CapMan Annual Report 2011

Driving agility

CapMan Annual Report 2011

Group in 2011

Investment teams

Corporate Governance

Financial statements

We worked hard during 2011 towards our vision of becoming the best-performing European private equity firm by 2020. Our focus on improving performance was reflected in a variety of Group-wide initiatives completed during the year.

CEO's review

The effects of our focus on strategy start to show

CapMan in brief

More than 20 years of experience in supporting growth

Strategy

Working towards our vision to be the best-performing European private equity firm by 2020

Market review

CapMan well positioned in an increasingly challenging market environment

Funds

Significant medium- and long-term earnings potential

Personnel

Supporting personnel development

Responsibility

Committed to continuously improving our responsible business practices

The effects of our focus on strategy start to show

CEO's review

The most adequate way to characterise 2011 from a private equity point of view seems to be 'binary'. During the first half of the year, the transaction market in the Nordic region was robust, while it slowed down considerably during the second half. Financing was available throughout 2011, but lenders became more apprehensive towards the end of the year. Excellent companies continued to attract both private equity investors and strategic buyers, however. The Russian M&A market remained active throughout the year, supported by the country's positive macroeconomic performance.

The main reason for these developments was the turmoil that affected the global economy in general and the Eurozone in particular. It is also clear that the societal developments on globalisation, competitiveness, regulation, transparency and social responsibility have wrought changes in our societies and operating environment. A conclusion today is that while economic turmoil may abate, these developments will remain and thus we need to learn to adapt to a fundamentally different operating environment. The private equity industry will remain crucial for society as it will continue to support growth and build successful businesses, contributing to increased competitiveness, job creation, and innovation, regardless of the economics in the world, regions and countries.

For us at CapMan, our overall goal during 2011 was to implement our strategy that we announced in February 2011. This builds on CapMan's core strengths: our entrepreneurial partnerships and all capabilities of CapMan. We have focused implementation on four main areas, i.e. performance, simplification, agility, and the combination of all the strengths of CapMan through what we have come to call 'the power of AND'. Of course, these areas have a degree of overlap, but they give a clear sense of direction. You can find a number of concrete examples of what we have been doing in terms of our strategy throughout this Annual Report.

There is, however, one strategic achievement with a long-term effect that I want to mention: we brought drive, decisiveness and discipline to our entrepreneurial partnerships by giving them more responsibility through autonomy. At the same time, we redesigned the remuneration to further support their development. The effects have been tangible in the partnerships, which now feel a clearer sense of ownership for all aspects of their own performance. We have redesigned the performance criteria and review process that we use to further improve our long-term performance. We have introduced new training modules, to provide support for each individual to master their profession. We continued to simplify our operations when we sold the Real Estate consulting business to its management, and decided to close our Danish office.

Now, with the results at hand, I believe that we did well. The effects of our relentless focus on strategy are starting to show. The most visible achievement is the positive fair value development that we achieved, despite negative market developments and that was primarily attributable to the strong operating performance of our portfolio companies. All in all, the result of our fund investment business improved significantly, while the fund management business, with its two components management fees and carried interest, was slightly negative. Under the circumstances, however, the result of the fund management business was satisfactory. Management fees decreased in accordance with plan mainly due to exits and our decision in 2010 not to make any new investments from the technology fund. We were successful in taking advantage of the exit window that opened during the spring 2011, but were affected when the exit market dried up during the second half of the year.

I am convinced that the measures described above, combined with all the components of 'the power of AND', have created a platform for enduring performance – and a platform for further growth. Growth will come through fundraising in our major business areas during 2012, such as our new Nordic real estate fund.

As we continuously need to develop to meet our competitive challenges and achieve our vision of becoming the best performing European private equity firm by 2020, we will need to continue our performance and simplification improvements, our focus on 'the power of AND', and enhancing our agility. As our focus was on building our platform for growth during 2011, we can now start using these building blocks to achieve the targets that we have set for 2012.

I would like to conclude my review by thanking our various stakeholders. First of all, I would like to thank all the people at CapMan. The year was challenging in many ways, but we achieved what we set out to do and are well-prepared for the fundraising rounds planned for 2012. I would also like to thank our shareholders for their faith in us. And last but not least, I would like to thank our fund investors for their belief in our people and our funds. Now it is up to us to deliver on our promises!

Lennart Simonsen
CEO, Senior Partner

More than 20 years of experience in supporting growth

CapMan in brief

- Capital under management €3.1 billion in 2011
- 36 portfolio companies* and 58 real estate properties
- Aggregate net sales of portfolio companies €5.4 billion in 2011 and number of employees approx. 38,700.
- Lettable area of the properties in total 700,000 m^2

CapMan Group is a leading private equity fund manager in the Nordic countries and Russia. We have more than 20 years of experience in supporting business growth in the region. CapMan has four key investment partnerships - CapMan Buyout, CapMan Russia, CapMan Public Market, and CapMan Real Estate - each of which has its own dedicated investment team and funds. Altogether, CapMan employs approx. 120 people in Helsinki, Stockholm, Oslo, Moscow, and Luxembourg. CapMan was established in 1989 and has been listed on the Helsinki Stock Exchange since 2001.

* Including investments of Buyout, Public Market and Russia teams.

All CapMan employees took part in a strategy workshop in December 2011, and contributed to this illustration of the key topics discussed.

Working towards our vision to be the best-performing European private equity firm by 2020

Strategy

CapMan's updated strategy, announced in February 2011, is based on combining the strengths of our entrepreneurial partnerships and all capabilities within CapMan to provide excellent returns to our investors. The key themes in the implementation of our strategy are performance, simplification, agility, and the power of AND.

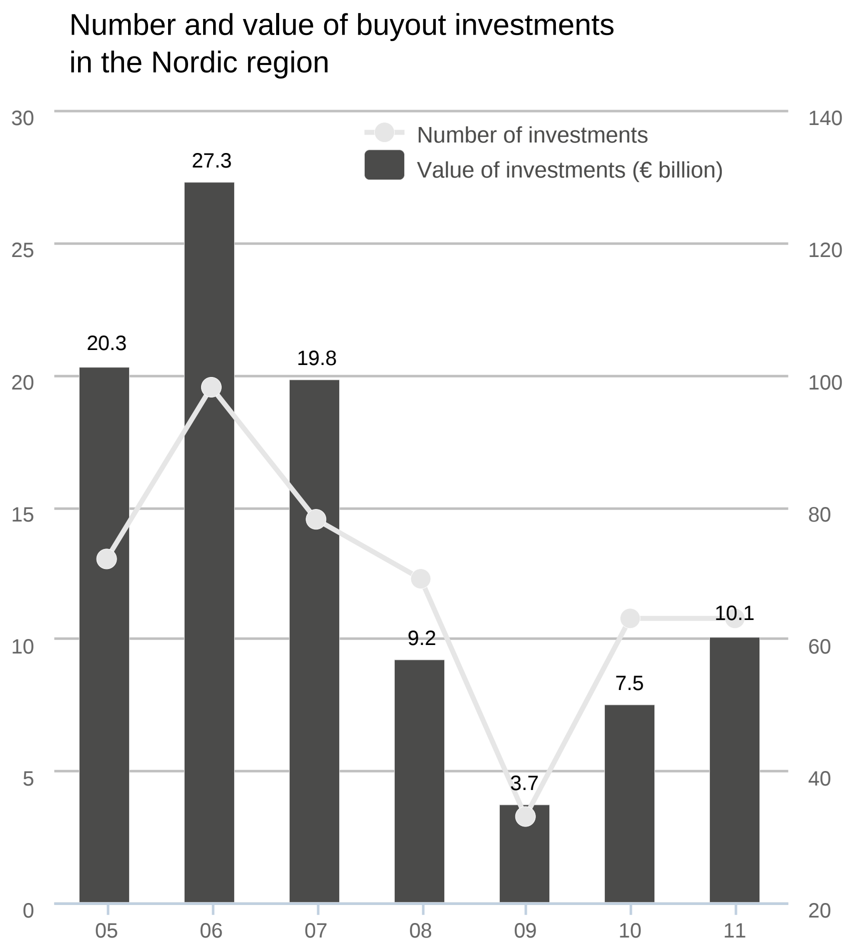
Building Performance
We initiated several programmes during 2011 to improve individual, team, fund, and Group-level results. Employees are the key to our success, and we reviewed and made significant changes to our performance evaluation criteria and remuneration model. These new structures put a greater focus on strengthening the link between performance and remuneration and supporting our strategic objective of improving performance throughout the CapMan organisation.

Parallel to these changes, we also launched a comprehensive training programme, the CapMan Academy, for all CapMan employees. The programme is designed to support employees in building their competencies as private equity professionals. We have also created tools and models to enhance performance monitoring and cost awareness across the Group.

Simplifying operations
Our key focus during 2011 was on driving operational efficiency throughout the Group. The most significant long-term decisions taken during the year were the sale of the real estate consulting business and the decision to close down CapMan's office in Denmark. We also concentrated our Group accounting activities to Finland. In line with our goal of increased simplification, our real estate investment team streamlined its governance model to better match the structure in place within CapMan's other investment teams.

Creating agility
Our third strategic theme – creating agility – has proved crucial in a market environment that has been, and continues to be, uncertain. Agility is also linked to success in performance and simplification. Good performance will help ensure the success of future fundraisings, which in turn will increase our assets under management and give us greater freedom to operate in a changing market environment. We closely monitor regulatory changes affecting the private equity industry and adjust our operations accordingly.

Developing the power of AND
The most crucial step in our strategy implementation is for all our investment and service teams to utilise and build on the combination of the strengths of our entrepreneurial partnerships and other capabilities within CapMan through what we call the power of AND. To date, we have focused on improving communication and knowledge-sharing between investment teams and how service teams and investment teams interact with each other. Concrete examples of the power of AND include CaPS, a common purchasing scheme for our portfolio companies, and the CapMan Academy, our new Group-wide training programme. In addition, we have launched an extranet service for our portfolio companies' Boards of Directors to improve communication and information-sharing between individual board members.



