

## Profit and Loss Statement

All amounts in NOK 1 000

Opticom group			Opticom ASA				
2002	2001	2000		Note	2002	2001	2000
			<b>OPERATING INCOME</b>				
10 218	5 448	1 265	R&D services and other income		1 133	1 100	
10 218	5 448	1 265	TOTAL OPERATING INCOME		1 133	1 100	0
			<b>OPERATING EXPENSE</b>				
69 741	45 565	28 343	Payroll expense	2, 3	10 215	4 982	1 362
64 037	41 380	23 769	Depreciation and write-down	4, 5			
7 932	13 709	15 219	Consultants, advisers, contractors	3	2 400	2 688	6 011
16 018	14 601	7 225	Premises, supplies, consumables		804	924	1 449
3 091	4 107	4 589	Travel expense		230	299	96
3 705	2 760	5 449	Other operating expense		2 108	2 861	877
(49 738)	(48 265)	(32 181)	Capitalization of own R&D				
114 786	73 857	52 413	TOTAL OPERATING EXPENSE		15 757	11 754	9 795
<b>(104 568)</b>	<b>(68 409)</b>	<b>(51 148)</b>	<b>RESULT FROM OPERATIONS</b>		<b>(14 624)</b>	<b>(10 654)</b>	<b>(9 795)</b>
72 294	5 497	(428 686)	Income (loss) from associate	6			
		91 977	Gain on sale of shares in associate				93 551
(23)	(19)	31	Income (loss) from joint venture	7			
4 153	(310)	5 591	Other financial items	8	12 585	9 731	5 077
<b>(28 144)</b>	<b>(63 241)</b>	<b>(382 235)</b>	<b>RESULT BEFORE TAX</b>		<b>(2 039)</b>	<b>(923)</b>	<b>88 833</b>
(21 492)	(33 930)	(64 646)	Tax	9	407	82	(14 254)
<b>(49 636)</b>	<b>(97 171)</b>	<b>(446 881)</b>	<b>NET RESULT FOR THE YEAR</b>		<b>(1 632)</b>	<b>(841)</b>	<b>74 579</b>
<b>(32 235)</b>	<b>(20 468)</b>	<b>(10 478)</b>	<b>MINORITY SHARE OF NET RESULT</b>				
<b>(17 401)</b>	<b>(76 703)</b>	<b>(436 403)</b>	<b>MAJORITY SHARE OF NET RESULT</b>	10			
			<b>RECEIVED (ASSIGNED) GROUP CONTRIBUTION</b>	11, 12			<b>(46 056)</b>

## Balance Sheet

All amounts in NOK 1 000

Opticom group			Opticom ASA		
31.12.02	31.12.01		Note	31.12.02	31.12.01
<b>ASSETS</b>					
FIXED ASSETS					
<b>Intangible fixed assets</b>					
133 477	111 795	Research and development portfolio	4		
11 960	10 881	Patents	4		
		Deferred tax asset	9	16 756	12 911
145 437	122 676	Total intangible fixed assets		16 756	12 911
<b>Tangible fixed assets</b>					
		Fixtures and fittings, machinery, office equipment	5		
79 817	93 338	Total tangible fixed assets		0	0
79 817	93 338				
<b>Financial fixed assets</b>					
		Shares in subsidiaries	11	97 630	97 630
127 894	55 600	Investment in associated company	6	3 727	3 727
38 589	38 612	Investment in joint venture	7, 13		
		Receivables from group companies	12	268 216	137 570
1 647	1 624	Long term receivables		1 600	1 624
168 130	95 836	Total financial fixed assets		371 173	240 551
393 384	311 850	TOTAL FIXED ASSETS		387 929	253 462
CURRENT ASSETS					
<b>Debtors</b>					
1 616	5 334	Accounts receivable			
3 824	4 248	Other receivables		25	
5 440	9 582	Total debtors		25	0
196 010	29 449	<b>Bank deposits, cash</b>	14	175 645	7 792
201 450	39 031	TOTAL CURRENT ASSETS		175 670	7 792
<b>594 834</b>	<b>350 881</b>	<b>TOTAL ASSETS</b>		<b>563 599</b>	<b>261 254</b>
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
<b>Paid-in capital</b>					
1 940	1 798	Share capital	15	1 940	1 798
		Share premium fund		387 723	87 788
1 940	1 798	Total paid-in capital	16	389 663	89 586
<b>Other equity</b>					
308 356	23 359	Other equity		115 910	114 104
55 073	86 876	Minority interests			
363 429	110 235	Total other equity		115 910	114 104
365 369	112 033	TOTAL EQUITY	16	505 573	203 690
LIABILITIES					
<b>Provisions</b>					
161 558	143 600	Deferred tax	9		
10 462	8 732	Other long-term provisions	17	8 732	8 732
37 998	37 998	Deferred revenue	7		
210 018	190 330	Total provisions		8 732	8 732
<b>Current liabilities</b>					
4 288	37 763	Accounts payable		241	389
8 846	2 824	Public duties payable		1 851	211
		Payable to group companies	12	46 574	46 694
106	68	Tax payable	9		
6 207	7 863	Other short-term liabilities		628	1 538
19 447	48 518	Total current liabilities		49 294	48 832
229 465	238 848	TOTAL LIABILITIES		58 026	57 564
<b>594 834</b>	<b>350 881</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>563 599</b>	<b>261 254</b>

