

Financial statements

1 Jan.–31 Dec. 2002

Uponor Oyj

Bringing
comfort
to life



 Uponor

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Review by the Board of Directors

General

The year 2002 marked a period of transformation for Uponor. As part of the new strategy adopted in 2001, the Group initiated large-scale projects with a view to developing the range of its systems and services, operating model and organisational structure.

Markets

In the EU and USA, Uponor's main markets, demand in the housing construction sector deteriorated slightly on the previous year, reflecting the overall unpredictability of world economic development.

The downward trend in German building permissions that began in 2000 also prevailed during 2002. The past four years have seen a fall of more than 40 per cent in the volume of new residential building.

Demand in the Nordic countries remained at around the previous year's level, but the number of building permissions rose slightly. The UK also saw an upward trend in new housing projects compared to the previous year.

The volume of housing renovation and modernisation projects continued to grow in the EU. This is the first time ever that the volume of renovation exceeded that of new housing projects, thus offsetting the weak demand prevailing in the new housing market.

Demand in the North American housing construction market remained brisk, as evidenced by the highest volume of housing starts for fifteen years, up more than 6 per cent year-on-year.

Demand for Uponor's municipal products declined in both Europe and North America over the previous year.

Net sales

In 2002, Uponor recorded consolidated net sales of EUR 1,137.2 million (2001: EUR 1,192.4 million), down 4.6 per cent, or EUR 55.2 million on a year earlier, including a 1.9 per cent negative effect of currency fluctuations. The fall in net sales was mainly due to a strong contraction in the broadband network business prevailing until the autumn of 2001, the slack machine-building business and the downward trend in the markets for gas pipe systems in the USA and Argentina.

The largest geographical markets and their respective share of consolidated net sales were as follows: North America 23.8 (23.3) per cent, Germany 16.6 (17.1) per cent, other EU 17.5 (16.2) per cent, Scandinavia 12.5 (11.7) per cent, UK and Ireland 11.8 (11.5) per cent, other countries 8.8 (11.4) per cent and Finland 9.0 (8.8) per cent.

Results

Consolidated operating profit of EUR 114.2 (91.2) million, up 25.2 per cent on the previous year, included EUR 35.6 (11.4) million in capital gains on fixed assets, primarily consisting of other operating income from real estate sales.

Profit after financial items grew by 34.2 per cent, to EUR 100.7 (75.0) million. Profit before appropriations and taxes reached EUR 100.7 (65.3) million, up 54.2 per cent on a year earlier. Taxes amounted to EUR 36.9 million, which includes a change of EUR 7.1 million in deferred taxation. Profit for the period went up by 75.2 per cent, to EUR 64.2 (36.6) million.

The 2001 extraordinary expenses of EUR 9.7 million resulted from restructuring, related mainly to the Group-wide internal efficiency programme. In 2002, the Group also incurred non-recurring expenses of EUR 9.0 million entered as operating expenses.

The Group's net financial expenses totalled EUR 13.5 (16.2) million.

Return on equity was 11.8 (8.2) per cent and return on investment reached 14.8 (11.3) per cent.

Earnings per share came to EUR 1.72 (1.15) and equity per share was EUR 14.58 (14.06).

Year-on-year cash flow from business operations grew to EUR 124.8 (111.7) million. The 2001 profit, return on equity and earnings per share were eroded by taxes of EUR 5.3 million accrued from previous financial years.

Investment and financing

Gross investments amounted to EUR 45.0 (55.7) million, i.e. EUR 29.7 million less than the value of depreciation. Net investments totalled EUR -24.0 (34.9) million. Investments were mainly allocated to developing new products, improving productivity and maintenance.

The Group further strengthened its financial position. Net interest-bearing liabilities decreased from EUR 282.8 million to EUR 163.9 million. Solvency rose to 58.9 (49.8) per cent while gearing fell to 30 (53) per cent.

Research and development

The Group continued to reshape its R&D organisation with a view to providing a more solid foundation for following through larger-scale projects targeted at yielding new business faster than before.

Group R&D expenditure totalled EUR 16.0 (16.9) million, accounting for 1.4 (1.4) per cent of consolidated net sales.

Key events

Housing Solutions Europe

The division carried out extensive programmes to consolidate its market position throughout Europe, including further investment in manufacturing capacity in Spain, marketing efforts in Italy to strengthen the Uponor brand position and the simultaneous introduction of its Unipipe composite pipe system in four Nordic countries.

In the UK and Estonia, Uponor acquired local distributors in order to buttress sales and marketing in these strategically vital markets. In August, the company acquired Flexipipe Ltd., previously representing Uponor's Unipipe systems in the UK. Renamed Uponor Housing Solutions Ltd., the company is now responsible for the housing solutions business in the UK and Ireland. In November, Uponor Oyj acquired Oy Insinööritoimisto Nereus Ab, a Finnish company specialising in the sale of underfloor heating systems. In December Uponor acquired Osäühing 3E, an Estonian company and long-standing representative of Wirsbo systems in Estonia and Latvia.

In order to improve its operational efficiency, Uponor merged some of its smaller sales companies and consolidated production into larger units in Germany, Spain and Portugal. In Austria and Belgium, local product brands and their sales organisations were merged. In the autumn, the machine-building unit launched an extensive restructuring programme with the aim of increasing its operational efficiency due to flagging demand.

Housing Solutions North America

In North America, Uponor implemented a number of measures aimed at further strengthening its market

position. It launched a new programme for contractors, giving high-volume contractors access to enhanced marketing support and a variety of value-added services. The company also launched a partnership programme for its key suppliers, with a view to improving quality and reducing cost.

In its ongoing efforts to promote the adoption of non-metallic piping systems, Uponor exhibited a new plastic valved manifold in the autumn ISH International Trade Fair for House and Building Technology, held for the first time in North America. The company also widened the range of other plastic plumbing components within its portfolio.

The new sales organisation for the pre-insulated Ecoflex pipe system was launched at the beginning of the year, boosting the system's sales. The marketing efforts of AquaSafe™ were focused on encouraging amendments to building-industry regulations to remove restrictions on combined plumbing / fire sprinkler systems.

To increase operational efficiency and logistics Uponor set up a new optimised distribution centre in Minnesota, while closing distribution facilities in Illinois and Calgary, Canada. Building space in Apple Valley, previously used for distribution activities, is now being converted to support expanded production capacity.

In May, in line with its new brand strategy, Uponor sold its 50 per cent holding in Stadler-Viega LLC, a small U.S. underfloor heating system marketer, to its co-owner.

In September, Uponor signed a sales and distribution agreement with Industrias Unidas S.A, a Mexican supplier of plumbing systems, which will be responsible for marketing Uponor's PEX plumbing system in Mexico, where Uponor previously had only a marginal presence. The year-end marked the beginning of the first system deliveries.

Uponor aims to extend the U.S. presence of its PEX plumbing systems to cover all states in the USA. Progress was made in 2002 to allow the use of PEX systems in the plumbing codes of California and Minnesota, two important U.S. states for Uponor.

Infrastructure and Environment Europe

In France, Uponor won a two-year contract, valued at EUR 3–4 million annually, for supplying Gaz de France, a French energy company, with electrofusion fittings for gas pipelines, making Uponor the largest electrofusion fittings supplier for the GdF Group.

Radius Plastics Ltd., Uponor's subsidiary, was triumphant in competitive bidding for fibre-optic ducting systems for regional broadband networks in Ireland. Deliveries, worth some EUR 5 million for the first project phase, began at the end of the year.