Source: Unquote Private Equity Barometer reports

CapMan is well-positioned in an increasingly challenging market environment

Market review

Shifts in market sentiment were particularly characteristic of 2011. Signs of increasing confidence during the first half of the year were followed by growing uncertainty during the second half, mainly caused by the Eurozone crisis and financial turmoil. The fundraising environment remained challenging throughout the year.

Continued activity in the Nordic mid-market segment
The Nordic region has established itself as one of the most important private equity markets in Europe over the past decade. Market growth in the region has largely been driven by the strong performance of the Nordic economies and increasing interest among international investors in the region’s opportunities.

A total of 63 buyout transactions were completed in the Nordic region during 2011. Compared to 2010, transaction volumes remained flat. Aggregate deal value increased by approx. 35%, however, reaching €10 billion.* The majority of transactions took place during the first half of the year, reflecting the increasing level of confidence in global markets during the first half. Although the Nordic M&A market slowed during the second half, the decrease in value and volumes compared to previous quarters was not as significant in the Nordic region as in Central Europe.

Financial turmoil also affected the exit market. The value of private equity exits in Europe reached approx. €70 billion during the first half, the highest level seen during the past five years. Activity declined significantly during the second half, however, with the total value of exits amounting to approx. €20 billion.** CapMan successfully exploited the improved market conditions during the latter part of 2010 and the first half of 2011 by completing several exits during this period.

Slower real estate market in Finland, more active market in Sweden
Activity on the Finnish property investment market remained at a low level during 2011. Preliminary statistics from KTI Property Information indicate that total volume reached only approximately €1.7 billion in Finland, down by almost 30% on 2010. The year was an active one in Sweden, in contrast, with total transaction volume there exceeding €9 billion and domestic listed and private property companies the most active buyers.

The letting and investment markets slowed towards the end of the year, as a result of the continued debt crisis in Europe. The scarcity of bank financing began to hold back transaction activity, as the availability of debt financing became an issue for many investors. Despite this, core investors remained active and focused on long-let prime assets in larger cities. Very few investors were interested in assets in secondary locations or those in need of active management.

Softer Nordic equities market mirrored global developments
Stock market performance in the Nordic countries impacts CapMan’s operations in a number of ways. We take the market values of listed peer companies into account when valuing our portfolio companies and we are also directly exposed to the Nordic listed market through investments made by the CapMan Public Market fund.

Stock prices in the Nordic region mirrored global developments and fell significantly during the year. The OMX Nordic Mid-Cap index was down by more than 25% at the end of 2011 and the OMX Nordic Index by approx. 20% year-on-year.

Limited competition on the attractive Russian private equity market
Strong economic performance in Russia boosted private equity investment there during 2011. GDP growth was around 5% and total sovereign debt only 2.5% of GDP. The private equity market in Russia continues to be relatively undeveloped, especially in relation to the number of attractive investment opportunities in the market, and there are still only a handful of high-quality private equity fund managers active in the Russian market.

Challenging fundraising environment expected to continue
Economic uncertainty during the second half of 2011 was also reflected in the fundraising market. Over the short term, investor appetite in private equity has declined, primarily due to lower capital distributions from private equity funds, lower valuations of other investment classes, and upcoming changes in the regulatory environment. European buyout funds raised a total of approx. €16 billion in 2011, which was more than during 2010 (approx. €12 billion), but clearly below the peak levels achieved in 2006-2008.**

The amount of capital raised by real estate funds also increased during 2011. 27 private equity real estate funds raised a total of approx. €6.4 billion in 2011 compared to approx. €4.6 billion raised by 34 funds in 2010, according to statistics from Preqin***.

In general, the private equity market has become more mature and increasingly competitive. The number of private equity fund managers is expected to decrease in the near future, as a result of intense competition and as investors become more selective in their commitments. While the best-performing funds are likely to succeed in their fundraising, the market is expected to be exceptionally tough for poorer-performing funds. Based on recent statistics from Coller Capital***, funds making small buyout investments (< USD 200 million) are currently the most attractive type of private equity fund for investors in Europe. With the ongoing turmoil in the Eurozone, the relative attractiveness of the Nordic region has increased. Russia continues to be a niche market, attracting interest only from a limited number of institutions. The Nordic region continues to be an attractive market for real estate investments, boosting the demand for real estate funds investing in the region.

Despite the current challenges in the market environment, the long-term outlook for private equity remains favourable. Private equity funds have consistently outperformed the listed market and have established themselves as a significant asset class in institutional investors' portfolios. In addition, recent studies (e.g. Preqin) suggest that the majority of institutional investors are aiming either to increase or to maintain their current allocations in private equity in the long term, which will support the stable development of the industry going forward. Asia is expected to provide major growth opportunities in the future, as local investors become more interested in private equity funds.

New fundraising rounds in 2012
During 2011, CapMan prepared for its next significant fundraising rounds, which will take place during 2012. We succeeded in raising additional capital for the CapMan Mezzanine V fund, which closed at €95 million in December. The fund provides mezzanine financing to Nordic mid-market companies, traditionally alongside equity provided by CapMan Buyout.

CapMan well-positioned to operate in the new regulatory environment
The EU directive on Alternative Investment Fund Managers (AIFMD), the Solvency II directive, and the Basel III framework, together with other legislative initiatives, represent new challenges for the industry. The AIFMD came into force on 21 July 2011 and must be incorporated into national legislation in EU member states by July 2013.

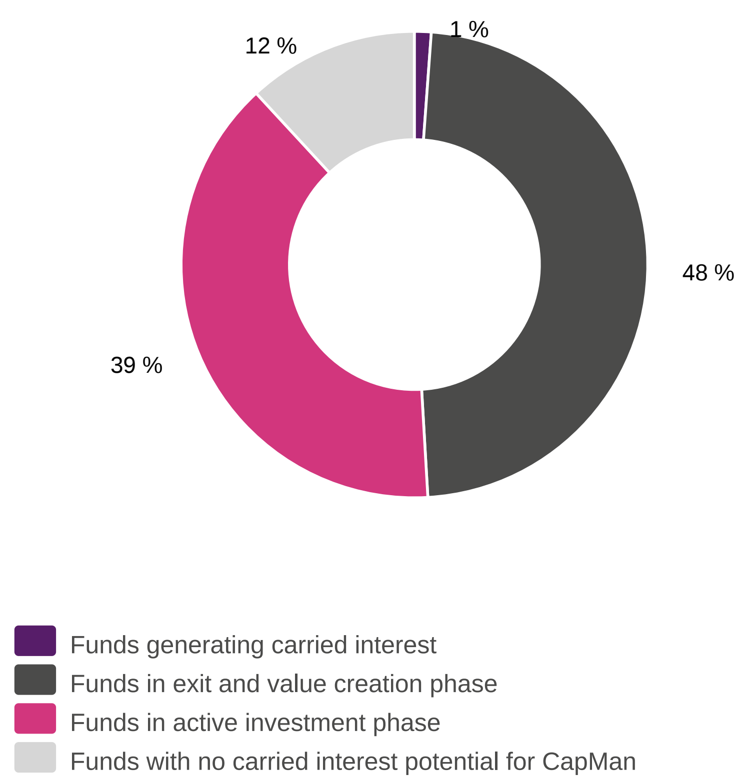
The AIFM directive stipulates an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. Thanks to its organisation and operating model, CapMan is in a good position to operate within the requirements of these new regulations.

The EU's Solvency II directive and the regulatory process implementing the Basel III framework set stricter capital requirements for European insurance companies and banks. As a general rule, the higher the risk related to an asset or investment, the more capital an insurance company or a bank must set aside to cover this risk. Since private equity is considered, under Solvency II and Basel III, as one the riskiest asset classes, the regulation will limit the ability of European insurance companies and banks to invest in private equity. Solvency II is expected to come into force in EU member states at the beginning of 2014, while Basel III is expected to come into force on a phased basis between 2013 and 2019.

Other regulatory processes affecting CapMan include the U.S. Dodd-Frank Act, which requires certain non-US private equity advisors and managers to register with or report to the Securities and Exchange Commission (SEC). CapMan Group companies that advise or manage funds with US investors will need to be filed with the SEC by the end of March 2012. Filing will not be equivalent to full SEC registration, however, but reporting entities will need to provide some information on their funds, business activities and disciplinary history, at least annually. CapMan is well-prepared to comply with the new requirements.

Sources:
* Unquote Private Equity Barometer Q4 2011
** Preqin Private Equity Spotlight December 2011
*** Preqin Private Equity Real Estate, statistics for 2011 (9 Feb 2012)
****Coller Capital Global Private Equity Barometer, December 2011

Portfolios at fair value (equity) by funds' carried interest phase, in total €1.6 billion



Significant medium- and long-term earnings potential

Funds

CapMan's funds manage €3.1 billion of capital raised from domestic and international institutional investors. CapMan itself is also a significant investor in the funds that it manages.

€3.1 billion capital under management

As of the end of 2011, CapMan had a total of €3,065.9 million of capital under management in its funds. Compared to the beginning of the year, capital fell by approx. €240 million following exits, and rose by approx. €35 million as a result of fundraising for the Mezzanine V fund. During the last quarter of the year, we revised our practice for calculating capital under management in our real estate funds. Under the new practice, calculations of the amount of capital managed by these funds do not take account of uninvested loan capital, on which no management fee is payable under fund agreements. This is intended to ensure that the figure given for the amount of capital under management provides a better picture of the management fee base represented by CapMan's real estate funds. The adoption of the new calculation method reduced the amount of capital managed by CapMan as of 31 December 2011 by €271.8 million.