## Cash Flow Statement

All amounts in NOK 1 000

Opticom group				Opticom ASA		
2002	2001	2000		2001	2001	2000
			<b>Cash flow from operations</b>			
( 28 144)	( 63 241)	( 382 235)	Result before tax	( 2 039)	( 923)	88 833
64 037	41 380	22 290	Depreciation and write-down			
( 72 294)	( 5 497)	428 686	Net result from associate			
		( 91 977)	Loss (gain) on sale of financial fixed assets			( 93 551)
( 16 872)	20 018	( 22 698)	Change in operating working capital and other items	437	( 1 825)	( 32 720)
<b>( 53 273)</b>	<b>( 7 340)</b>	<b>( 45 934)</b>	<b>Net cash flow from operations</b>	<b>( 1 602)</b>	<b>( 2 748)</b>	<b>( 37 438)</b>
			<b>Cash flow from investments</b>			
( 68 095)	( 70 633)	( 44 952)	Investment in intangible fixed assets			
( 12 172)	( 83 081)	( 19 379)	Investment in tangible fixed assets			
		93 566	Proceeds from sale of shares in associate			93 566
			Downpayment on (extension of) loan to group company	( 130 646)	( 91 888)	( 45 676)
24	1 333	( 827)	Net cash from (payments to) other financial fixed assets	24	792	( 287)
<b>( 80 243)</b>	<b>( 152 381)</b>	<b>28 408</b>	<b>Net cash flow from investments</b>	<b>( 130 622)</b>	<b>( 91 096)</b>	<b>47 603</b>
			<b>Cash flow from financing</b>			
300 077	68 884	53 990	Net change in paid in equity	300 077		53 990
<b>300 077</b>	<b>68 884</b>	<b>53 990</b>	<b>Net cash flow from financing</b>	<b>300 077</b>	<b>0</b>	<b>53 990</b>
<b>166 561</b>	<b>( 90 837)</b>	<b>36 464</b>	<b>Net cash flow</b>	<b>167 853</b>	<b>( 93 844)</b>	<b>64 155</b>
<b>29 449</b>	<b>120 286</b>	<b>83 822</b>	<b>Liquid reserves 1 January</b>	<b>7 792</b>	<b>101 636</b>	<b>37 481</b>
<b>196 010</b>	<b>29 449</b>	<b>120 286</b>	<b>Liquid reserves 31 December</b>	<b>175 645</b>	<b>7 792</b>	<b>101 636</b>

## Note 1 Significant transactions and group structure changes last three years

2002

In January Opticom ASA completed a private placement of 946,527 shares at NOK 330 each, raising NOK 312.357 million before expenses.

Also in January, Intel and Opticom's subsidiary Thin Film Electronics ASA (TFE) entered into a productization and licensing agreement for process and product development, which replaced the original agreement from 1999 and its addendum from 2001.

2001

By exercising all of its outstanding subscription rights from 1999, Intel Capital invested NOK 70.727 million before expenses in Opticom ASA's subsidiary Thin Film Electronics ASA (TFE) in June. 900,000 shares were issued and Intel's shareholding increased to 13.04%.

At the same time, Intel Corporation and TFE entered into an addendum to the original agreement, expanding Intel's licence area.

2000

Opticom ASA's subsidiary Thin Film Electronics ASA established its subsidiary Thin Film Electronics Albuquerque Inc in December. The unit had very little activity in 2000, and was therefore held at cost in the consolidated balance sheet.

In the third quarter, Opticom received a cash payment of NOK 93.566 million from sale of shares in Fast Search & Transfer ASA, resulting in a gain of NOK 91.997 million for the group. The shares in question originated as part of a final settlement related to termination of an employment relationship.