In the UK, Uponor introduced a new utilities plumbing system specifically designed for installation in areas with contaminated soil. Completely resistant to unpleasant smells and tastes from soil, the Puriton™ system is based on Uponor's technological expertise in multi-layer pipes.

The year saw a favourable trend in sales of new product systems, such as small sewage-treatment plants and NoDig systems for renovating subterranean piping systems.

Real Estate

Property sales remained buoyant, totalling EUR 53.5 (20.0) million, with the largest deal being the sale of shares in Tampereen Kiinteistö Invest Oy to Varma-Sampo Mutual Pension Insurance Company.

Hannu Katajamäki (M.Sc.) was appointed President of the Real Estate division, effective as of 1 August, upon the former President's resignation.

Other issues

In April, Uponor entered on a project aimed at upgrading the Group's international data communications network, with a view to intensifying intra-Group co-operation throughout the world. The new network was phased in during the end of the year.

The Uponor Leadership Programme designed for the company's international management was launched in the autumn, with the aim of enhancing managerial capabilities required by the Group's new strategy. The first programme, attended by 25 key managers, will run through autumn 2003, replacing the former international programme adopted in 1992.

Streamlining of corporate structure continued by the mergers of Uponor Pexep Oy, Karjaan Trikootehdas Oy and Finla Kehräämö Oy into the parent company on 30 August 2002.

Personnel

The number of Group employees decreased by 184, totalling 5,302 (5,486) at year-end.

The geographical breakdown of personnel was as follows: Germany 1,752 (33.0%), North America 906 (17.1%), Scandinavia 884 (16.7%), Finland 501 (9.4%), other EU 465 (8.8%), UK and Ireland 487 (9.2%), and other countries 307 (5.8%).

The reported average number of employees came to 5,393 (5,723).

Administration and audit

Uponor Oyj's Board of Directors remained unchanged during 2002, with Pekka Paasikivi acting as Chairman, Hannu Kokkonen as First Deputy Chairman and Niilo Pellonmaa as Second Deputy Chairman. Matti Niemi and Horst Rahn were the ordinary Board members.

KPMG Wideri Oy Ab, Authorised Public Accountants, acted as the company's auditor, with Sixten Nyman as the principal auditor.

Share capital and shares

Uponor Oyj's share capital amounts to EUR 75,834,444.00. With a total of 37,917,222 shares, each share with a nominal value of EUR 2 entitles its holder to one vote.

In 2002, the volume of Uponor Oyj shares traded on the Helsinki Exchanges totalled 13,510,946, valued at EUR 270.0 million. The year-end share quotation amounted to EUR 19.48 and the market capitalisation of the outstanding shares was EUR 720.9 million. Foreign shareholding in Uponor accounted for 30.7 per cent (23.5 per cent) at the end of the year.

The Annual General Meeting of 13 March 2002 authorised the Board of Directors to decide on buying back and transferring own shares as well as issuing a convertible bond and share options, and increasing share capital through a rights issue. These authorisations remain valid for one year. In addition, the AGM decided to reduce share capital by EUR 600,000 and amend the Articles of Association by repealing Article 11 governing the shareholder's redemption obligation.

On the basis of the authorisation to buy back own shares given by the AGM, the Board of Directors decided on 23 April to buy back a maximum of 1,300,000 own shares to be used as consideration in connection with prospective business acquisitions and other industrial arrangements, as well as to strengthen the company's capital structure, finance investments, or otherwise dispose of or invalidate them. At the start of the report period, based on the previous authorisations, the company held a total of 840,000 treasury shares, of which 300,000 were invalidated on the basis of the decision by the AGM of March to reduce share capital.

During the report period, Uponor Oyj bought back a total of 371,000 own shares traded on the Helsinki Exchanges, at a total purchase price of EUR 7.2 million. At the end of the report period, the company held 911,000 treasury shares, with their combined nominal value of EUR 1,822,000, accounting for 2.4 per cent of the share capital and total voting rights. The share buyback has no significant effect on the distribution of shareholding and voting rights. Treasury shares have no balance sheet value in the financial statements.

Authorisations to issue shares and transfer own shares were not exercised during the financial year.

At the beginning of July, Uponor Oyj sold a total of 5,070 shares, not entered in the book-entry securities system, on behalf of their holders. The holders of the shares sold or other holders of interest are entitled within ten years to receive a portion of the capital gains on the sold shares in proportion to their shareholding.

In 2002, an Extraordinary General Meeting was convened to discuss the missing Trade Register entry relating to Uponor's 1999 stock option plan. The Extraordinary General Meeting of 3 September 1999 authorised the Board of Directors to grant, deviating from the shareholders' pre-emption right, 400,000 A options and 400,000 B options to the Group key personnel and a wholly owned subsidiary, as part of the Group's incentive scheme. The EGM of 31 October 2002 reapproved the stock option plan and the Board of Directors confirmed the validity of the stock options granted on the basis of the plan. The plan was re-entered in the Trade Register on 1 November 2002. The share subscription period began on the same day and will, in accordance with the original terms and conditions, expire on 31 August 2004.

On the basis of the stock option plan, the company has granted 560,000 stock options to 50 key employees, entitling them to subscribe for an equal number of the company's shares with a par value of EUR 2. Pursuant to the stock option based share subscriptions, the number of company shares may increase by a maximum of 560,000 and the share capital by a maximum of EUR 1,120,000. The shares payable at subscription entitle their holders to a dividend for the period of their subscription. Other shareholder entitlement will become effective once the increase of share capital has been entered in the Trade Register.

The A option's subscription price and the B option's subscription price are determined by the trade-weighted average quoted on the Helsinki Exchanges in August 1999 and August 2000, respectively, plus 15 per cent. The dividends distributed after the share price determination period and before the subscription will be deducted from the subscription price. A dividend is deemed distributed on the record date of each dividend distribution. At the end of 2002, the A option's subscription price was EUR 16.96 and the B option's EUR 21.25. No company shares have yet been subscribed for on the basis of the stock options.

Events after the report period

In January the company announced the decision made by Jarmo Ryttilahti, President and CEO of Uponor Oyj, to retire in autumn 2004 as he reaches 60, in accordance with the terms of his executive contract. Ryttilahti has served the company for 20 years, first as Deputy CEO for eight years and as President and CEO for the past 12 years.

In its decision issued on 24 January 2003, the Swedish Market Court did not reverse the judgement delivered by the Stockholm Court of First Instance on 18 December 2001 on restrictive trade practices in violation of the Swedish Competition Act during 1993–1995. In addition to Uponor's Swedish subsidiary, two other companies were found guilty of anti-competitive practices. Consequently, the fine imposed on Uponor amounts to SEK 8 million (approx. EUR 840,000).

Outlook

The outlook for the world economy is characterised by several unpredictable factors, which may also dampen the prospects of the housing market.

The German housing market, the largest in Europe, has been declining for several years now, with no turn for the better on the horizon, whereas prospects are satisfactory in the Nordic, UK and southern European markets.

Housing renovation is predicted to grow considerably throughout the EU.

Housing construction in the U.S. is expected to remain at a healthy level thanks to low interest rates.

The development of the markets in central Europe requires structural changes, which will result in non-recurring expenses during 2003. Excluding these expenses, the profitability of Uponor's core businesses is expected to improve from its 2002 levels unless markets are hit by abrupt changes in demand factors.