Of capital under management, €1,632.0 million was held in private equity funds that invest in portfolio companies. Capital under management in real estate funds amounted to €1,433.9 million. Each investment partnership – Buyout, Public Market, Russia, and Real Estate – manages its own funds with a dedicated investment team.

Funds that invest in portfolio companies had approximately €537 million available for new investments or add-on investments for existing portfolio companies as of the end of 2011. CapMan's real estate funds have invested the majority of their capital and had approx. €61 million in investment capacity remaining, primarily for developing the existing portfolio.

Good performance of investment portfolios

As of end of 2011, CapMan Buyout, Russia, Public Market, and Real Estate funds held a total of 36 companies and 58 real estate properties in their portfolios. The overall development of portfolio companies was good during the year. The value of portfolio companies owned by funds for the entire year increased by 12% on average during 2011. The comparable figure for real estate properties, including rent income, was 6%.

CapMan funds made new and add-on investments totalling €225.3 million in 2011, of which €168.7 million was invested in portfolio companies and €56.6 million in real estate properties. The funds made nine new portfolio company investments and one new real estate investment, as well as several add-on and development investments for existing portfolio companies and real estate properties. Funds made full or partial exits from eight companies and three real estate properties.

CapMan's other investment areas – Technology and Life Science – exited from eight companies. The development of portfolio companies in these investment areas was also good during 2011.

Cash flows to investors amounted to €333 million

2011 was net cash flow positive for our fund investors. Capital called from investors amounted to €218.5 million, while approx. €332.9 million was returned to investors. Exits from OneMed Group, Cardinal Foods, and Proxima accounted for the majority of the year's cash flow.

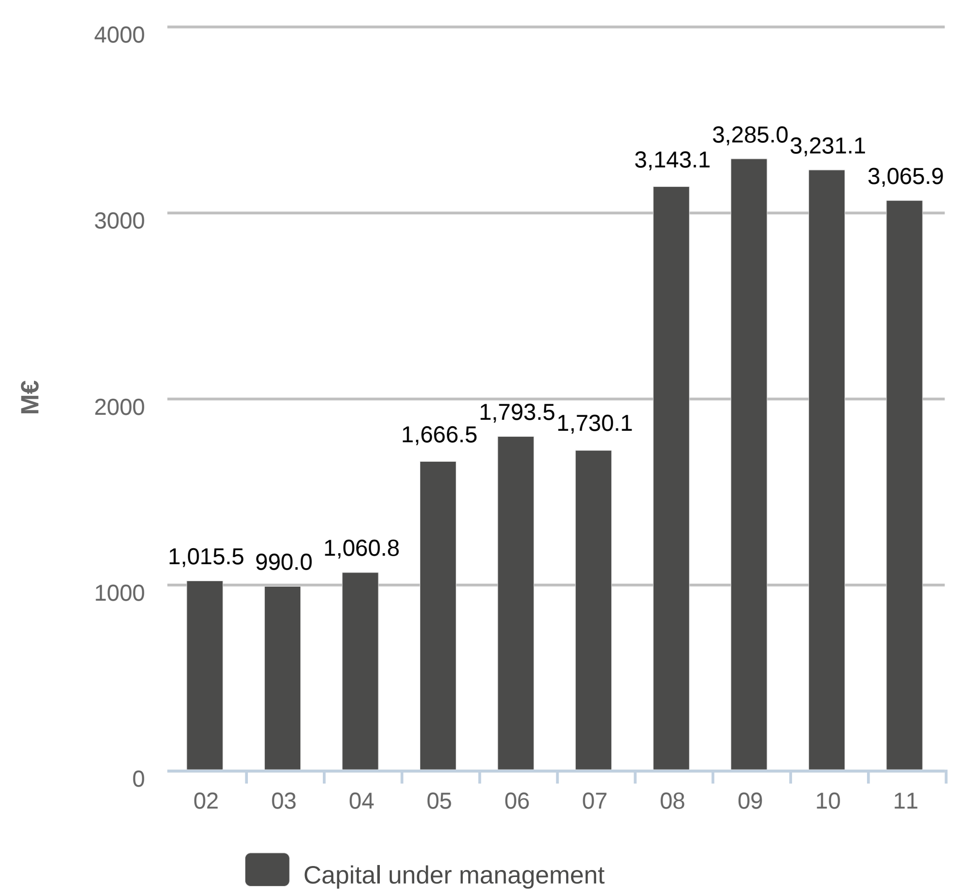
Significant carried interest potential over the medium- and long-term

CapMan categorises its funds based on their life cycle stage, into 1) funds generating carried interest, 2) funds in exit and value creation phase, 3) funds in active investment phase, and 4) funds with no carried interest potential for CapMan. Exits made from funds in the first category generate carried interest for CapMan, whereas funds in the exit and value creation phase are expected to start generating carried interest within one to five years. The carried interest potential of funds in the active investment phase is expected to be realised during the next five to 10 years. The funds in the last category have no carried interest potential for CapMan, either because CapMan's share of the carried interest percentage is small or the funds are not expected to generate carried interest.

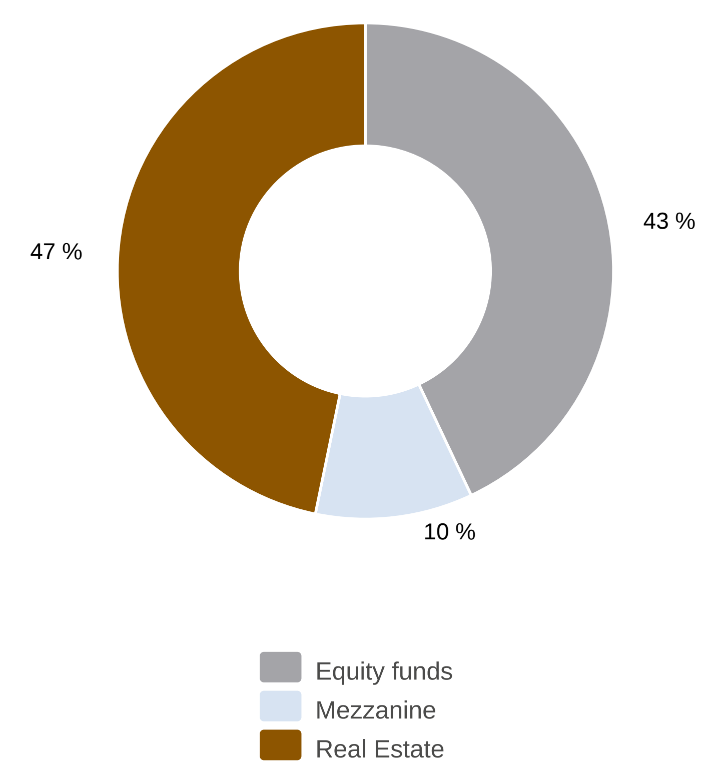
As of the end of 2011, funds in carry represented 1% of invested equity capital at fair value. A large proportion of capital (48%) was held in funds in the exit and value creation phase. These funds contain significant earnings potential over the short and medium term. Funds in the active investment phase account for approx. 39% of invested equity capital, and funds with no carried interest potential for CapMan approx.12%.

Read more: Funds at the end of year 2011

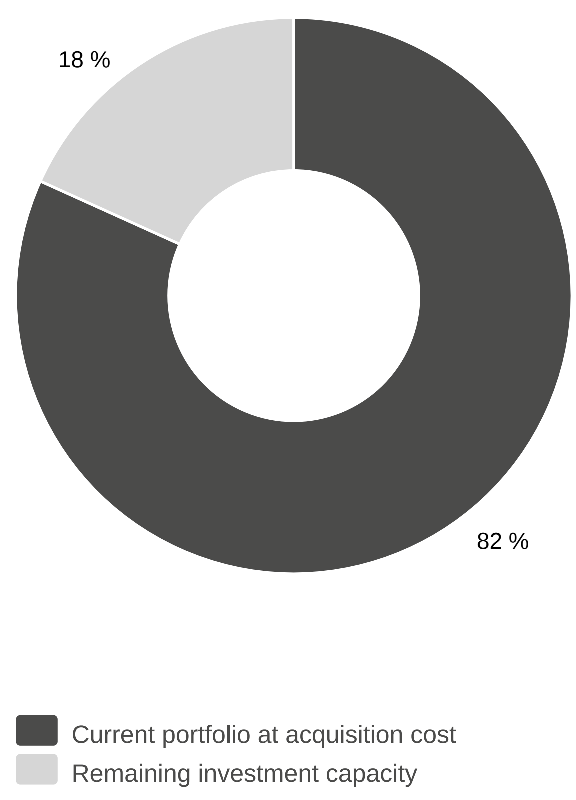
Capital under management, M€



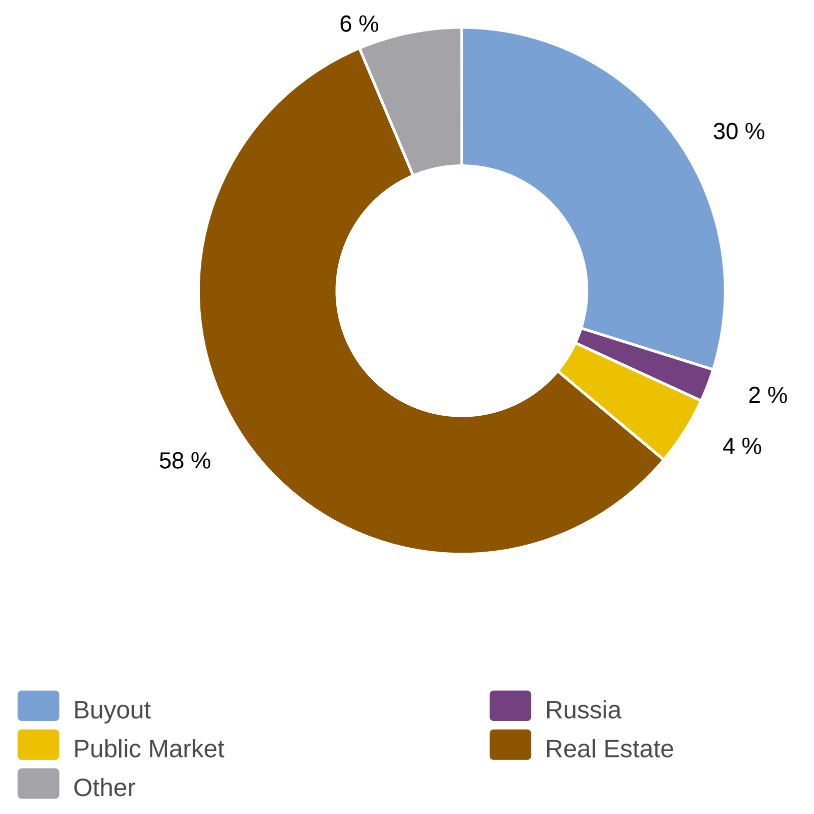
Capital under management in equity, mezzanine and real estate, M€