## Note 2 Specification of payroll expense, number of employees

Opticom group			All amounts in NOK 1 000	Opticom ASA		
2002	2001	2000		2002	2001	2000
51 692	34 664	17 168	Salaries	8 852	4 526	92
4 130	2 367	1 586	Pension expense			
13 177	8 102	4 680	Social security tax	1 332	427	71
		4 513	Social security tax on share option programme			1 190
742	431	396	Other payroll related expenses	31	29	9
69 741	45 564	28 343	<b>Payroll expense</b>	10 215	4 982	1 362

All pension schemes are defined contribution only. The contributions are expensed as earned and paid out.

Opticom group			Average number of employees	Opticom ASA		
2002	2001	2000		2002	2001	2000
76	58	31		2	1	0

The above numbers are measured in full-time equivalents. At the end of 2002, there were 3 employees in Opticom ASA, with a combined full-time equivalent of 1.8. The corresponding group numbers are 83 and 77.9.

## Note 3 Remuneration to board members, managing director and auditors in the Opticom group

Opticom ASA has expensed a fee to each of the board members of NOK 150 thousand. Total fees amount to NOK 600 thousand. Thomas Fussell, Robert Keith and Hans Gude Gudesen serve also on the board of Thin Film Electronics ASA (TFE ASA). TFE ASA has expensed a fee to each of its board members of NOK 100 thousand, total NOK 300 thousand.

Persons who are also board members have performed work for Opticom ASA and TFE ASA under employment or consulting agreement. The commissions represent operative managerial or specialist tasks beyond the scope of board duty. The board members have no other direct or indirect business relation with the company or the group than in the capacity of board member, employee (consultant) or shareholder. In addition to the remuneration specified below, the companies reimburse travel, office and other out-of-pocket expenses.

Managing Director and Executive Board Member Robert Keith is employed part-time by Opticom ASA and TFE ASA. The salary and pension contribution to Mr Keith as an employee in Opticom ASA amounted to NOK 2.369 million/GBP 200 thousand, and bonus amounted to NOK 1.287 million/GBP 113 thousand. In TFE ASA the amounts were NOK 2.294 million/GBP 193 thousand and NOK 1.218 million/GBP 107 thousand. Maximum bonus is 75% of base salary. The employment agreements contain a mutual 12 months notice period. In case Opticom ASA exercises a non-compete clause for up to one year (TFE ASA: three years), Mr Keith will be paid 2/3 of basic pay.

Executive Chairman Thomas Fussell is employed part-time by Opticom ASA and TFE ASA. The salary and pension contribution to Mr Fussell as an employee in Opticom ASA amounted to NOK 2.369 million/GBP 200 thousand, and bonus amounted to NOK 1.287 million/GBP 113 thousand. In TFE ASA, the amounts were NOK 2.294 million/GBP 193 thousand and NOK 1.218 million/GBP 107 thousand. Maximum bonus is 75% of base salary. The employment agreements contain a mutual 12 months notice period. In case Opticom ASA exercises a non-compete clause for up to one year (TFE ASA: three years), Mr Fussell will be paid 2/3 of basic pay.

Executive Board Member Hans Gude Gudesen, Research Director and Executive Board Member of TFE ASA, rendered his executive service from a private company, controlled by Mr Gudesen, Smart Materials SA (Smart) according to contract. The fees paid to Smart by TFE ASA amounted to NOK 4.037 million, and bonus amounted to NOK 3.131 million. Maximum bonus is 75% of base fee. The agreement contains a mutual 12 months notice period. In case the company exercises a three-year non-compete clause that is included in a side agreement between TFE ASA and Mr Gudesen, Mr Gudesen will be paid 75% of base pay.

Board Member Ralph Carballal provides consulting services to the company from time to time, in addition to his duty on the board. In 2002, such consulting services were remunerated by incentive subscription rights only, conf note 17.

Ralph Carballal, Thomas Fussell, Robert Keith and Hans Gude Gudesen, as employees or consultants, participate in the incentive subscription rights programmes described in note 17. Thomas Fussell, Robert Keith and Hans Gude Gudesen, as employees or consultants, participate in TFE's incentive subscription rights programme described in note 11. The board members of Opticom ASA were also granted incentive subscription rights in that capacity by the General Meeting 2002, conf note 17.

Auditor's fees and expenses amounting to NOK 353 thousand have been expensed in the group, of which NOK 181 thousand related to other services than statutory audit. Of the total amounts, NOK 253 thousand and NOK 137 thousand relate to Kjelstrup & Wiggen AS, auditors of the parent company and the group. The parent company expensed auditor's fees amounting to NOK 171 thousand, of which NOK 119 thousand related to other services than statutory audit. The joint venture Eidopt AS is audited by another audit firm, whose fees are not included in the group total.