Income statement

	Note	Uponor Group		Uponor Oyj	
		2002	2001	2002	2001
Net sales		1 137,2	1 192,4	3,4	4,2
Cost of goods sold		805,5	869,0	1,3	1,5
Gross profit		331,7	323,4	2,1	2,7
Marketing costs		167,3	160,7	-	-
Administration costs		58,9	55,4	9,3	6,7
Other operating income	1.1.	35,7	12,3	11,2	5,7
Other operating costs		16,0	16,9	3,7	-
Depreciation of group goodwill		11,0	11,5	-	-
Expenses		217,5	232,2	1,8	1,0
Operating profit		114,2	91,2	0,3	1,7
Financial expenses and income	1.5.	-13,5	-16,2	45,3	49,7
Profit before extraordinary items		100,7	75,0	45,6	51,4
Extraordinary items	1.6.	-	-9,7	25,8	13,7
Profit before appropriations and taxes		100,7	65,3	71,4	65,1
Appropriations				1,0	0,5
Income taxes	1.7.	36,9	28,1	9,0	9,0
Minority share		-0,4	0,6	-	-
Profit for the period		64,2	36,6	63,4	56,6

Balance sheet

	Note	Uponor Group		Uponor Oyj	
		31.12.2002	31.12.2001	31.12.2002	31.12.2001
Assets					
Fixed assets					
Intangible assets					
Intangible rights		7,9	8,2	-	-
Goodwill		3,4	4,0	-	-
Consolidation goodwill		91,2	101,7	-	-
Other capitalised long-term expenditure		0,3	0,9	0,8	1,1
Intangible assets	2.1.	102,8	114,8	0,8	1,1
Tangible assets					
Land and water areas		58,7	62,1	2,3	2,7
Buildings and structures		192,6	215,0	11,9	14,6
Plant and machinery		159,4	178,3	0,8	0,8
Other tangible assets		8,4	10,7	-	-
Advance payments and investment in progress		13,5	20,5	-	-
Tangible assets	2.1.	432,6	486,6	15,0	18,1
Securities and long-term investments					
Shares in subsidiaries	3.1.	-	-	285,9	287,6
Shares in associated companies	3.2.	2,4	23,3	-	0,4
Other shares and holdings		8,0	9,2	3,7	4,3
Other investments		1,2	2,4	252,8	253,9
Securities and long-term investments	2.1., 2.2.	11,6	34,9	542,4	546,2
Total fixed assets		547,0	636,3	558,2	565,4
Current assets					
Inventories					
Raw materials and consumables		28,4	29,8	-	-
Finished products / goods		137,6	141,7	-	-
Advance payments		0,5	1,5	-	-
Inventories		166,5	173,0	-	-
Accounts receivables					
Trade receivables		139,4	152,4	0,5	1,2
Loan receivables		11,3	11,0	32,8	35,9
Accruals	2.4.	34,7	37,4	1,9	1,2
Deferred tax assets	2.14.	18,9	22,7	0,1	0,1
Other receivables		2,7	9,1	46,0	59,3
Accounts receivables	2.3.	207,0	232,6	81,3	97,7
Liquid assets					
Cash in hand and at bank		6,3	31,1	0,4	13,2
Liquid assets		6,3	31,1	0,4	13,2
Total current assets		379,8	436,7	81,7	110,9
Total assets		926,8	1 073,0	639,9	676,3

	Note	Uponor Group		Uponor Oyj	
		31.12.2002	31.12.2001	31.12.2002	31.12.2001
Liabilities and shareholders' equity					
Shareholders' equity					
Restricted equity					
Share capital		75,8	76,4	75,8	76,4
Other restricted equity		103,4	105,2	111,8	111,2
Restricted equity		179,2	181,6	187,6	187,6
Unrestricted equity					
Retained earnings		296,7	307,4	282,0	262,5
Profit for the period		64,2	36,6	63,4	56,6
Unrestricted equity		360,9	344,0	345,4	319,1
Total shareholders' equity	2.5.	540,1	525,6	533,0	506,7
Minority interest		5,4	8,4	-	-
Accumulated appropriations	2.6.	-	-	3,4	4,0
Obligatory provisions		11,4	12,1	0,5	0,5
Liabilities					
Long-term liabilities					
Bonds		26,0	26,0	26,0	26,0
Loans from financial institutions		33,8	121,1	16,7	45,4
Loans from pension funds		13,9	17,6	8,8	13,1
Other long-term liabilities		27,4	28,0	-	-
Long-term liabilities	2.7., 2.8.	101,1	192,7	51,5	84,5
Deferred tax liability	2.14.	41,5	39,0	-	-
Short-term liabilities					
Annual loan instalments		16,4	28,8	4,3	17,2
Advances received		4,9	0,8	0,0	0,0
Trade payables		72,6	78,0	0,7	0,5
Accruals	2.10.	82,4	88,9	2,6	5,9
Other short-term liabilities		51,0	98,7	43,9	57,0
Short-term liabilities	2.9.	227,3	295,2	51,5	80,6
Total liabilities		369,9	526,9	103,0	165,1
Total liabilities and shareholders equity		926,8	1 073,0	639,9	676,3

Cash flow statement

	Uponor Group		Uponor Oyj	
	1 Jan - 31 Dec 2002	1 Jan - 31 Dec 2001	1 Jan - 31 Dec 2002	1 Jan - 31 Dec 2001
	MEUR		MEUR	
Cash flow from operations				
Net cash from operations				
Profit for the period	64,2	36,6	63,4	56,6
Depreciation	74,7	78,2	1,3	1,4
Sales gains from the sale of fixed assets	-35,3	-11,4	-10,2	-5,1
Cash flow adjustment items	7,1	1,8	-1,0	-0,5
Group contributions	-	-	-25,8	-15,2
Net cash from operations	110,7	105,2	27,7	37,2
Change in working capital				
Receivables	10,9	13,4	16,5	-9,3
Inventories	-1,6	14,6	-	-
Non-interest-bearing liabilities	4,8	-21,5	-2,9	0,9
Change in working capital	14,1	6,5	13,6	-8,4
Cash flow from operations	124,8	111,7	41,3	28,8
Cash flow from investments				
Share acquisitions	-2,6	-1,6	-	-
Share divestments	30,9	0,0	-	-
Investment in fixed assets	-42,4	-54,1	-8,0	-11,5
Income from sales of fixed assets	38,1	20,8	23,0	17,5
Cash flow from investments	24,0	-34,9	15,0	6,0
Cash flow before financing	148,8	76,8	56,3	34,8
Cash flow from financing				
Change in long-term receivables	1,1	0,1	1,2	-23,7
Change in long-term liabilities	-85,6	-54,9	-45,9	-15,4
Change in short-term liabilities	-49,2	24,0	-13,1	36,3
Share issue	-	-	-	-
Dividend payments	-29,9	-30,5	-29,9	-30,5
Dividends to minority shareholders	-2,0	-	-	-
Cash flow from treasury shares	-7,2	-15,1	-7,2	-15,1
Group contributions	-	-	25,8	15,2
Cash flow from financing	-172,8	-76,4	-69,1	-33,2
Exchange rate differences for liquid assets	-0,8	2,1	-	-
Change in liquid assets	-24,8	2,5	-12,8	1,6
Liquid assets at 1 January	31,1	28,6	13,2	11,6
Liquid assets at 31 December	6,3	31,1	0,4	13,2
Changes according to balance sheet	-24,8	2,5	-12,8	1,6

Accounting principles

The financial statements of Uponor Oyj comply with the Finnish Accounting Act from 1997, which is based on the fourth and seventh Directives of the European Community. There have been no changes of substance in accounting conventions.

Method of compiling the consolidated financial statements

The consolidated financial statements include the parent company and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries. Subsidiaries acquired or established during the year have been included as of the time of acquisition or establishment. Divested companies are included up to the time of divestment.

