	-329	-2,071	1,135
	11,180	2,506	8,627	157
Received and paid taxes	237	-864	237	-1,261
CASH FLOW FROM OPERATING ACTIVITIES	8,080	7,509	7,876	8,794
INVESTMENT ACTIVITIES				
Aquisition of shares in Group companies	-825	-188	-1,000	-131
Investments in tangible assets	5	-32	-1	-19
Sale of shares in Group companies	-	-	53	11
CASH FLOW FROM INVESTMENT ACTIVITIES	-820	-220	-948	-139
FINANCIAL OPERATIONS				
Dividends paid	-7,488	-7,483	-7,148	-7,133
Received and paid Group contributions	-	-	-112	-1,711
CASH FLOW FROM FINANCIAL ACTIVITIES	-7,488	-7,483	-7,260	-8,844
CASH FLOW FOR THE YEAR	-228	-194	-332	-189
Liquid assets 1.1.	1,289	1,483	1,018	1,207
Liquid assets 31.12.	1,061	1,289	686	1,018
Increase or decrease in liquid assets	-228	-194	-332	-189

COMPANY

Management



BOARD MEMBERS

Olle Isaksson,
Bo C E Ramfors,
Stig-Erik Bergström,
Håkan Gartell
and Claes Werkell

ELECTION OF BOARD MEMBERS

According to Norvestia's Articles of Association the Board of Directors comprises of 3-8 regular members and at most 4 vice members. The General Meeting of the Shareholders elects Board Members for a term lasting up to the following General Meeting. The Meeting also appoints a chairman and a vice chairman from among the Board members.

DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors is in charge of organizing the company's management and operations in a rational manner, and of ensuring that it follows laws and other regulations. The Board must also make the proper arrangements for bookkeeping and asset management.

BOARD OF DIRECTORS' WORK PROCEDURES

Each year, generally at a meeting usually held after the Shareholders' general meeting, the Board lays down its own working procedures and rules of procedure for the Managing Director. The former include instructions on the form and content of Board meetings, the company's financial reporting, investments, external communications, etc. The Board checks and approves all lists of approvals and authorizations and rights to sign for the company. The Board selects an auditing committee from among its members.

The chairman of the Board is responsible for calling a Board meeting whenever necessary.

Regular Board meetings deal with internal reports on the company's operations and performance and approve external reports, such as interim reports, bulletins on financial statements, and annual reports. Strategic questions are discussed as necessary.

An agenda is drawn up for each Board meeting and distributed to the members in advance. All meetings are minuted and the minutes are then examined and distributed to the members of the Board and auditors.

MEETINGS

The Board of Directors usually convenes between five and eight times a year. In 2002, the Board met eleven times.

MANAGING DIRECTOR

The Managing Director attends to the day-to-day management in accordance with instructions and orders issued by the Board of Directors, ensures that the company's books are kept in accordance with law and that its operations are in keeping with any other statutory regulations. The Managing Director is also responsible for the safety of the company's asset management arrangements.

AUDITING COMMITTEE

The primary duty of the auditing committee is to monitor the work of the auditors and any issues that may appear in that context on behalf of the Board. The committee reports to the Board regularly.

KEY TERMS

NET ASSET VALUE

Net asset value is of central importance to an investment company such as Norvestia. The net asset value calculation reports the market value of Norvestia's assets and liabilities. Thus, changes in net asset value indicates the success of investments taking into account unrealised profits and losses. The company's profit and loss statement merely shows unrealised losses but not unrealised profits.

In the net asset value report, publicly listed securities, investment funds and derivatives are valued at their most recent closing rate. If no such rate exists, their buying rate is used instead. Unlisted shares and holdings have been valued at book value.

Norvestia Group's net asset value includes a proportion of Neomarkka's net asset value corresponding to the size of Norvestia's holding. The size of the holding was 31,6% on December 31st 2002. Both Norvestia and Neomarkka calculate and publish their net asset values each month.

Discount in net asset value, often expressed as percentages, is the difference between net asset value per share and the price of the B share.

TAXATION

The monthly published net asset value is calculated both before and after deferred tax liability. Net asset value before deferred tax liability is calculated after taxes on the financial year's profit, which include the prevailing capital gain tax, for example. Investment companies pay tax on realized returns in accordance with the corporate tax rate valid at any given time. Deferred tax liability is calculated on unrealized appreciation or a value figure indicating that the market value of a company's portfolio exceeds its book value.

The computational tax liability for 2002 has been calculated at a 29% tax rate.

In comparing an investment company like Norvestia with investment funds, for example, the differences in taxation should be taken into account. This applies to both profit distribution and the assessment of changes in value. As an investment company, Norvestia takes the impacts of taxation fully into account in its reports on net asset value.

There are also differences between investment companies and investment funds regarding the taxation of dividends distributed. Simplified, this means that tax on dividends has been paid for by investment companies prior to dividend distribution, while the receiver of dividends from an investment fund pays the tax after distribution.

VOLATILITY

Volatility measures statistically the extent of daily fluctuations in the value of a placement or portfolio and thus indicates the risk level associated with it. Generally it can be stated that the higher the volatility is, or the larger the fluctuations are, the higher the risk is, and vice versa.

The average volatility of the HEX portfolio yield index was 21% in 2002. Norvestia's volatility in dividend-adjusted net asset value was 4% on the other hand. Low volatility is part of Norvestia's strategy, which generally presupposes low risk and steady returns.

ABSOLUTE RETURN

The absolute return objective means that the company aims to increase its net asset value each year regardless of prevailing market trends.