Remaining capital for new and add-on investments, M€



Portfolios at acquisition cost by team, M€



CapMan Group funds as at 31 December 2011

Private equity funds, € million

	Year of establishment	Committed capital *	Capital under mgmt **	Paid-in capital ***	Remaining commit-ment ****	Fund's current portfolio at cost	Fund's current portfolio at fair value ****	Net cash assets *****	Distributed cash flow ****** to investors	Distributed cash flow ****** to management company (carried interest)	Amount of cash flow needed to transfer the fund to carry as of 31 Dec 2011 *******	CapMan's share of cash flow, if the fund generates carried interest
Funds generating carried interest												
Fenno Ohjelma [1], Finnmezzanine II B, Finnmezzanine III B ja Finnventure V	1997 1998 1999 2000											
Total		**258.0**	**31.8**	**252.2**	**5.8**	**18.1**	**13.6**	**1.3**	**406.8**	**17.4**		
Funds in exit and value creation phase												
Finnmezzanine III A	2000	101.4	23.8	100.6	0.8	22.6	23.3	2.6	120.8		9.4	20%
CapMan Equity VII A [7]	2002	156.7	92.8	152.9	3.8	72.4	75.6	4.5	148.0		61.3	15%
CapMan Equity VII B [7]	2002	56.5	29.5	56.5	0.0	26.3	31.4	2.4	69.1		9.0	13%
CapMan Equity VII Sweden [7]	2002	67.0	39.7	66.4	0.6	31.0	32.4	1.9	63.6		27.6	15%
CapMan Buyout VIII [2] [7]	2005	440.0	365.5	374.6	65.4	244.8	262.5	6.7	153.1		345.1	12%
CapMan Life Science IV	2006	54.1	46.3	47.1	7.0	31.1	34.0	1.7	12.1		47.8	10%
CapMan Technology 2007 [2]	2007	99.6	89.8	68.4	31.2	42.3	55.5	0.2	2.4		84.3	10%
CapMan Public Market	2008	138.0	132.3	129.4	8.6	101.6	100.5	0.1	53.4		88.7	10%
Total		**1,113.3**	**819.7**	**995.9**	**117.4**	**572.1**	**615.2**	**20.1**	**622.5**		**673.2**	
Funds in active investment phase												
CapMan Russia fund	2008	118.1	108.0	73.3	44.8	48.8	59.6	0.4				3.4%
CapMan Buyout IX	2009	294.6	294.6	208.7	85.9	178.5	194.6	2.3	9.4			10%
CapMan Mezzanine V [4]	2010	95.0	95.0	19.3	75.7	18.0	20.0	0.5	0.5			10%
Total		**507.7**	**497.6**	**301.3**	**206.4**	**245.3**	**274.2**	**3.2**	**9.9**			
Funds with no carried interest potential to CapMan												
Funds with no carried interest potential to CapMan [2] [3] [4]		**579.5**	**282,9**	**552,2**	**27,3**	**185,4**	**164,7**	**19,4**	**359,0**			
Total private equity funds		**2,458.5**	**1,632.0**	**2,101.6**	**356.9**	**1,020.9**	**1,067.7**	**44.0**	**1,398.2**	**17.4**	**673.2**	

Real estate funds, M€

	Established		Investment capacity *	Capital under mgmt **	Paid-in capital ***	Remaining commitment ****	Fund's current portfolio		Net cash assets ******	Distributed cash flow *******		Amount of cash flow needed to transfer the fund to carry as of 31 Dec 2011 *******	CapMan's share of cash flow, if the fund generates carried interest
							at cost	at fair value *****		to investors	to management company (carried interest)		
Funds in exit and value creation phase													
CapMan Real Estate I 6)	2005	Equity and bonds	200.0		188.5	11.5	59.9	45.9		205.3	27.4		26%
		Debt financing	300.0		277.2	22.8	70.5	70.5					
		Total	**500.0**	**132.4**	**465.7**	**34.3**	**130.4**	**116.4**	**1.6**	**205.3**	**27.4**	**65.0**	
CapMan RE II	2006	Equity	150.0		109.5	40.5	116.9	108.6		0.5			12%
		Debt financing	450.0		268.4	181.6	257.2	257.2					
		Total	**600.0**	**418.4**	**377.9**	**222.1**	**374.1**	**365.8**	**-2.4**	**0.5**		**145.9**	
Total			**1,100.0**	**550.8**	**843.6**	**256.4**	**504.5**	**482.2**	**-0.8**	**205.8**	**27.4**	**210.9**	
Funds in active investment phase													
CapMan Hotels RE	2008	Equity	332.5		315.3	17.2	361.6	307.0		27.2			12%
		Debt financing	617.5		537.6	79.9	507.1	507.1					
		Total	**950.0**	**870.1**	**852.9**	**97.1**	**868.7**	**814.1**	**-3.6**	**27.2**			
Project-specific fund	2010	Equity	5.0		3.5	1.5	3.5	6.2		0.5			10%
		Debt financing	8.0		8.0	0.0	7.8	7.8					
		Total	**13.0**	**13.0**	**11.5**	**1.5**	**11.3**	**14.0**	**0.1**	**0.5**			
Total			**963.0**	**883.1**	**864.4**	**98.6**	**880.0**	**828.1**	**-3.5**	**27.7**			
Real estate funds total			**2,063.0**	**1,433.9**	**1,708.0**	**355.0**	**1,384.5**	**1,310.3**	**-4.3**	**233.5**	**27.4**	**210.9**	
All funds total			**4,521.5**	**3,065.9**	**3,809.6**	**711.9**	**2,405.4**	**2,378.0**	**39.7**	**1,631.7**	**44.8**	**884.1**	

Definitions for column headings

* Total capital committed to the fund by investors, i.e. the original size of the fund. For real estate funds, investment capacity also includes the share of debt financing used by the fund.

** The sum of original equity commitments and exits at cost. In real estate funds current capital under management includes fee generating invested loan capital.

*** Total capital paid into the fund by investors at the end of the review period.

**** Investors' remaining investment commitment to the fund.

***** The funds' investments in portfolio companies are valued at fair value in accordance with IPEVG (International Private Equity and Venture Capital Valuation Guidelines, www.privateequityvaluation.com) and investments in real estate assets are valued in accordance with the the value appraisements of external experts. The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Due to the nature of private equity investment activities, the funds' portfolios contain investment targets with a fair value that exceeds their aquisition cost as well as investment targets with a fair value less than the acquisition cost.

****** When calculating the value of the portfolio, the fund's net cash assets must be taken into account in addition to the portfolio at fair value. Real estate funds' shares of debt financing are resented in separate rows in the table.

******* When the return of a fund has exceeded a required cumulative return target, the management company is entitled to a share of the cash flow from the funds (carried interest). Cash flow includes both the distribution of profits and distribution of capital. When assessing the cash flow a fund needs in order to start generating carried interest, it should be noted that the capital of some funds has not yet been called and paid-in. After the previous distribution of profits, any new capital called in, as well as any annual preferential returns on it, must however be returned to investors before the new distribution of profits is paid.

******** This cash flow refers to the profit distributed by funds and the capital they pay back to investors. The figure indicates the size of the cash flow that must be returned to investors as of the end of the reporting period to enable a fund to transfer to carry. A fund's carry potential can be evaluated by comparing this figure to the fair value of its portfolio.

Definitions for footnotes

1) Fenno Fund and Skandia I together form the Fenno Program, which is jointly managed with Fenno Management Oy.

2) The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).

3) Currency items are valued at the average exchange rates quoted at 31 December 2011.

4) Funds with limited carried interest potential for CapMan: Finnventure Fund IV, Finnventure Fund V ET, Swedestart Life Science, Swedestart Tech, Finnmezzanine Fund II A, C and D, Finnmezzanine III C, CapMan Equity VII C and CapMan Mezzanine IV.

5) CapMan Mezzanine IV: The paid-in capital includes a MEUR 192 bond issued by Leverator Plc. Distributed cash flow includes payments to both bond subscribers and to the fund´s partners.

6) CapMan Real Estate I: Distributed cash flow includes repayment of the bonds and cash flow to the fund´s partners. Following the previous payment of carried interest, a total of MEUR 43.9 in paid-in capital had not yet been returned to investors. This capital, together with the annual income entitlement payable on it, must be paid to investors before further carried interest can be distributed. CapMan's management considers it unlikely, in the light of the market situation, that further carried interest will be provided by the CapMan Real Estate I fund. As a result, the fund has been transferred from those funds in carry. A total of some MEUR 6 of carried interest was not entered in CapMan’s profit in 2007 but instead left in reserve in case that some of the carried interest would have to be returned to investors in future.

7) CapMan Group's Board of Directors made a decision early 2012 to increase Buyout investment teams' share of carried interest to better reflect the prevailing industry practices. In CapMan Buyout VIII fund the investment team's share is approximately 40%, and in CapMan Equity VII funds the investment team's share is approximately 25%.