Transactions between Group companies have been eliminated. Reciprocal shareholdings have been eliminated by the acquisition cost method. The difference between the acquisition price of shares in a subsidiary and the net assets of subsidiaries at the time of acquisition is shown as a difference on consolidation, part of which is allocated to the fixed assets acquired if their current value substantially exceeds their book value, while the remaining, unallocated portion is shown as consolidation goodwill depreciating over an estimated effective period not exceeding 20 years. The share of minority holdings in earnings and shareholders' equity is shown as a separate item.

Associated companies are those in which the Group has a stake of 20–50 per cent and where it exercises influence. These have been included in the consolidated accounts using the capital share method. The share of earnings of associated companies for the accounting period is reckoned according to the stake held by the Group and shown separately in the income statement. Essential differences in accounting conventions between the Uponor Group and the associated companies are eliminated before combination using the capital share method.

Currency denominated items

Each company converts daily currency denominated transactions in its own accounts using the current exchange rates on the day of the transaction. Currency denominated receivables and liabilities are converted in the financial statements using the current exchange rate at the end of the accounting period. Exchange rate differentials pertaining to normal business are processed as sale and purchase corrections and those pertaining to financing are shown as finance exchange rate differentials.

Receivables and liabilities protected by derivative instruments are shown in the balance sheet at the agreed rate of exchange.

In the consolidated financial statements the income statements of foreign subsidiaries have been converted into Finnish marks at the average rate of exchange for the accounting period, while the balance sheet is based on the current exchange rate at the end of the accounting period. Any conversion differential arising from this, and other conversion differentials due to changes in subsidiary shareholders' equity are shown as an increase or reduction in unrestricted shareholders' equity. In addition to this, exchange rate differentials relating to parent company loans to foreign subsidiaries, which compensate shareholders' equity, have been corrected in the conversion in the consolidated accounts.

Conversion differentials realised in connection with substantial returns of capital are released to income in the exchange rate differentials of the income statement.

Net sales

Net sales comprise sales of products and services supplied, minus indirect taxes, allowed discounts and exchange rate differentials.

Extraordinary income and expenses

Extraordinary income and expenses comprise items which are exceptional from the point of view of regular business operations, such as factory closures and non-recurrent expenses arising from reorganising operations, as well as earnings and expenses due to sales of entire business operations. Items derived from changes in accounting conventions are shown as extraordinary income or expenses.

Characteristically recurrent income and expenses pertaining to business operations, e.g. profits and losses incurred on sales of current assets, are included in other income of business operations.

Tax

The taxes in the consolidated financial statements include direct taxes based on the taxable earnings of each

company, reckoned according to local tax regulations, together with the change in deferred tax receivables or liabilities arising from temporary differences. In addition to this, the change in deferred tax receivables or liabilities arising from consolidation elimination is shown in the taxes of the consolidated income statement. The accrued adjustments in the consolidated financial statements are divided between deferred tax liability and shareholders' equity.

Pension arrangements

All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed. The pension arrangements of companies in the Group comply with local regulations and practices in various countries. The costs of these arrangements are recorded as expenses in the income statement. The sums concerned are based on actuarial valuations or on the direct debits of insurance companies.

Fixed assets and depreciation

Fixed assets are shown in the balance sheet at residual value according to plan. This residual value is reckoned by deducting cumulative depreciation from the original acquisition cost.

Depreciation of fixed assets according to plan has been calculated on the basis of the acquisition cost and estimated economic life span as follows:

Buildings	25 – 50 years
Machinery and equipment	5 – 20 years
Office and shop furniture and fittings	5 – 10 years
Transport equipment	5 – 7 years
Capitalised expenditure	5 – 10 years
Goodwill	5 – 10 years
Consolidation goodwill	10 – 20 years

Current assets

Current assets are valued according to the FIFO principle at the deferred acquisition cost or probable sale price, whichever is the lower. The probable sale price of commodity current assets is the price received at the time of sale minus sales expenses. The acquisition cost of finished products and goods in process includes a share of indirect manufacturing costs.

Cash flow statement

The change in working capital and changes in balance sheet items pertaining to financing activities are reckoned in the Group cash flow statement at annual average exchange rates and include only the companies within the Group at the end of the year.

Derivative instruments

The companies in the Group employ derivative instruments to reduce interest rate, exchange rate, and raw material price risks. The Group does not speculate in derivative instrument trading. The premiums for options purchased and sold for financing purposes are recorded under the financing expenses category of the income statement during their period of validity.

Treasury shares

The parent company held some of its own shares during the year under review and the preceding year. These shares have been eliminated from the shareholders' equity of the parent company and of the Group and have no balance sheet value. The parent company assigned some of its own shares in public trading during the preceding year. The net trading profit earned from such assignment after income taxes has been recorded in the premium fund of the parent company. Treasury shares have been eliminated from the calculation of key figures.

Notes to the financial statements

1. Notes to the income statement	Uponor Group		Uponor Oyj	
	2002	2001	2002	2001
1.1. Other operating income				
Gains from sales of fixed assets	35,3	11,4	10,2	5,1
Income from services	-	-	-	-
Remuneration	-	-	-	-
Sale of secondary products	-	-	-	-
Royalties	0,3	-	0,3	0,6
Income from real estate holdings	-	-	-	-
Earnings share from associated companies	0,1	0,9	-	-
Other income	-	-	0,7	0,0
	35,7	12,3	11,2	5,7
1.2. Personnel costs				
Salaries and fringe benefits	150,8	141,3	2,0	1,8
Pension expenses	8,9	7,2	0,3	0,1
Other personnel costs	28,6	26,1	0,2	0,2
	188,3	174,6	2,5	2,1
Salaries and emoluments paid to the Managing Directors				
Salaries and emoluments	6,3	5,4	0,5	0,4
Bonus payments	0,8	0,8	0,1	0,0
	7,1	6,2	0,6	0,4
1.3. Depreciation according to plan				
Intangible rights	2,8	3,0	-	-
Goodwill	0,6	0,8	-	-
Consolidation goodwill	11,0	11,5	-	-
Other capitalised long-term expenditure	0,1	0,4	0,5	0,5
Land and water areas	1,5	1,5	-	-
Buildings and structures	9,5	10,2	0,6	0,6
Plant and machinery	45,3	46,8	0,2	0,3
Other tangible assets	3,9	4,0	-	-
	74,7	78,2	1,3	1,4
1.4. Depreciation by operation				
Manufacturing	51,1	54,0	0,6	0,7
Sales and marketing	6,8	6,7	-	-
Administration	4,7	4,8	0,7	0,7
Other	1,1	1,2	-	-
Consolidation goodwill	11,0	11,5	-	-
	74,7	78,2	1,3	1,4
1.5. Financial income and expenses				
Dividend income				
- Subsidiaries	-	-	43,6	39,1
- Others	0,8	1,1	1,2	1,1
Interest and financial income				
- Subsidiaries	-	-	13,5	16,5
- Associated companies	0,5	0,5	-	-
- Others	2,8	3,0	1,0	1,5
	4,1	4,6	59,3	58,2
Interest and financial costs				
- Subsidiaries	-	-	1,2	0,5
- Others	15,1	22,1	6,3	7,9