#### Note 4 Intangible fixed assets

<b>Opticom group</b>	<b>R&amp;D portfolio</b>	<b>Patents</b>	<b>Total</b>
All amounts in NOK 1 000			
<b>Investment</b>			
Accumulated investment 1 January 2001	120 103	13 141	133 244
Additions 2001	65 005	5 628	70 633
Accumulated investment 31 December 2001/1 January 2002	185 108	18 769	203 877
Additions 2002	63 343	4 753	68 096
Accumulated investment 31 December 2002	248 451	23 522	271 973
<b>Write-down</b>			
Accumulated write-down 1 January 2001	42 908	4 617	47 525
Write-down 2001	30 405	3 271	33 676
Accumulated write-down 31 December 2001/1 January 2002	73 313	7 888	81 201
Write-down 2002	41 661	3 674	45 335
Accumulated write-down 31 December 2002	114 974	11 562	126 536
<b>Net book value</b>			
Net book value 1 January 2001	77 195	8 524	85 719
Net change in book value 2001	34 600	2 357	36 957
Net book value 31 December 2001/1 January 2002	111 795	10 881	122 676
Net change in book value 2002	21 682	1 079	22 761
Net book value 31 December 2002	133 477	11 960	145 437

#### Note 5 Tangible fixed assets

<b>Opticom group</b>	<b>Office equipment, computers</b>	<b>Fixtures and fittings, lab equipment and machinery</b>	<b>Investment projects in progress</b>	<b>Total</b>
All amounts in NOK 1 000				
Economic life of assets	3-5 years	5-7 years		
<b>Investment</b>				
Accumulated investment 1 January 2001	4 027	6 485	12 794	23 306
Investment 2001 less acquisition value of sold assets	6 405	67 651	8 922	82 978
Currency adjustment 2001	(295)	(1 619)	(1 135)	(3 049)
Accumulated investment 31 December 2001/1 January 2002	10 137	72 517	20 581	103 235
Investment 2002 less acquisition value of sold assets	633	30 423	(19 032)	12 024
Currency adjustment 2002	(1 127)	(6 411)	(864)	(8 402)
Accumulated investment 31 December 2002	9 643	96 529	685	106 857
<b>Depreciation</b>				
Accumulated depreciation 1 January 2001	1 352	1 181		2 533
Depreciation 2001 less accumulated depreciation of sold assets	1 905	5 735		7 640
Currency adjustment 2001	(88)	(186)		(274)
Accumulated depreciation 31 December 2001/1 January 2002	3 169	6 730	-	9 899
Depreciation 2002 less accumulated depreciation of sold assets	2 542	16 033		18 575
Currency adjustment 2002	(406)	(1 028)		(1 434)
Accumulated depreciation 31 December 2002	5 305	21 735	-	27 040
<b>Net book value</b>				
Net book value 1 January 2001	2 675	5 304	12 794	20 773
Net change in book value 2001	4 500	61 916	8 922	75 338
Currency adjustment 2001	(207)	(1 433)	(1 135)	(2 775)
Net book value 31 December 2001/1 January 2002	6 968	65 787	20 581	93 336
Net change in book value 2002	(1 909)	14 390	(19 032)	(6 551)
Currency adjustment 2002	(721)	(5 383)	(864)	(6 968)
Net book value 31 December 2002	4 338	74 794	685	79 817

Depreciation on equipment used for R&D is included in the amount capitalized R&D for the respective years.

#### Note 6 Investment in associated company - Fast Search & Transfer ASA (FAST)

At the end of 2002, Opticom held 76,189,480 shares in FAST. The market value at closing price NOK 3.70 on 30 December was NOK 281.901 million. The ownership in FAST is accounted for according to the equity method of accounting in the group statements, and at cost in the parent company's statements. In 2001, Opticom's ownership in FAST decreased from 37.05% at the beginning of the year to 33.80% at the end of the year. In 2002, the ownership has decreased further, to 30.63%. The reduction in ownership is caused by share issues in FAST (private placement, acquisitions and employee option exercise) in which Opticom did not participate.

Under Norwegian accounting practices, FAST reported a net profit of USD 1.333 million in 2002, and the equity amounted to USD 59.951 million on 31 December 2002.

**Opticom group's share of Fast Search & Transfer ASA****Specification of change in investment**

	2002	2001
All amounts in NOK 1 000		
Percent held 31 December	30.63%	33.80%
Share of equity 1 January	55 600	50 103
Share of profit (deficit) in the year	5 645	(107 191)
Profit (loss) through dilution, currency effects and other additions (charges) to equity	66 651	112 688
Share of equity 31 December	127 896	55 600

The share of profit (loss) in FAST is based on FAST's preliminary financial statements for the respective years and includes changes, if any, to prior year preliminary figures.