Supporting personnel development

Personnel

CapMan employed a total of 122 people in Helsinki, Stockholm, Oslo, Moscow, and Luxembourg as of the end of 2011. During the year, we focused on creating and implementing a new HR development programme and updated our remuneration system. Developments focused on one over-riding goal: to enhance our overall capabilities for achieving our vision.

The number of people employed by CapMan declined during 2011. This was mainly attributable to the changes made in the Technology team, following the reorganisation of its investment operations, and the divestment of the real estate consulting business. We recruited nine people for new positions and 10 people to replace employees who left the company.

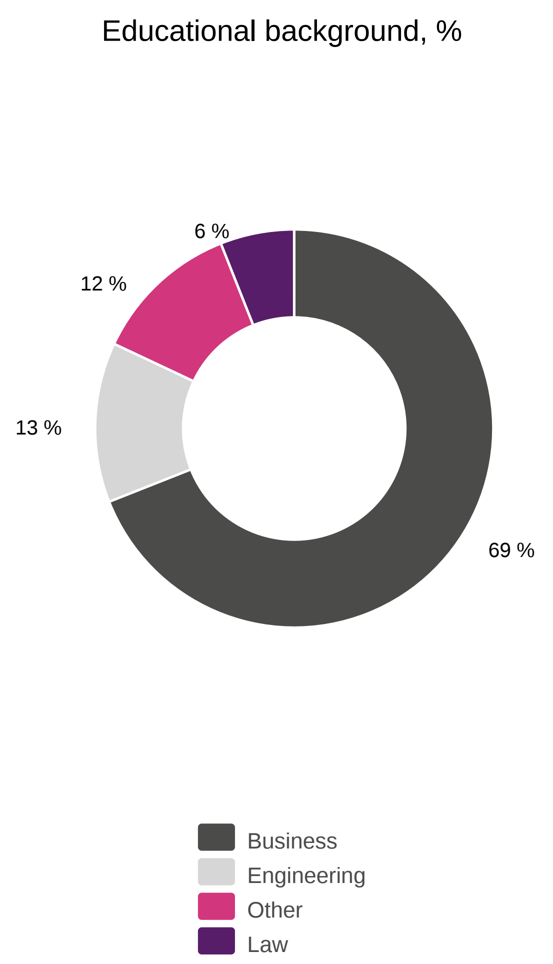
Promoting personal development as part of CapMan's strategy
A new long-term HR development programme was created in 2011 and we launched the CapMan Academy, an employee training framework designed to support CapMan people in developing their skills and expertise as private equity professionals. The CapMan Academy was kicked off in the autumn and activities were gradually ramped up during the latter part of the year. As part of the programme, each employee was assigned a mentor to support them in their long-term career planning and determining their development needs. New CapMan employees will also be offered tutors to introduce them to CapMan's way of working.

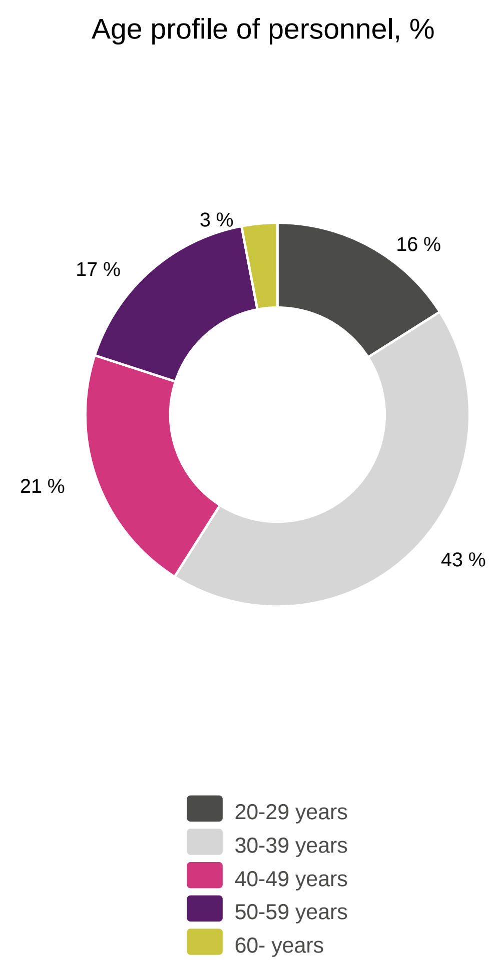
We carried out comprehensive performance reviews of our senior partners and partners during the year, including 360° surveys, individual assessments, and interviews with stakeholders. All of those involved received comprehensive feedback on their performance, such as their key strengths and development areas. Similar reviews will be carried out for investment directors, managers, and analysts during early 2012, and for the members of CapMan's service teams gradually at a later stage.

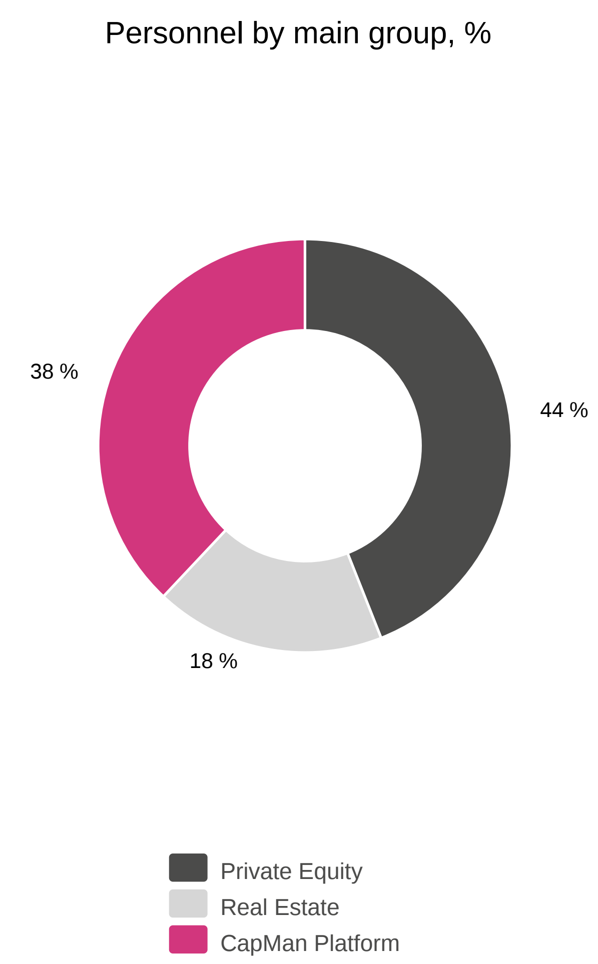
We also revised the performance criteria for our personnel during 2011. These criteria are used to evaluate performance and training needs, and define personal development areas and career opportunities. All CapMan employees have two performance evaluation discussions annually.

Remuneration designed to encourage top performance
CapMan's remuneration system is designed to motivate personnel and support people in succeeding at their jobs. All CapMan employees are covered by a result-based annual performance bonus scheme. In addition, a share of the carried interest income generated by the funds managed by CapMan is allocated to our investment professionals, in line with common industry practice.

The details of the 2008 option programme and employee shareholdings can be found in the Notes to the Financial Statements. The remuneration paid to CapMan Plc's senior management is covered in the Remuneration Statement, which is available on the company's website.


Educational background, %
6 %
12 %
13 %
69 %
Business
Engineering
Other
Law


Age profile of personnel, %
3 %
16 %
17 %
21 %
43 %
20-29 years
30-39 years
40-49 years
50-59 years
60- years


Personnel by main group, %
38 %
44 %
18 %
Private Equity
Real Estate
CapMan Platform

Lumene has reduced its water usage by more than 30% with the help of the WaterSmart® programme over the last few years. The company is working with the Finnish Association for Nature Conservation in protecting waterways, for example.

Committed to continuously improving our responsible business practices

Responsibility

As an active owner, we are committed to promoting responsible business practices in our portfolio companies and managing our real estate investments with a long-term perspective. CapMan wants to be a role model for its portfolio companies, and responsibility plays a key role in CapMan's own business activities. Our commitment to responsibility is reflected in our values: high ethics, active ownership and dedication, and our core purpose of building successful businesses contributing to the enrichment of the society.

ESG issues are considered throughout the investment period

We believe that we can create long-term value by incorporating environmental, social, and governance (jointly "ESG") considerations into our funds' decision-making processes and ownership activities. When making investment decisions, we aim to take ESG issues into consideration in screening transactions, due diligence, and final decision-making. The scope of our ESG analysis varies depending on the sector, size, and geography of the company in question.

During our ownership, we aim to create long-term sustainable value by managing not only the financial, but also the non-financial issues affecting our portfolio companies and real estate properties. CapMan requires all its funds' portfolio companies to comply with applicable laws, rules, and regulations. In addition, each portfolio company is responsible for drawing up a programme to ensure that good corporate governance principles are followed. CapMan takes immediate action if any critical ESG issues arise concerning portfolio companies during our ownership.

In the real estate area, our primary ESG focus is on environmental issues, as we see major potential in improving the environmental performance of our property investments. As a result, environmental considerations are integrated into the daily management of the assets of our real estate funds, and refurbishment plans are drawn up for all our properties. We monitor the regulatory environment continuously to ensure that our properties are up-to-date with international standards. We currently have three projects on target to win LEED (Leadership in Energy and Environmental Design) certification. Where appropriate, we apply for environmental certifications for our real estate investments.

Transparent and responsible fund manager

We have approximately €3.1 billion of capital under management in our funds. The majority of our fund investors are pension funds, which have millions of individual beneficiaries. The success of our funds' investment operations has a direct effect on the returns of our investors and their ability to service their pension liabilities.