	Uponor-konserni		Uponor Oyj	
	2001	2000	2001	2000
Exchange differences				
- Realised	-1,8	-0,4	0,6	-1,0
- Unrealised	-0,7	1,7	-7,1	0,9
	17,6	20,8	14,0	8,5
Net financial costs	-13,5	-16,2	45,3	49,7
1.6. Extraordinary income				
Gains from sales of fixed assets	-	-	-	-
Change in accounting principles	-	-	-	-
Group contributions	-	-	25,8	15,2
Other	-	0,7	-	-
	-	0,7	25,8	15,2
Extraordinary expenses				
Write-offs	-	2,7	-	-
Change in accounting principles	-	-	-	-
Closing-down expenses	-	6,8	-	-
Other	-	0,9	-	1,5
	-	10,4	-	1,5
1.7. Taxes				
For the financial period	29,0	23,9	8,2	7,5
For previous financial periods	0,8	5,3	0,8	1,6
On extraordinary items	-	-2,8	-	-
Change in deferred taxation	7,1	1,7	-	-0,1
	36,9	28,1	9,0	9,0

2. Notes to the balance sheet

2.1. Fixed assets

Uponor Oyj	Intangible rights	Other capitalised long-term expenditure	Land and water areas	Buildings and structures	Plant and machinery	Other tangible assets	Advance payments and investment in progress	Securities and long-term investments
Acquisition costs 1 Jan	0,2	4,1	2,3	30,8	5,8	2,0	-	292,3
Structural changes	-	-	-	1,9	2,6	-	-	-
Increases	-	0,2	-	-	0,3	-	-	5,6
Decreases	-	-	-0,4	-3,6	-0,5	-	-	-8,3
Acquisition costs 31 Dec	0,2	4,3	1,9	29,1	8,2	2,0	-	289,6
Accrued depreciation and value adjustments	0,2	3,0	-	16,5	5,0	2,0	-	-
Accrued depreciation of decreases and transfers	-	-	-	0,4	2,2	-	-	-
Depreciation for the financial period	-	0,5	-	0,6	0,2	-	-	-
Accrued depreciation	0,2	3,5	-	17,5	7,4	2,0	-	-
Revaluations	-	-	0,4	0,3	-	-	-	-
Book value	0,0	0,8	2,3	11,9	0,8	-	-	289,6

Uponor Group	Intangible rights	Goodwill	Consolidation goodwill	Other capitalised long-term expenditure	Intangible assets	Shares in associated companies	Other shares and holdings
Acquisition costs 1 Jan	34,8	23,8	145,3	2,7	206,6	23,3	9,2
Structural changes	0,1	0,0	0,0	0,0	0,1	-	-
Conversion difference	-0,7	-0,4	-1,9	0,1	-2,9	0,0	-
Increases	2,4	0,1	2,1	-0,8	3,8	0,1	-
Decreases	0,1	0,4	0,9	-1,7	-0,3	21,0	1,2
Acquisition costs 31 Dec	36,5	23,1	144,6	3,7	207,9	2,4	8,0
Accrued depreciation and value adjustments	26,6	19,8	43,6	1,8	91,8	-	-
Structural changes	0,0	0,0	0,0	0,0	0,0	-	-
Conversion difference	-0,6	-0,5	-0,9	0,0	-2,0	-	-
Accrued depreciation of decreases and transfers	-0,2	-0,2	-0,3	1,5	0,8	-	-
Depreciation for the financial period	2,8	0,6	11,0	0,1	14,5	-	-
Accrued depreciation	28,6	19,7	53,4	3,4	105,1	0,0	0,0
Book value	7,9	3,4	91,2	0,3	102,8	2,4	8,0

	Land and water areas	Buildings and structures	Plant and machinery	Other tangible assets	Advance payments and investment in progress	Tangible assets
Acquisition costs 1 Jan	57,2	287,0	543,0	33,2	20,5	940,9
Structural changes	0,0	0,1	0,4	0,0	0,0	0,5
Conversion difference	-1,8	-3,0	-23,1	-1,9	-1,4	-31,2
Increases	1,3	5,0	36,7	2,4	-5,4	40,0
Decreases	1,6	17,6	13,3	1,4	0,2	34,1
Acquisition costs 31 Dec	55,1	271,5	543,7	32,3	13,5	916,1
Accrued depreciation and value adjustments	6,7	79,9	366,1	22,5	-	475,2
Structural changes	-	-	0,1	-	-	0,1
Conversion difference	-0,6	-0,8	-14,5	-1,4	-	-17,3
Accrued depreciation of decreases and transfers	-	-1,8	-10,9	-1,1	-	-13,8
Depreciation for the financial period	1,5	9,5	45,3	3,9	-	60,2
Accrued depreciation	7,6	86,8	386,1	23,9	0,0	504,4
Revaluations	11,2	7,9	1,8	-	-	20,9
Book value	58,7	192,6	159,4	8,4	13,5	432,6

Balance sheet value of production plant and machinery 143,5

	Uponor Group 2002	2001	Uponor Oyj 2002	2001
2.2. Long-term investments				
Loans receivables				
- Subsidiaries	-	-	251,5	252,8
- Associated companies	9,7	9,7	-	-
- Others	1,2	1,3	1,2	1,1
	10,9	11,0	252,7	253,9

	Subsidiaries		Associated companies	
	2002	2001	2002	2001
2.3. Receivables from subsidiaries and associated companies				
Uponor Oyj				
Loan receivables	284,4	288,7	-	-
Trade receivables	-	1,2	-	-
Accruals	0,1	0,0	-	-
Other receivables	45,2	59,2	-	-
	329,7	349,1	-	-

No loans have been issued to management or shareholders, nor have guarantees been issued or securities lodged on their behalf.

	Uponor Group		Uponor Oyj	
	2002	2001	2002	2001
2.4. Accrued income				
Taxes	15,2	22,9	0,9	1,0
Discounts received	5,8	5,3	-	-
Interest	0,8	0,2	0,8	0,2
Other	12,9	9,0	0,2	0,0
	34,7	37,4	1,9	1,2

2.5. Changes in shareholders' equity

Restricted shareholders' equity

Share capital on 1 January	76,4	77,4	76,4	77,4
Cancelling of shares	-0,6	-1,0	-0,6	-1,0
Share capital on 31 December	75,8	76,4	75,8	76,4
Capital reserve on 1 January			111,0	110,0
Cancelling of shares			0,6	1,0
Premium on shares issued, 31 December			111,6	111,0
Revaluation reserve on 1 January			0,2	0,2
Decrease			-	-
Revaluation reserve on 31 December			0,2	0,2
Non-restricted shareholders' equity on 1 January			319,1	308,1
Dividend payments			-29,9	-30,5
Treasury shares			-7,2	-15,1
Profit for financial period			63,4	56,6
Non-restricted shareholders' equity on 31 December			345,4	319,1
Other restricted shareholders' equity on 1 January	105,2	104,5		
Changes in revaluation reserve	-1,2	-0,5		
Transfer to non-restricted shareholders' equity	-1,2	0,2		
Transfer from share capital	0,6	1,0		
Other restricted shareholders' equity on 31 December	103,4	105,2		
Non-restricted shareholders' equity on 1 January	344,0	354,6		
Dividend payments	-29,9	-30,5		
Conversion differences	-11,4	-1,5		
Transfer from restricted shareholders' equity	1,2	-0,2		
Treasury shares	-7,2	-15,1		
Profit for financial period	64,2	36,7		
Non-restricted shareholders' equity on 31 December	360,9	344,0		
Of which not distributable in dividends	43,1	40,0		

	Uponor Group		Uponor Oyj	
	2002	2001	2002	2001
2.6. Accumulated appropriations				
- Intangible assets			0,2	0,2
- Buildings and structures			2,8	3,5
- Plant and machinery			0,4	0,3
- Other tangible assets			0,0	0,0
			3,4	4,0

2.7. Loans

Falling due in following financial period

- Loans from financial institutions	11,9	20,6	-	9,5
- Pension loans	4,3	7,7	4,3	7,7
- Other loans	0,2	0,5	-	-
	16,4	28,8	4,3	17,2

2.8. Long-term loans

Due in five years

- Loans from financial institutions	3,6	6,7	-	-
- Pension loans	10,2	10,5	4,2	6,9
- Other loans	-	0,3	-	-
	13,8	17,5	4,2	6,9

Serial bond I/2001

Serial bond not exceeding EUR 100 million

Nominal annual interest 6.25 %

Term: 20 November 2001 to 20 November 2005

The loan is unsecured.