**Opticom ASA****Shares in associated company**

	% Holding	Cost price of shares	Book value
All amounts in NOK 1 000			
Fast Search & Transfer ASA	30.63%	3 727	3 727
Total		3 727	3 727

**Note 7 Investment in joint venture - Eidopt AS**

Thin Film Electronics ASA owns 50% of Eidopt AS. The other 50% is owned by Eidos plc. The investment is accounted for according to the equity method of accounting in the Opticom group statements and the cost method in the parent company.

Eidopt AS reported a net loss of NOK 45 thousand in 2002, and the equity excluding subordinated loans amounted to NOK 75 thousand on 31 December 2002.

**Opticom group's share of Eidopt AS****Specification of change in investment**

	2002	2001
All amounts in NOK 1 000		
Share of equity including subordinated loan 1 January	38 612	38 631
Share of net result in the year	(23)	(19)
Share of equity including subordinated loan 31 December	38 589	38 612

Opticom ASA sold license rights concerning the use of Opticom's present and future technology related to computer games to Eidopt AS in March 1998. The sale took place at an estimated market value of USD 10 million (NOK 75.995 million). Opticom extended a subordinated loan to Eidopt. Half of the loan was later paid down. The outstanding loan amount is part of the Investment in joint venture in the group balance sheet, at original cost. The loan is subordinated to all other debt Eidopt might have and is free of interest. According to the agreement, the subordinated loan cannot be paid off, but may - subject to certain conditions - be converted to share capital.

Eidopt was a wholly owned subsidiary of Opticom at the time of the sale. After the sale of the license rights, Opticom's ownership in Eidopt was reduced by Eidopt making a private placement to Eidos plc, which became owner of 50% of the shares. 50% of the revenue is deferred revenue for the group because of Opticom's ownership in Eidopt. The deferred revenue will be taken to income proportionally to the depreciation of the capitalized license rights in Eidopt. Eidos plc has extended a loan to Eidopt at the same amount and terms as Opticom.

The shares in Eidopt and the loan was transferred from Opticom ASA to TFE ASA in 1999, when all of Opticom's assets and liabilities related to polymer technology were transferred to TFE ASA.

**Note 8 Other financial items**

Opticom group			Opticom ASA		
2002	2001	2000	2002	2001	2000
All amounts in NOK 1 000					
14 413	3 829	6 314	13 570	9 829	5 083
(352)	(262)	(753)	(251)	(85)	(6)
(9 908)	(3 877)	30	(734)	(13)	
4 153	(310)	5 591	12 585	9 731	5 077

**Note 9 Tax**

Specification of the difference between the result before taxes and the year's basis for calculating taxes:

Opticom ASA	2002	2001	2000
All amounts in NOK 1 000			
Net result before tax	(2 039)	(923)	88 833
Permanent differences	(11 693)	631	388
Received (assigned) group contribution			(46 056)
Applied tax loss carried forward			(33 255)
Taxable result	(13 732)	(292)	9 910

Specification of tax expense:

Opticom group			Opticom ASA		
2002	2001	2000	2002	2001	2000
All amounts in NOK 1 000					
97	68	2 807			15 670
21 395	33 862	61 839	(407)	(82)	(1 416)
21 492	33 930	64 646	(407)	(82)	14 254

Specification of temporary differences and calculation of deferred tax/deferred tax asset:

Opticom group			Opticom ASA			
2002	2001	2000	All amounts in NOK 1 000	2002	2001	2000
<i>Items with deferred tax (deferred tax asset):</i>						
(347)	(341)	(240)	Fixed assets			
(50)	(13)	(13)	Financial assets	(38 327)	(38 327)	(38 327)
600 034	522 167	399 334	Gain from dilution in FAST			
(37 998)	(37 998)	(37 998)	Deferred income			
(8 547)	(8 456)	(8 156)	Provisions not tax deductible	(7 504)	(7 504)	(7 504)
553 092	475 359	352 927	Net temporary differences	(45 831)	(45 831)	(45 831)
(174 974)	(64 718)		Tax loss carried forward	(14 024)	(292)	
378 118	410 641	352 927	Net basis for deferred tax (tax asset)	(59 855)	(46 123)	(45 831)
105 873	114 979	98 820	Calculated deferred tax (tax asset)	(16 759)	(12 914)	(12 833)
161 558	143 600	109 739	Deferred tax (tax asset) in the balance sheet	(16 756)	(12 911)	(12 829)

Temporary differences which cause deferred tax asset are offset towards temporary differences that give reason to deferred tax. It is anticipated that the differences will reverse at the same time, or that future taxable income will offset the temporary differences which cause the deferred tax asset. For the same reasons, the parent company has booked net deferred tax asset.

There is a difference between calculated and booked deferred tax for the group because deferred tax assets in the subsidiaries are not matched against deferred tax due to uncertainty whether the deferred tax assets may be used.