CapMan Plc is one of the few listed private equity fund managers. As a result of our listed status, we pursue transparent communications practices towards our shareholders, fund investors, and the general public. CapMan Plc's corporate governance model follows the Finnish Corporate Governance Code for listed companies.

We are actively involved in various industry associations to promote the development of the private equity industry and enhance international cooperation. CapMan is a member of the European Private Equity and Venture Capital Association (EVCA), as well as several local industry associations. We are committed to complying with the EVCA Code of Conduct and due consideration is also given to other non-binding EVCA and national association guidelines, and recommendations, such as Openness and Transparency Recommendations.

Developing a more systematic ESG approach

We developed a more systematic approach to managing ESG issues at CapMan during autumn 2011. The primary goal was to develop a responsible investment statement highlighting CapMan's current approach towards ESG. We finalised our responsible investment statement during early 2012 and it can be found here. Our primary priorities for 2012 include further developing our ESG approach and increasing communications and cooperation with our stakeholders on these issues.

Unique market reach, local presence, and more than 20 years of experience in private equity are the cornerstones of our success.

Buyout

An integrated Nordic team and strong local networks are central to our success

Russia

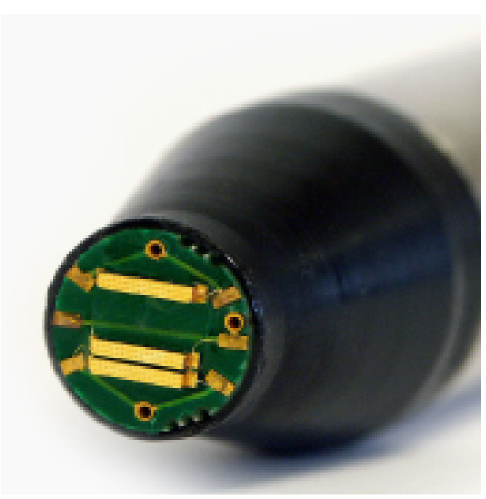
Our portfolio companies achieved their growth and profitability targets in 2011

Public Market

Strong performance despite a challenging market environment

Real Estate

Excellent track record supporting Nordic expansion



Other investment areas

Actively developing our existing portfolio companies

Cederroth, a CapMan Buyout portfolio company, is an international manufacturer and marketer of toiletries, household, wound care and healthcare products, and first aid kits.

An integrated Nordic team and strong local networks are central to our success

CapMan Buyout

CapMan Buyout invests in mid-sized unlisted companies in the Nordic region. We support our portfolio companies in achieving growth, improved profitability, and stronger strategic positions.

The Buyout team had an active year during 2011, completing three new investments and making several add-on investments. The team also successfully exited from four companies and made a partial exit from two. The total amount invested was €109 million, while exits at cost totalled €159 million. As of the end of 2011, CapMan Buyout had made a total of 47 exits, with an average 3.0 return on invested capital.

During the year, we further refined our strategy as an integrated Nordic player with a strong local presence. As part of this, we focused on strengthening our position in our core markets in Finland, Sweden, and Norway and decided to close our office in Denmark.

The market environment in the Nordic region during 2011 was characterised by increasing confidence during the first half of the year followed by increased uncertainty during the second half. Financial turmoil and instability in the Eurozone towards the end of the year resulted in a tougher financing environment and led to more caution among banks in granting new loans. The tighter market reduced the appetite for M&A and led to a reduction in the number and value of transactions both in the Nordic region and across Europe.

Our strong local presence and unique opportunity to source deals across the region has proved valuable also in 2011. Despite overall uncertainty, we continued to have a good pipeline of potential new investments and several exit processes on-going during the year.

The performance of our portfolio companies remained good in 2011, despite increasing uncertainty in the global economy. Signs of a slowdown in demand began to make themselves felt towards the end of the year. However, a majority of our companies were able to achieve higher net sales and improved profitability.

Tailored value creation approach to prepare our portfolio companies for exits
The focus in our value creation work during 2011 varied across the portfolio, depending on individual companies' sensitivity to the on-going turmoil in the marketplace. In companies operating in less cyclical sectors, we continued to promote growth along the lines of 2010. For companies with a greater degree of exposure, our focus was on building flexibility to cope with a potential drop in demand for their goods or services.

Our local presence in the Nordic countries continued to provide a solid foundation for our value creation work. We supported several of our portfolio companies during the year in building a stronger Nordic foothold or in expanding outside their local markets, both organically and through add-on acquisitions. Nice Entertainment, for example, has been able to grow from a local Finnish player into a leading independent pan-Nordic television production company during CapMan Buyout's ownership. Read more about Nice Entertainment's Nordic expansion here.

Going forward, we will aim to make even more effective use of our Nordic integrated team, both in deal sourcing and in driving value creation initiatives. We have strong networks in all the countries where we are present, which enables us to generate proprietary deal flow and gain access to industry expertise across a wide variety of sectors.

Against this background, our team is well-placed to continue building successful businesses throughout the Nordic region and begin fundraising for a new Buyout fund in 2012.

Filming the television series “The Bachelorette” in Sweden.

From national champions to Nordic leader in TV production

Nice Entertainment Group

An attractive Nordic market structure combined with strong growth potential for the TV production industry were the key drivers behind CapMan’s decision to acquire the Finnish television production company Moskito Television ("Moskito") in 2008. Since the acquisition, CapMan has supported the company’s expansion across the Nordic region. During the past four years, it has grown to become the largest independent television production group operating in Finland, Sweden, Denmark and Norway.

Moskito was originally part of the Finnish publishing group Talentum, but was considered a non-core asset by the group’s management. Following proprietary discussions with CapMan, Talentum agreed to sell the business in January 2008 to Nice Entertainment Group (“Nice” or “Nice Group”), a company jointly owned by CapMan Buyout VIII fund and Moskito's management team. As Moskito was already a very well established player in the industry, it was easy to attract other talented entrepreneurs to join the Nice Group. Only four months after signing the deal Nice acquired the leading Norwegian production company Monster AS. “From the beginning our goal was to create a pan-Nordic content production business. Therefore, we had potential Nordic add-on candidates in mind already before completing the acquisition of Moskito”, says Olli Liitola, Senior Partner at CapMan Buyout in charge of the investment. “Monster was an excellent fit with Nice as both companies were trailblazers in their respective markets”, Liitola continues.

The next step in the Nordic expansion strategy was taken in 2009 when Danish start-up production company Gong joined the Nice Group. Later in the same year the acquisition of Finnish Production House was completed followed by Swedish Baluba in 2010. Each of the companies in the group continued to operate independently, as strong local brands, but benefited from group-wide synergies in e.g. purchasing and distribution. “Production business is ultimately local and therefore it was essential that the individual companies retained their own brands and an entrepreneurial spirit even after becoming part of a larger group”, Liitola explains. For CapMan, it has also been crucial that the entrepreneurs of the individual companies as well as key managers have taken ownership positions in the group.

Nice further strengthened its position in the Nordic market in 2011 through the acquisition of Swedish television production company Titan Group. With complementing program formats and customer mix Titan was a perfect addition to the group.

The Nordic buy-and-build strategy has been very successful and Nice is today the leading independent player in the Nordic television production market. During CapMan’s ownership the group’s turnover has increased from approximately €20 million to more than €100 million in 2011. CapMan has acted as a catalyst for the add-ons, identifying the suitable targets and supporting the group in the integration work.

Going forward, CapMan and the management’s key focus is on further strengthening the group’s position in its current markets. “Nice Group is very well positioned to grow organically in the Nordic region during the following years. We have developed a systematic approach towards project management, attracting top talent and developing program formats. We look forward to fully capitalising on cross-selling opportunities throughout the Nordic region and to target international markets”, Liitola says.

Read more: www.thisisnice.com

Crane Technologies, a CapMan Russia portfolio company, is one of the largest suppliers of tower cranes for civil construction in Russia

Our portfolio companies achieved their growth and profitability targets in 2011

CapMan Russia

CapMan Russia makes minority investments in small and medium-sized Russian growth companies. We help our portfolio companies to pursue growth, both domestically and internationally.

CapMan Russia was one of the most active private equity investors in the Russian market during 2011. We made four new investments and several add-on investments, valued in total at €20.6 million. The team has made a total of 27 exits to date, of which 23 have been profitable. The exits have generated an average return of 2.0 times the initial capital invested. Our previous fund (Norum II) will return more than 4 times the initial capital invested.

Despite the overall increase in uncertainty on global markets during the year, the Russian economy continued to develop favourably. GDP increased by approx. 5% during 2011 and short- to medium-term growth prospects are very good. Russia's sovereign debt is modest (at around 2.5% of GDP), which will allow the Russian economy to adapt relatively painlessly should growth prove to be lower than expected.

Our portfolio companies developed well during 2011. The strong Russian economy contributed to this, and all our portfolio companies achieved their growth and profitability targets, with many of them outperforming their budgets. As our portfolio companies have a relatively conservative level of leverage, we believe that they are well-placed to succeed even if overall economic growth will be lower than expected during the coming years.

Targeting sustainable growth and technological leadership

Value creation in our portfolio companies is primarily based on two factors: sustainable business development and the introduction of new technologies. In the case of sustainability, our key focus is on creating and developing transparent and efficient governance models, together with companies' management teams and other owners. In addition, addressing environmental and social issues in company operations offers an increasingly valuable competitive edge in Russia. In encouraging the introduction of new technologies, we draw on the contacts and long-term expertise in a number of fields of CapMan's other investment teams and the CapMan Portfolio Board Network. Russian companies in general often lag significantly behind Western businesses in adopting new technological innovations, and by capitalising on cutting-edge technology, our portfolio companies have the potential to secure a major competitive advantage primarily in Russia but also internationally.

The current CapMan Russia fund can make two to three new investments before reaching the limit of its investment capacity. The plan is to begin fundraising for a new fund during 2012. We have already identified a number of potential new investment targets. The Russian private equity market is projected to develop favourably over the next few years, and we are confident that our team is well-placed to continue its successful operations in Russia in 2012 and beyond.