Redemption in full on 20 November 2005

First tranche

Loan amount: EUR 26 million

Issue price 99.937

	Subsidiaries		Associated companies	
	2002	2001	2002	2001
2.9. Liabilities to subsidiaries and associated companies				
Uponor Oyj				
Trade payables	0,4	0,3	-	-
Other short-term liabilities	39,1	53,8	-	-
	39,5	54,1		

	Uponor Group		Uponor Oyj	
	2002	2001	2002	2001
2.10. Accrued liabilities				
Staff costs	22,0	18,2	0,7	0,3
Interest	0,8	1,0	0,7	0,6
Taxes	21,3	23,9	-	5,0
Discounts	7,7	6,1	-	-
Others	30,6	39,7	1,2	-
	82,4	88,9	2,6	5,9

2.11. Secured loans

Pledged assets	0,8	7,9		
Mortgages	23,4	28,0		
	24,2	35,9		

	Uponor Group		Uponor Oyj	
	2002	2001	2002	2001
2.12. Exchange and interest rate risk management				
Derivatives contracts				
Interest derivatives				
Interest rate options, bought	82,7	94,7	82,7	94,7
Interest rate options, sold	111,3	128,8	111,3	128,8
Interest rate swaps	10,0	10,0	10,0	10,0
Foreign currency derivatives				
Forward agreements	5,0	10,0	5,0	9,3
Currency swaps	17,0	5,0	17,0	5,0
Commodity derivatives				
Forward agreements	1,1	-	-	-
2.13. Contingent liabilities				
Pledges at book value				
- on own behalf	0,8	7,9	-	-
Mortgages issued				
- on own behalf	23,3	28,0	-	-
Guarantees issued				
- on behalf of a subsidiary	-	-	70,0	162,9
- on behalf of others	3,3	4,1	-	-
Other contingent liabilities	4,9	0,0	-	-
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.				
Leasing and renting liabilities				
Maturing in the following year	2,3	2,2	0,3	0,3
Maturing later	51,3	56,2	2,3	1,8
	53,6	58,4	2,6	2,1
2.14. Deferred tax liabilities and assets				
Deferred tax assets				
- Consolidation procedures	-	14,4		
- Consolidated companies	18,9	8,3		
	18,9	22,7		
Deferred tax liabilities				
- Appropriations	18,0	17,6		
- Consolidation procedures	0,0	2,9		
- Consolidated companies	23,5	18,5		
	41,5	39,0		
	22,6	16,3		

3. Shares and holdings

3.1. Subsidiaries

Name	Domicile		Parent company stake	Group stake
Uponor Aldyl S.A.	Buenos Aires	AR	100,0	100,0
130167 Canada Inc.	Montreal	CA	100,0	100,0
Uponor Beteiligungs GmbH	Marl	DE	100,0	100,0
Uponor Müanyag Csörendszer Kft.	Budapest	HU		100,0
Aldyl Dégáz Kft.	Szeged	HU		60,0
Uponor Polska Sp. z o.o.	Sochaczew	PL		100,0
Uponor Bor Sp. z o.o.	Sochaczew	PL		100,0
Uponor Resiplast, S.A.	Barcelona	ES		100,0
Uponor Hispania, S.A.	Móstoles	ES		100,0
Uponor Czech s.r.o.	Prague	CZ		100,0
Uponor (Deutschland) GmbH	Marl	DE		100,0
Uponor Anger GmbH	Marl	DE		100,0
Uponor Hausabflusstechnik GmbH	Emstek	DE		51,0
Uponor Magnaplast Sp. z o.o.	Sieniawa Zarska	PL		51,0
Uponor Abwassertechnik GmbH	Emstek	DE		75,5
Uponor Klärtechnik GmbH	Marl	DE		100,0
Hewing GmbH	Ochtrup	DE		100,0
Cronatherm Verwaltungs GmbH	Buchholz-Mendt	DE		100,0
Cronatherm GmbH & Co. KG	Buchholz-Mendt	DE		100,0
Wirsbo Pex GmbH	Heusenstamm	DE		100,0
Wirsbo Verwaltungs GmbH	Norderstedt	DE		100,0
Wirsbo-VELTA GmbH & Co. KG	Norderstedt	DE		100,0
Polytherm Vertriebs GmbH	Ochtrup	DE		100,0
Uponor S.A.R.L.	Saran	FR		100,0
Uponor Rohrsysteme GmbH	Hassfurt	DE		100,0
PR Consulting & Marketing GmbH	Hassfurt	DE		100,0
Unicor GmbH Rahn Plastmaschinen	Hassfurt	DE		100,0
Unicor Extrusionstechnik GmbH	Zella-Mehlis	DE		100,0
Unicor Plastic Machinery, Inc.	Missisauga	CA		100,0
Sörberg GmbH & Co. KG	Hassfurt	DE		100,0
Uponor A/S	Hadsund	DK	100,0	100,0
Uponor Eesti AS	Tallinn	EE	100,0	100,0
Osaühing 3E	Tallinn	EE		100,0
Insinööritoimisto Nereus Oy Ab	Uusikaupunki	FI	100,0	100,0
Jita Oy	Virrat	FI	100,0	100,0
Kiinteistö Oy Porin Askotalot	Pori	FI	79,1	79,1
Renor Oy	Lahti	FI	100,0	100,0
Oy Finla Ab	Tampere	FI		100,0
Varastotalo Oy	Tampere	FI		100,0
Kiinteistö Oy Trikootalot	Tampere	FI		100,0
Kiinteistö Oy Keskuskatu 20	Heinola	FI		100,0
Asunto Oy Forssan Kuhalankatu 2	Forssa	FI		82,5
Asko Norge AS	Oslo	NO		100,0
Asko i Fristad AB	Borås	SE		100,0
KB Sekanten	Borås	SE		100,0
Uponor Suomi Oy	Nastola	FI	100,0	100,0
Uponor Holding S.A.	Lyon	FR	100,0	100,0
Uponor France S.A.	St. Etienne de St. Geoirs	FR		100,0
S.C.I. Village les Apprets	St. Etienne de St. Geoirs	FR		100,0
Uponor Limited (*)	Bishopstown	IE	100,0	100,0
Uponor (Cork) Limited (*)	Bishopstown	IE		100,0
Uponor Exports Limited	Dublin	IE		100,0
Uponor S.r.l.	Badia Polesine	IT	100,0	100,0
Uponor Latvia SIA	Riga	LV	100,0	100,0
Uponor UAB	Vilnius	LT	100,0	100,0
Uponor B.V.	Amsterdam	NL	100,0	100,0
Uponor AS	Furufaten	NO	100,0	100,0
Uponor Portugal - Sistemas para Fluidos, Lda.	Vila Nova de Gaia	PT	100,0	100,0
Uponor Construção e Ambiente – Sistemas de Tubagens, S.A.	Vila Nova de Gaia	PT		100,0
ZAO Uponor Rus	St. Petersburg	RU	100,0	100,0
Sörberg Produktion AB	Kungsjör	SE	100,0	100,0
Uponor AB	Borås	SE	100,0	100,0
Vårgårda Plast AB	Vårgårda	SE		100,0
Uponor Innovation AB	Borås	SE	100,0	100,0