Taxable net loss in 2001 and 2002 may be carried forward up to ten years. All prior years' tax loss carry forwards in the parent company have been depleted.

#### Note 10 Net result per share

The number of shares on 31 December 2002 was 12,932,739 shares at par value NOK 0.15 each. Net result per share is calculated according to the Norwegian Accounting Standard for net result per share, applying the treasury stock method. Intel's subscription rights in Opticom ASA (see note 15) are considered non-dilutive, because exercise is hypothetical, and would result in elimination of the minority interest. No other outstanding subscription rights were dilutive on 31 December 2002, because the exercise price exceeded the share price. Upon share issues, the time-weighted average number of basic shares has been calculated on the basis of due date of payments. The calculation of number of shares does not take into account the potentially dilutive effect of subscription rights issued in Thin Film Electronics ASA.

*Majority share of period net result per share, basic:*

Opticom group			Opticom ASA		
2002	2001	2000	2002	2001	2000
(17 401)	(76 700)	(436 403)	(1 632)	(841)	74 579
12 862 722	11 986 212	11 978 237	12 862 722	11 986 212	11 978 237
(1.35)	(6.40)	(36.43)	(0.13)	(0.07)	6.23

*Majority share of period net result per share, diluted:*

If the majority share of net result is a loss, diluted result per share is not calculated, because that would lessen the loss per share.

Opticom group			Opticom ASA		
2002	2001	2000	2002	2001	2000
(17 401)	(76 700)	(436 403)	(1 632)	(841)	74 579
12 862 722	12 268 539	12 610 130	12 862 722	12 268 539	12 610 130
					5.91

#### Note 11 Investment in subsidiary - Thin Film Electronics ASA (TFE ASA)

TFE ASA has two 100% owned subsidiaries, Thin Film Electronics AB in Linköping, Sweden and Thin Film Electronics Albuquerque Inc in Albuquerque, New Mexico, USA. The TFE group is consolidated into the Opticom group. Financial statements for the TFE group are not prepared, because it is a sub-group to the Opticom group.

Thin Film Electronics ASA reported a net loss of NOK 95.119 million in 2002, and the equity amounted to NOK 18.398 million on 31 December 2002.

Opticom group's share of Thin Film Electronics ASA	2002	2001
Percent held 31 December	86.96%	86.96%

Opticom ASA owns all 10,000,000 class A shares. Intel Atlantic Corporation (Intel) owns all 1,500,000 class B shares.

The shareholders of TFE ASA instituted a subscription rights incentive programme in 2001. The programme was revoked in 2002. 1,276,250 subscription rights have been granted to 78 employees and consultants engaged in similar work. Some recipients are also board members. The weighted average exercise price is NOK 112.54 per share. The Board of Directors are authorized to grant 446,000 more subscription rights under the programme, at estimated fair value of the TFE share. The subscription rights vest in individual tranches over four years, and lapse in 2006-2007.

Opticom ASA	% Holding	Cost price of shares	Book value
Shares in subsidiary			
All amounts in NOK 1 000			
Thin Film Electronics ASA	86.96%	97 630	97 630
Total		97 630	97 630

The cost price is the original cost price at establishment of Thin Film Electronics ASA plus the assigned group contribution net after tax.

## Note 12 Transactions with related parties

In 2000 the parent company assigned a group contribution of NOK 46.056 million to Thin Film Electronics ASA. The group contribution has not been settled and is not subject to interest.

Opticom ASA has extended a loan to Thin Film Electronics ASA (TFE ASA) amounting to maximum NOK 300.000 million. The loan amounted to NOK 268.216 million on 31 December 2002. The loan was interest free in 2002. Interest may, under certain conditions, accrue in later periods. Opticom has initiated renewed funding of TFE in the first quarter of 2003. TFE ASA has extended interest-bearing loans to its subsidiaries amounting to NOK 75.458 million at the end of the year. The loans are denominated in the respective local currencies, and interest is charged at corresponding market related rates. A loan from Thin Film Electronics ASA to Eidopt AS is described in note 7. The group companies purchase R&D and administrative services from each other. These services are priced on arm's length basis.

Opticom ASA shares office facilities with its subsidiary Thin Film Electronics ASA and Opticom's associate company Fast Search & Transfer ASA. The companies share expenses related to the office facilities on the basis of number of employees on site. At the end of 2002, the net amount outstanding was NOK 112 thousand.

There are no loan agreements of any kind between the group companies on one side and board members, employees or shareholders on the other. There are no guarantees or securities pledged from any group company in favour of board members, employees or shareholders.