Building a nation-wide leader in technologically advanced cranes

Crane Technologies

Crane Technologies is the leading Russian producer of tower cranes. The company is head-quartered in Chelyabinsk while the production site is located in Nyazepetrovsk, a small city in the Urals some 250 km from Chelyabinsk. Its customers include construction equipment rental companies and construction companies.

CapMan Russia acquired a significant stake in the Crane Technologies in April 2010 after the company had badly suffered from the 2008 global crisis and consequent major down-turn in the construction sector. The aim of the investment was to support the company's recovery in order to become an even bigger player in the Russian market than it used to be. CapMan's investment played a decisive role in saving several hundreds of work-places in a city whose wealth is largely dependent on the crane factory.

CapMan Russia invested in Crane Technologies, apart from capitalising from the recovery of the construction sector in Russia, because of its strong management team and technological leadership among its Russian competitors. "Our investment team has worked closely with the management of the company to implement a modernisation plan enabling the company to produce a full range of modern tower cranes, which can compete with Western manufacturers. We have also helped to improve the company's standards in all aspects of corporate governance", says Alberto Morandi, Partner at CapMan Russia in charge of the investment. From a strategic point of view, the company has started to reduce its dependence on the construction industry, entering the sector of industrial cranes.

Crane Technologies has benefitted from the construction boom in Russia, which has been caused by several big events like 2014 Winter Olympics that will be organised in Sotchi. The company is currently building a nation-wide network of service centres, which will guarantee its clients the necessary level of post-sale support. "Our aim is to create the un-disputed Russian leader that would be an interesting target for strategic investors looking for a foot-hold in the fast growing Russian market", Morandi explains.

Read more: www.crantec.ru

Intrum Justitia, a CapMan Public Market portfolio company, is Europe's leading Credit Management Services (CMS) company.

Strong performance despite a challenging market environment

CapMan Public Market

CapMan Public Market makes significant minority investments in listed Nordic small and mid-cap companies with proven business capabilities and high value creation potential.

We made two new investments in 2011 and increased our holding in two existing portfolio companies. In addition, a large number of potential new opportunities were analysed during the year. Our total investment amounted to €32 million. As of the end of 2011, we had made two exits from the Public Market Fund I, with an average 116% annual return (IRR) on invested capital.

The economic climate during 2011 was characterised by a high level of volatility and growing uncertainty. The adverse development in stock market sentiment during the second half of the year affected the share price performance of our portfolio companies. The latter proved relatively resilient to the market downturn, however, thanks to their robust business models and strong market positions. Together with their extensive internal efficiency enhancement programmes, these strengths enabled our portfolio companies to continue developing well during 2011.

Value creation work focusing on strategy

We made good progress in implementing and executing our value creation plans in our portfolio companies during 2011. In the more mature part of the portfolio, we continued to execute the value creation agenda prepared following our investment; while in our more recent investments, the focus has been on gaining access and aligning ourselves with companies' boards of directors and management teams.

The general focus in value creation work, particularly during the second half of the year, was on preparing our portfolio companies for the challenging market environment ahead and ensuring full execution of on-going improvement programmes. In the current market, we consider strategy to be more important than ever, and during the latter part of the year, we concentrated on refining the companies' strategic plans for the future. Where needed, we have the capacity to inject additional equity capital to support our portfolio companies in executing their strategic agenda.

We continuously analyse potential new investments with attractive value creation opportunities. There is a large number of interesting small and mid-sized companies operating in the Nordics, and recent developments in the stock market will open up attractive opportunities for a long-term investor such as CapMan Public Market to support their performance.

CapMan Real Estate's property at Yliopistonkatu 22 in Turku is leased to Stockmann and is one of the city's leading department stores.

Excellent track record supporting Nordic expansion

CapMan Real Estate

CapMan Real Estate invests in commercial and hotel properties and property development projects in Finland and the other Nordic countries. Value creation in our investments is based on active asset management and co-operation with our tenants.

As of the end of 2011, our four real estate funds held a total of 58 properties in their portfolios. We made one new investment and a number of add-on investments in our existing properties during the year, totalling €56.6 million. In addition, we exited three properties, recording good returns for our fund investors. As of the end of the year, CapMan Real Estate had made a total of 30 exits, generating an average 2.0 return on invested capital*. Exit negotiations are under way on several properties in our portfolio and we expect to complete a number of these during 2012.

Despite uncertainty in the European economy, the Nordic region continued to be an interesting market for international real estate investors. Although the overall volume of real estate transactions remained at a modest level in 2011, the demand for retail properties in particular continued to grow steadily. Good performance in the retail sector had a positive effect on the leasing market, and the overall occupancy rates of the properties in our funds remained higher-than-average.

Re-organising our operations and targeting Nordic expansion

Some major developments took place in the Real Estate team during 2011. In June, as part of CapMan Group's overall strategy and simplification efforts, we sold our real estate consulting business, to its management. The new owners continued to drive the business under the name Realprojekti Oy. The decision enabled our team to focus more on our core business, which is real estate fund management. On-going cooperation with Realprojekti will ensure that we continue to have access to high-quality property development services in the future.

In addition to streamlining our business, we took the first major step in expanding our operations outside Finland by signing a partnership agreement with NEP Partners, a real estate investment and asset management company with extensive and long-standing experience across the Nordic region. Our goal is to begin fundraising for a new Nordic real estate fund during 2012 and to further strengthen the real estate team, particularly in Sweden.

Active property development as a basis for value creation

We initiated several development projects in our properties during 2011. The most important projects were carried out in the Turun Centrum commercial centre in Turku, the Willa shopping centre in Hyvinkää, and the GLO Hotel Linna in Helsinki.

A complete refurbishment of Turun Centrum was finalised in November. Retail and office space there was modernised, together with the exterior of the building and car parking facilities. Another large shopping centre project took place in Hyvinkää, where we carried out the development of Phase 2 of the Willa shopping centre, which is expected to be completed during 2012. A major project to more than double the capacity at the GLO Hotel Linna was launched during the year, The new extension with more than 120 new rooms was opened in February 2012.

The growth of the Nordic real estate market will provide a number of new opportunities for our team. We are very well-placed to expand our activities across the entire region and to continue our successful investment activities going forward.

*) Of 30 exits, 27 are from CapMan RE I fund in Finland and 3 from assets managed by NEP in Sweden.

Environmentally friendly retailing

Shopping Centre Skanssi

The Skanssi shopping centre in Turku is an environmental pioneer in Finnish retailing – it is committed to generating a small environmental footprint and being an exciting destination for shoppers at the same time.

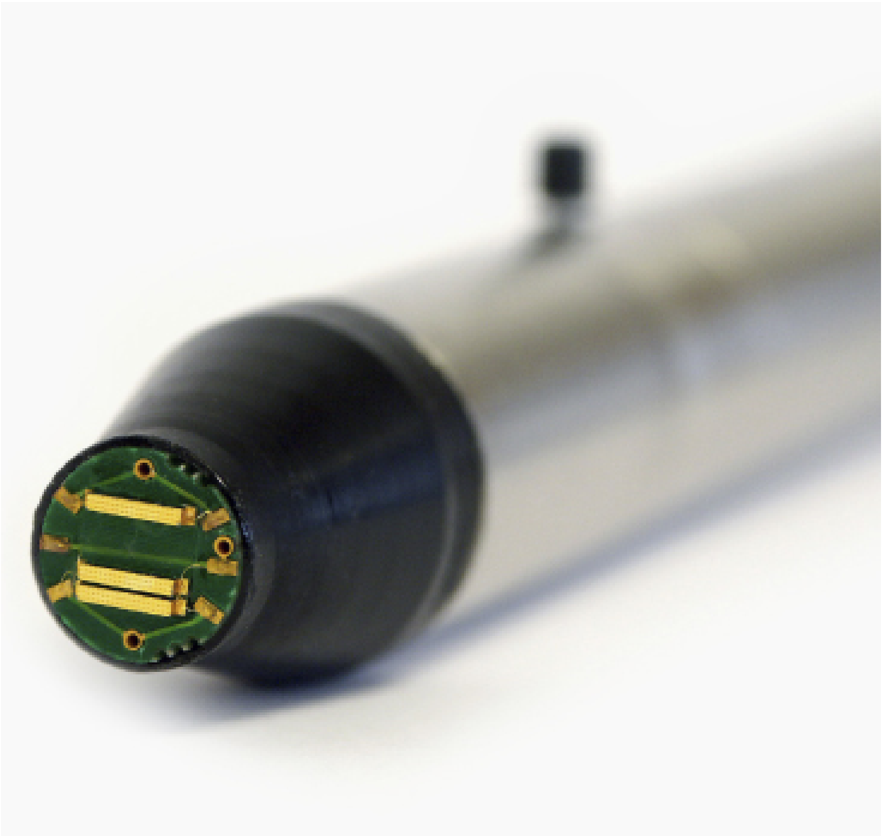
The CapMan Real Estate II fund acquired Skanssi when it was being built in summer 2007. Today, the centre is home to some 90 speciality shops, the majority of which focus on fashion, clothing, and home furnishings. In addition, Skanssi has an extensive range of coffee shops and restaurants. Skanssi has around 36,900 m^2 of lettable space, which currently makes it Finland's tenth-largest shopping centre.

Environmental issues have been a priority at Skanssi from construction onwards. The aim has been to reduce the impact the centre has on the environment, while cutting maintenance and upkeep costs. "Energy efficiency is a growing trend in the property sector worldwide, and international investors are paying increasing attention to the environmental footprint of real estate properties", says Liisa Nikkanen, Shopping Centre Manager at CapMan Real Estate. "The shoppers who visit Skanssi and the retailers there have responded very favourably to the centre's proactive approach to environmentally friendly property development", Nikkanen continues.