Uponor Wirsbo AB	Surahammar	SE	100,0	100,0
Uponor Wirsbo A/S	Glostrup	DK		100,0
Uponor Wirsbo AS	Vestby	NO		100,0
Uponor Magyarország Kft.	Budapest	HU		100,0
WA Vertriebs GmbH	Guntramsdorf	AT		100,0
Uponor Limited	England	UK	100,0	100,0
Uponor Housing Solutions Limited	England and Wales	UK		100,0
Wirsbo UK Limited	England	UK		100,0
Uponor UK Export Limited	England	UK		100,0
Uponor Aldyl Limited	England	UK		100,0
Radius Plastics Limited	Northern Ireland	UK		100,0
Uponor North America, Inc.	Delaware	US	100,0	100,0
Hot Water Systems North America, Inc.	Delaware	US		100,0
Uponor Wirsbo Company	Illinois	US		100,0
Uponor Canada Inc.	Regina	CA		100,0
Radiant Technologies, Inc.	New York	US		100,0
Stadler Corp.	Massachusetts	US		100,0
Thermal Ease Hydronic Systems, Inc.	Washington	US		100,0
Unicor Pipe Systems Inc.	Toronto	CA		100,0
Unicor Pipe Systems, Inc.	Minnesota	US		100,0
Uponor ETI Company	Colorado	US		100,0
Mid-States Plastics, Inc.	Kentucky	US		100,0
Uponor Aldyl Company, Inc.	Delaware	US		100,0

3.2 Associated companies

Name	Domicile		Parent company stake	Group stake
Bostads Ab Gyllene Svanen Asunto Oy	Tammisaari	FI		50,0
Bostads Ab Silversvanen Asunto Oy	Tammisaari	FI		50,0
Punitec GmbH & Co. KG	Gochsheim	DE		45,0
Punitec Verwaltungs GmbH	Gochsheim	DE		45,0
Kiinteistö Oy Lahden Teollisuuskeskus	Lahti	FI		37,4
Asunto Oy Porin Purjesato	Pori	FI		37,1
HTC-Lahti Oy	Lahti	FI		33,3
Kiinteistö Oy Silkkirivi	Ikaalinen	FI		33,3
Kiinteistö Oy Puolikivi	Ikaalinen	FI		32,3
Kiinteistö Oy Lahden Vesijärvenkatu 36	Lahti	FI		24,0
Kiinteistö Oy Neilikkapolku	Vantaa	FI		20,5

*) In accordance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Uponor Oyj has given irrevocable guarantees in respect of the financial year from 1 January to 31 December 2002 with regard to the liabilities as referred to in Section 5 (c) of the said Act for this subsidiary.

Segment information

Breakdown by segment 2002

Net sales	2002		2001	
	MEUR	Share, %	MEUR	Change, %
Pipe Systems	1 112,9	97,8	1 165,7	-4,5
Real Estate	23,7	2,1	25,6	-7,4
Other/internal	0,6	0,1	1,1	-45,5
Uponor Group total	1 137,2	100,0	1 192,4	-4,6

Operating profit	2002		2001	
	MEUR	Share, %	MEUR	Change, MEUR
Pipe Systems	83,9	73,5	76,2	7,7
Real Estate	30,9	27,1	20,3	10,6
Other/elimination	-0,6	-0,6	-5,3	4,7
Uponor Group total	114,2	100,0	91,2	23,0

Investment	2002		2001	
	MEUR	Share, %	MEUR	Change, MEUR
Pipe Systems	43,1	95,8	50,9	-7,8
Real Estate	1,4	3,1	4,5	-3,1
Other/elimination	0,5	1,1	0,3	0,2
Uponor Group total	45,0	100,0	55,7	-10,7

Personnel at 31.12.	2002		2001	
	Number	Share, %	Number	Change, %
Pipe Systems	5 239	98,8	5 416	-3,3
Real Estate	36	0,7	41	-12,2
Other	27	0,5	29	-6,9
Uponor Group total	5 302	100,0	5 486	-22,4

Group key financial figures

	2002	2001	2000	1999	1998
Consolidated income statement, MEUR					
Net sales	1 137,2	1 192,4	1 355,6	1 346,8	1 165,5
Operating expenses	984,0	1 035,3	1 174,9	1 175,5	1 037,6
Depreciation according to plan	74,7	78,2	78,4	79,4	62,5
Other operating income	35,7	12,3	10,4	15,5	25,6
Operating profit	114,2	91,2	112,7	107,4	91,0
Financial income and expenses	-13,5	-16,2	-15,9	-18,7	-18,2
Profit after financial items	100,7	75,0	96,8	88,7	72,8
Extraordinary items	-	-9,7	9,0	22,3	28,1
Profit before appropriations and taxes	100,7	65,3	105,8	111,0	100,9
Book result	64,2	36,6	77,4	76,3	68,4

Consolidated balance sheet, MEUR

Non-current assets	455,8	534,6	556,3	637,1	589,8
Consolidation goodwill	91,2	101,7	111,9	122,3	61,8
Inventories	166,5	173,0	187,6	211,5	194,1
Cash and deposits	6,3	31,1	28,6	57,3	38,1
Other liquid assets	207,0	232,6	246,0	238,7	170,6
Restricted equity	179,2	181,6	181,9	184,5	179,5
Non-restricted equity	360,9	344,0	354,6	310,4	237,0
Minority interest	5,4	8,4	8,0	9,1	5,7
Obligatory provisions	11,4	12,1	14,9	16,8	15,2
Interest-bearing long-term liabilities	100,2	191,7	243,3	365,5	306,9
Interest-bearing short-term liabilities	70,0	122,2	96,0	116,5	88,2
Non-interest-bearing liabilities	199,7	213,0	231,7	264,1	221,9
Balance sheet total	926,8	1 073,0	1 130,4	1 266,9	1 054,4

Other key figures

Operating profit, %	10,0	7,6	8,3	8,0	7,8
Profit after financial items, %	8,9	6,3	7,1	6,6	6,3
Profit before appropriations and taxes, %	8,9	5,5	7,8	8,2	8,7
Return on Equity (ROE), %	11,8	8,2	12,8	13,3	10,3
Return on Investment (ROI), %	14,8	11,3	13,2	12,4	11,7
Solvency, %	58,9	49,8	48,3	39,9	40,1
Gearing, %	30	53	57	84	85
Net interest-bearing liabilities, MEUR	163,9	282,8	310,7	424,7	357,0
- % of net sales	14,4	23,7	22,9	31,5	30,6
Change in net sales, %	-4,6	-12,0	0,7	15,6	-5,3
Exports from Finland, MEUR	20,6	21,0	49,4	103,1	95,4
Net sales of foreign subsidiaries, MEUR	1 043,4	1 070,5	1 156,8	1 125,4	898,2
Total net sales of foreign operations, MEUR	1 047,6	1 075,1	1 188,1	1 146,9	909,2
Share of foreign operations, %	92,1	90,2	87,6	85,2	78,0
Personnel at 31 December	5 302	5 486	5 899	7 307	6 756
Average no. of personnel	5 393	5 723	6 513	7 451	6 723
Investments, MEUR	45,0	55,7	83,6	154,3	128,9
- % of net sales	4,0	4,7	6,2	11,5	11,1