## Note 13 Guarantee liabilities, other liabilities not accounted for

Related to the establishment of the Eidopt joint venture, Opticom issued a NOK 29.554 million guarantee to the Norwegian tax authorities covering Norwegian deferred tax liability. The same amount was booked as a tax provision in the financial statements of Eidopt at the time of formation.

Opticom ASA is subject to a tax audit which was initiated in 2001. The audit is not finalized at the date of this report.

## Note 14 Restricted assets

Employees' withheld tax in Norway on 31 December 2002 amounted to NOK 441 thousand for the group, of which NOK 0 (zero) in the parent company. The corresponding deposits on 31 December 2002 were NOK 284 thousand, of which NOK 18 thousand in the parent company.

Opticom ASA has pledged a deposit of NOK 1.330 million in favour of the landlord for the company's office space in Oslo.

## Note 15 Number of shares, shareholders

At the end of 2002, Opticom ASA's share capital consisted of 12,932,739 shares in one class, at par value NOK 0.15 each. There were 9,488 shareholders at the time. All shares have equal voting rights.

Intel Atlantic Corporation (Intel) may under certain circumstances convert its shareholding in Thin Film Electronics ASA (TFE) into ordinary shares in Opticom ASA. At the end of 2002, Intel held 1,500,000 shares in TFE. For each share Intel owns in TFE on the date of conversion, Intel will receive 0.2314075 shares in Opticom. In case of a conversion, Intel would pay Opticom ASA an amount equal to the par value of the Opticom shares and transfer Intel's holding of TFE shares to Opticom. In order to enable this possible future conversion, Opticom ASA has issued 347,111 subscription rights to Intel. The subscription right period is five years from 10 November 1999. Intel may not exercise the subscription rights during the first three years. The exercise of the subscription rights is conditional upon TFE ASA not having been listed on a preferred stock exchange.

Incentive subscription rights programmes are described in note 17.

The General Meeting 26 June 2001 authorized the Board of Directors to issue shares in order to complete acquisitions or mergers or to raise capital. The authorization replaced previous authorizations. The maximum number of shares that may be issued under the authorization is limited to 10% of the company's registered number of shares at the time, thus limited to a total of 1,198,621 shares. 946,527 shares were issued in 2002 (none in 2001), as stated above. The authorization is valid for two years.

Opticom ASA and its subsidiaries do not own any shares in Opticom ASA. The General Meeting 22 May 2002 authorized the Board of Directors to acquire Opticom shares for a combined par value of NOK 193,991, which corresponded to 10% of the shares in issue at the time. The authorization is valid for 18 months.

Opticom is not aware of any agreements between shareholders beyond what follows from the list of shares held by board members, management and close associates.

<b>20 largest shareholders on 31 December 2002</b>	<b>Number of shares</b>	<b>Percent</b>
		(decimal comma)
Hans Gude Gudesen	1 963 288	15,2 %
Charles Street International Ltd	1 811 954	14,0 %
Robert Keith	889 750	6,9 %
Thomas Fussell	854 750	6,6 %
State Street Bank & Trust Co (Nominee account)	842 902	6,5 %
Credit Suisse First Boston (Europe) Ltd	380 000	2,9 %
Symre AS	236 920	1,8 %
Clearstream Banking SA (Nominee account)	209 167	1,6 %
Bank of New York	151 264	1,2 %
The Fussell Foundation	150 000	1,2 %
J P Morgan Chase Bank (Nominee account)	129 327	1,0 %
Morgan Stanley & Co Intl (Nominee account)	121 795	0,9 %
Per-Erik Nordal	119 993	0,9 %
SIS Segaintersettle AG (Nominee account)	115 487	0,9 %
Delphi Norge	113 795	0,9 %

Chaos AS	103 120	0,8 %
BNP Paribas Suisse SA (for Charles Street International Ltd)	85 000	0,7 %
ABN Amro (Nominee Account)	81 419	0,6 %
Euroclear Bank SA (Nominee Account)	75 500	0,6 %
Gjensidige NOR	65 620	0,5 %
Others	4 431 688	34,3 %
<b>Total</b>	<b>12 932 739</b>	<b>100,0 %</b>

<b>Shares held by primary insiders and their related parties on 31 December 2002</b>		<b>Number of shares</b>	<b>Percent</b>
		<i>(decimal comma)</i>	
Hans Gude Gudesen	Founder, Executive Board Member, Research Director	1 963 288	15,2 %
Charles Street International Ltd	Jointly owned by Thomas Fussell and Robert Keith	1 811 954	14,0 %
Robert Keith	Managing Director, Executive Board Member	889 750	6,9 %
Thomas Fussell	Executive Board Chairman	854 750	6,6 %
Symre AS	Symre AS is controlled by Hans Gude Gudesen	236 920	1,8 %
The Fussell Foundation	Thomas Fussell is a trustee of The Fussell Foundation	150 000	1,2 %
BNP Paribas Suisse SA	For the account of Charles Street International Ltd	85 000	0,7 %
Johan Carlsson	Technology Director in Thin Film Electronics	16 246	0,1 %
Göran Gustafsson	R&D Director in Thin Film Electronics	14 723	0,1 %
Ralph Carballal	Board Member	11 492	0,1 %