Information on shares and shareholders

Information on shareholders and shares

Shareholders by category on 31 December 2002

Category	No. of shares	% of shares
Private non-financial corporations	10,658,820	28.1
Public non-financial corporations	8,134	0.1
Financial and insurance corporations	6,598,328	17.4
General government	5,776,219	15.2
Non-profit institutions	1,031,259	2.7
Households	2,191,606	5.8
Foreign (including nominee registrations)	11,652,335	30.7
<u>Others (joint account, waiting list)</u>	<u>521</u>	<u>0.0</u>
	37,917,222	100.0

Shareholders by size on 31 December 2002

Shares per shareholder	Total shares	% of share capital	No. of shareholders	% of shareholders
1 – 100	50,509	0.1	751	23.4
101 – 1,000	704,190	1.9	1,680	52.3
1,001 – 10,000	1,881,450	5.0	631	19.7
<u>10,001 –</u>	<u>35,281,073</u>	<u>93.0</u>	<u>147</u>	<u>4.6</u>
	37,917,222	100.0	3,209	100.0

The maximum number of votes which may be cast at the Annual General Meeting is 37,006,222 (status on 31 December 2002). At the end of the financial period the company held a total of 911,000 own shares corresponding to the same number of votes.

On the basis of the stock options issued by the company the number of shares of the company may increase by a maximum of 560,000 shares and the share capital by a maximum of EUR 1,120,000. The company has not issued any convertible bonds or bonds with warrants, which would entitle their holders to subscribe the company's shares.

The total shareholding of the members of the Board of Directors as well as the CEO and the Deputy Managing Director, together with the shareholdings of corporations, in which they exercise influence according to the information available to the company, amounts to 235,343 shares. In addition, the number of their stock options amounts to 15 per cent of the total number of stock options issued by Uponor Oyj. These stock options entitle their holders to subscribe a maximum of 84,000 shares corresponding to 0.23 per cent of the total number of shares and votes on 31 December 2002.

Major shareholders on 31 December 2002

Shareholder	Shares	% of shares	% of votes
Sampo Life Insurance Company Ltd	2,804,985	7.4	7.6
Oras Marketing Ltd	2,385,963	6.3	6.4
Oras Administration Ltd	2,382,564	6.3	6.4
Oras Technology Ltd	2,378,963	6.3	6.4
Varma-Sampo Mutual Pension Insurance Company	2,084,052	5.5	5.6
Ilmarinen Mutual Pension Insurance Company	1,368,700	3.6	3.7
Oras Ltd	1,058,400	2.8	2.9
Tapiola Mutual Pension Insurance Company	733,000	1.9	2.0
Odin Funds			
Odin Norden Investment Fund	540,400	1.4	1.5
Odin Finland Investment Fund	148,400	0.4	0.4
	688,800	1.8	1.9
Tapiola Mutual Insurance Company	597,500	1.6	1.6
Others	20,523,295	54.1	55.5
	37,006,222	97.6	100.0
Own shares held by the company	911,000	2.4	-
Total	37,917,222	100.0	100.0

Nominee-registered shares on 31 December 2002

Nordea Bank Finland Plc	9,336,757	24.6	25.2
Skandinaviska Enskilda Banken AB (Publ.)	872,390	2.3	2.4
Svenska Handelsbanken Finland Branch	224,194	0.6	0.6
Others	109,278	0.3	0.3
	10,542,619	27.8	28.5

Share-specific key figures

	2002	2001	2000	1999	1998
Share capital, MEUR	75,8	76,4	77,4	77,4	65,4
Number of shares at 31 December, in thousands	37 917	38 217	38 717	38 717	37 735
Number of shares adjusted for share issue, in thousands					
- at end of year	37 006	37 377	38 237	38 532	37 735
- average	37 269	37 829	38 521	38 075	38 655
Nominal value of shares, EUR	2,00	2,00	2,00	2	1,68
Adjusted equity, MEUR	545,5	534	544,5	504,1	422,2
Share trading, MEUR	270,0	184,4	203,4	363	325,8
Share trading, in thousands	13 511	10 621	10 860	22 865	19 558
- of average number of shares, %	36,3	28,1	28,2	60,1	50,6
Market value of share capital, MEUR	720,9	716,6	725,9	681,5	550,2
Adjusted earnings per share (fully diluted), EUR	1,72	1,15	1,74	1,58	1,09
Equity per share, EUR	14,58	14,06	14,03	12,85	10,71
Dividend, MEUR	55,5	29,9	30,6	25,8	22,2
Dividend per share, EUR	*) 1,50	0,80	0,80	0,67	0,59
Effective share yield, %	7,7	4,3	4,3	3,8	4,0
Dividend per earnings, %	87,2	69,6	46,0	42,3	53,8
P/E ratio	11,3	16,3	10,8	11,1	13,3
Issue-adjusted share prices, EUR					
- highest	24,85	19,30	21,00	17,83	20,52
- lowest	16,51	14,30	15,80	12,28	11,27
- average	19,98	17,36	18,73	15,88	16,65

* Proposal of the Board of Directors

The definitions of key ratios are shown on page 28.

The average number of shares allows for the effect of treasury shares.

Share issues	2002	2001	2000	1999	1998
Directed issues, MEUR	-	-	-	0,7	0,1
- issue premium	-	-	-	2,5	0,6
Subscription price, EUR	-	-	-	8,90	8,90

Definitions of key ratios

Return on Equity (ROE), %	=	$\frac{\text{Earnings before extraordinary items - tax}}{\text{Shareholders' equity + Average minority interest}} \times 100$
Return on Investment (ROI), %	=	$\frac{\text{Earnings before extraordinary items + interest and other financing costs}}{\text{Balance sheet total - Average non-interest-bearing liabilities}} \times 100$
Solvency, %	=	$\frac{\pm \text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total - advance payments received}} \times 100$
Gearing, %	=	$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$
Net interest-bearing liabilities	=	Interest-bearing liabilities - cash, bank receivables and financial assets
Earnings per share (EPS)	=	$\frac{\text{Profit before extraordinary items} \pm \text{minority interest of profit - tax}}{\text{Number of shares adjusted for share issue in financial period}}$
Equity per share ratio	=	$\frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$
Dividend per share ratio	=	$\frac{\text{Dividend per share}}{\text{Profit per share}}$
Effective dividend yield	=	$\frac{\text{Dividend per share} \times 100}{\text{Share price at end of financial period}}$
Price-Earnings ratio (P/E)	=	$\frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$
Share trading progress	=	Number of shares traded during the financial year in relation to average value of the said number of shares
Market value of shares	=	Number of shares at end of financial period x last trading price
Average share price	=	$\frac{\text{Total value of shares traded (EUR)}}{\text{Total number of shares traded}}$

Proposal of the Board of Directors

According to the balance sheet as of 31 December 2002, Group profits amount to EUR 360,879,000, of which EUR 317,743,000 may be distributed. The distributable profit of Uponor Oyj is EUR 345,380,097.35.

The Board of Directors proposes that a dividend of EUR 1.50 per share be paid on the 2002 accounting period.

Vantaa, 4 February 2003

Pekka Paasikivi
Chairman

Hannu Kokkonen

Matti Niemi

Niilo Pellonmaa

Horst Rahn

Jarmo Rytilahti
Managing director

Auditor's certificate

The above financial statements have been prepared in accordance with generally accepted accounting principles in Finland. Our auditors' report has been issued today.

Vantaa, 4 February 2003

KPMG Wideri Oy Ab
Authorised Public Accountants

Sixten Nyman
Authorised Public Accountant