#### Note 16 Movement in equity

	<b>Share capital</b>	<b>Other equity</b>	<b>Total</b>
<b>Opticom group</b>			
All amounts in NOK 1 000			
<b>Equity 1 January 2001</b>	1 798	138 209	140 007
Share issue in Thin Film Electronics ASA	-	68 884	68 884
Net profit (loss) for the period		(97 171)	(97 171)
Currency translation		313	313
<b>Total changes 2001</b>	-	(27 974)	(27 974)
<b>Equity 31 December 2001/1 January 2002</b>	1 798	110 235	112 033
Share issue in Opticom ASA	142	303 373	303 515
Net profit (loss) for the period		(49 636)	(49 636)
Currency translation		(543)	(543)
<b>Total changes 2002</b>	142	253 194	253 336
<b>Equity 31 December 2002</b>	1 940	363 429	365 369

	<b>Share capital</b>	<b>Share premium fund</b>	<b>Other equity</b>	<b>Total</b>
<b>Opticom ASA</b>				
All amounts in NOK 1 000				
<b>Equity 1 January 2001</b>	1 798	87 788	114 945	204 531
Net profit (loss) for the period			(841)	(841)
<b>Total changes 2001</b>	-	-	(841)	(841)
<b>Equity 31 December 2001/1 January 2002</b>	1 798	87 788	114 104	203 690
Share issue	142	299 935	3 438	303 515
Net profit (loss) for the period			(1 632)	(1 632)
<b>Total changes 2002</b>	142	299 935	1 806	(1 632)
<b>Equity 31 December 2002</b>	1 940	387 723	115 910	505 573

#### Note 17 Subscription rights incentive programmes

A subscription rights incentive programme (1999 programme) was resolved at the Extraordinary General Meeting 29 November 1999. The 1999 programme replaced the former bonus programme. Employees and consultants engaged in similar work and elected officers could qualify. The number of shares that could be issued under the 1999 programme was limited to 10% of the company's registered number of shares and limited to a total of 1,500,000 shares. No shares have been issued under the 1999 programme. There are 861,000 subscription rights outstanding. The subscription rights vest in individual tranches over four years and lapse in 2004.

The General Meeting 26 June 2001 resolved a programme (2001 program) to replace the 1999 program. Employees and consultants engaged in similar work and elected officers could qualify. The number of shares that could be issued under the 2001 programme was limited to 10% of the company's registered number of shares at any time and limited to a total of 1,319,430 shares. No shares have been issued under this programme. There are 10,000 subscription rights outstanding under the 2001 programme. The subscription rights vest in individual tranches over four years and lapse in 2006.

The General Meeting 22 May 2002 resolved a new programme (2002 programme) to replace the 2001 programme. Employees and consultants engaged in similar work and elected officers may qualify. The number of shares that may be issued under the 2002 programme is limited to 10% of the company's registered number of shares at any time and limited to a total of 1,415,085 shares. No shares have been issued under this programme. There are 330,000 subscription rights outstanding under the 2002 programme. The subscription rights vest in individual tranches over four years and lapse in 2007.

The General Meeting 22 May 2002 also granted 25,000 subscription rights to each of the four board members. No shares have been issued under this programme. The subscription rights vest in individual tranches over four years and lapse in 2007.

Exercise price for the subscription rights in all above programmes is the fair market price for the shares on the date the subscription rights are granted.

<b>Outstanding subscription rights 31 December 2002</b>	<b>Grant date</b>	<b>Number of subscription rights</b>	<b>Exercise price NOK</b>
Thomas Fussell, Executive Chairman	29 November 1999	400 000	339.60
	22 May 2002	125 000	238.00

Robert Keith, Executive Board Member and Managing Director	29 November 1999	400 000	339.60
	22 May 2002	125 000	238.00
Hans Gude Gudesen, Executive Board Member and Research Director	29 November 1999	50 000	339.60
	22 May 2002	125 000	238.00
Ralph Carballal, Board Member	29 November 1999	1 000	339.60
	22 May 2002	35 000	238.00
Other employee	13 October 1999	10 000	1,095.00
	22 January 2002	10 000	319.00
	22 May 2002	20 000	238.00
<b>Total</b>		<b>1 301 000</b>	

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