Skanssi was completed in summer 2009 and it was the first new shopping centre in Northern Europe to be awarded a LEED environmental certificate in 2010 for its achievements during the construction phase. LEED (Leadership in Energy and Environmental Design) is a certification tool designed to promote good design, construction, and responsible building use, and is based on impartial third-party audits. In the audit, Skanssi received a high score in energy efficiency, site waste management, material use, the quality of its internal environment, and landscaping and landscape management. "Good performance is attributable to our systematic work towards creating a more environmentally friendly building", Nikkanen says.

Green considerations are part of the centre's day-to-day operations. "We use green electricity and operate a number of initiatives to manage water and energy consumption and maximise waste recycling. Various events and campaigns are also organised to promote environmental thinking", Nikkanen says. Skanssi is currently working towards achieving a gold LEED operations and maintenance certificate. To obtain certification, properties must meet an extensive range of requirements in areas such as water use, energy management, and material recycling.

Read more: skanssi.fi



Silex Microsystems, a CapMan Technology and CapMan Life Science portfolio company, manufactures components for use in medical technology and telecommunications.

Actively developing our existing portfolio companies

Other investment teams

CapMan's other investment areas include CapMan Technology and CapMan Life Science, which specialise in technology investments and investments in medical technology and healthcare services respectively. Although CapMan decided in 2010 not to establish any new independent funds in these areas, technology sector, growth financing, and healthcare will remain in focus of our investments through CapMan's other funds. The investment teams focus on developing their existing portfolio companies and ensuring that funds meet their target returns.

At the end of 2011, CapMan's technology funds had 15 companies in their portfolios, while life science funds had 9 companies in their portfolios. The funds have add-on investment capacity for developing their existing portfolios.

Read more: **CapMan Technology** **CapMan Life Science**

CapMan Technology

CapMan Technology portfolio includes Nordic expansion and later stage technology companies. At the end of 2011, we had in total 15 portfolio companies.

Our team focuses on supporting the growth of our current portfolio companies and helping them to expand into new markets. Most of the companies have a strategy based on international expansion, and our team has supported a number of them in growing their business outside their home markets. Overall, our portfolio performed well in 2011, and most of the companies reached top-line growth despite the downturn seen on the global markets.

In addition to active value creation work we constantly take advantage of attractive exit opportunities when they arise. During 2011, we exited in total five portfolio companies.

The overall global market situation continues to be challenging, and future development is difficult to predict. However our portfolio companies are well-prepared to adapt their operations to market changes. Exit negotiations are under way in many of our portfolio companies, and our goal is to complete a number of them during 2012.

CapMan Life Science

CapMan Life Science portfolio includes companies providing healthcare services as well as products and solutions for the healthcare and life science sectors. At the end of 2011, our portfolio consisted of nine companies.

In general, our portfolio companies performed well during 2011, and gross multiples increased. We made two successful exits from Jolife and Proxima.

The M&A activity in the healthcare services sector was relatively strong in Sweden, whereas market actors were more cautious in other European markets. In general, healthcare continues to offer a resilient platform for deal-making, and the lower transaction volumes seen during the last few months of 2011 were more a reflection of general macroeconomic conditions than a lower level of interest in the sector among investors.

The outlook for 2012 is positive. Our team will focus on developing the growth and profitability of the current portfolio companies. We do not expect the general economic downturn to affect the portfolio performance significantly in 2012, and some companies will be ready to enter the exit phase during the year.

CapMan complies with the Finnish Corporate Governance Code for listed companies and its corporate governance is in compliance with the laws of Finland, CapMan's Articles of Association, and the rules and regulations of NASDAQ OMX Helsinki Ltd.

Corporate Governance Statement for 2011

Board of Directors

Management Group

Corporate Governance Statement 2011

1 Applicable rules and regulations

CapMan Plc (“CapMan”) complies, in accordance with comply or explain principle, with the Finnish Corporate Governance Code (the “Code”) for listed companies issued by the Securities Market Association and entered into force on 1 October 2010. The deviations from the Code are explained below in section 2. Furthermore, CapMan’s corporate governance is in compliance with the laws of Finland, its articles of association and the rules and directions of NASDAQ OMX Helsinki Ltd. This Corporate Governance Statement (the “Statement”) has been prepared in compliance with the Code’s Recommendation 54 (Corporate Governance Statement). The Code as a whole is publicly available on the website of the Securities Market Association at www.cgfinland.fi.

The Statement is reviewed by the Audit Committee of CapMan’s Board of Directors (the “Board”) and it is issued separate from the report by the Board. CapMan’s auditor PricewaterhouseCoopers Oy has checked that the Statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process contained in the Statement is consistent with the Financial Statements.

For further information regarding CapMan’s corporate governance, please visit the company’s website.

2 Deviations from the Code

CapMan deviates from the Code’s Recommendation 14 (Number of independent directors), which states that the majority of board members shall be independent of the company. Three of the six members of CapMan’s Board elected by the annual general meeting (the “AGM”) 2011 are independent of the company and three members are non-independent of the company. This deviation has been made to ensure that the company has a competent Board that fulfils the requirements of the Code’s Recommendation 9 (Number, composition and competence of the directors), particularly with regard to knowledge of the specifics of the private equity industry and the company’s market areas. This deviation is also linked to the company’s ownership structure.

CapMan Board has deviated from the Code's Recommendations 26 (Independence of the members of the audit committee) and 29 (Members of the nomination committee) concerning the independence of the members of the Audit Committee and Nomination Committee. Due to the composition of the Board and the limited number of board members, the compositions of the Audit Committee and Nomination Committee do not meet all the independence requirements of the Code. In line with the Recommendation 22 (Appointment of members to the committees), the Board elected in its organizing meeting those members to the Committees that have the best qualifications to perform the responsibilities of the Committees. In addition, the Board decided, in line with Recommendation 22, that due to the limited number of board members the Audit Committee consists of two members only.

CapMan deviates from Recommendation 43 (Participation of the directors in a share-based remuneration scheme) which covers the participation of non-executive directors in share-related remuneration schemes. Non-executive members of the Board can participate in a share-related remuneration scheme in accordance with the decision of the general meeting, in which case shareholders have the opportunity to evaluate whether such remuneration is in their interest.

3 Board of Directors

3.1 Composition

All members of the Board are elected by the general meeting. There is no specific order for the appointment of Board members in the articles of association. According to the articles of association, the Board comprises at least three and at most nine members, who do not have deputies. Members are elected for a term of office of one year, which starts at the close of the general meeting at which they were elected and ends at the close of the AGM following their election. The Board elects a Chairman and a Vice Chairman from among its members.

The AGM held on 30 March 2011 elected six members to the Board. Mr Koen Dejonckheere, Mr Claes de Neergaard, Mr Conny Karlsson, Ms Nora Kerppola, Mr Teuvo Salminen and Mr Heikki Westerlund were elected to the Board. The Board elected from among its members Heikki Westerlund as the Chairman of the Board and Teuvo Salminen as the Vice Chairman of the Board.

Sari Baldauf and Tapio Hintikka were members of the Board until the close of the AGM 2011.

Their biographical details are presented later on in this section.

3.2 Independence of the Board members

The Board has in its organizing meeting on 30 March 2011 assessed its members' independence of the company and of its significant shareholders. Nora Kerppola and Claes de Neergaard were independent of both the company and its significant shareholders. Koen Dejonckheere was independent of the company, but non-independent of its significant shareholders.Conny Karlsson and Teuvo Salminen, who act as advisors to CapMan's investment teams, were independent of the significant shareholders but non-independent of the company. Heikki Westerlund, CapMan's Senior Partner and member of CapMan Buyout and CapMan Public Market investment teams, was non-independent of both the company and its significant shareholders. No changes occurred in the independence of the Board members during the year.

3.3 Duties and responsibilities

Under the Finnish Companies Act and CapMan's articles of association, the Board is responsible for the administration of the company and the proper organisation of its operations. The Board is also responsible for the appropriate arrangement of the control of the company's accounts and finances. The Board has confirmed a written charter for its work, which describes the main tasks and duties, working principles and meeting practices of the Board, and an annual self-evaluation of the Board's operations and working methods.

In accordance with the charter, the main duties of the Board are:

- to appoint and dismiss the CEO and his/her deputy
- to supervise management
- to approve strategic goals
- to decide on establishment of new CapMan funds and the level of CapMan's own commitments therein
- to decide on the major changes in the business portfolio
- to ensure that the company has a proper organisation
- to ensure the proper operation of the management system
- to supervise and approve annual financial statements and interim reports
- to ensure that the supervision of the accounting and financial management is properly organised
- to ensure that the business complies with relevant rules and regulations
- to approve the principles of corporate governance, internal control, risk management and other essential policies and practices
- to decide on the CEO's remuneration and on the remuneration policy to be followed for other executives and CapMan's key employees
- to confirm the central duties and operating principles of Board committees

The Chairman of the Board ensures and monitors that the Board fulfils the tasks appointed to it under legislation and by the company's articles of association.

3.4 Work of the Board in 2011

In 2011, the Board met nine times (eight meetings for the Board elected by the 2011 AGM and one meeting for the Board elected by the 2010 AGM). The table below presents Board members' attendance at the meetings in 2011.

Board of Directors in 2011

Name	Personal information	Attendance at the Board meetings	Attendance at the Committee meetings
Heikki Westerlund	Chairman of the Board since 31 March 2010. Member of the Board since 2010. Born 1966, M.Sc. (Econ.). Main occupation: Senior Partner at CapMan. Chairman of the Nomination Committee. Non-independent Board member.	9/9	Remuneration and Nomination Committee: 2/2 Nomination Committee: 2/2
Teuvo Salminen	Vice Chairman of the Board since 31 March 2005. Member of the Board since 2001. Born 1954, M. Sc. (Econ.), Authorised Public Accountant. Main occupation: Board professional. Chairman of the Audit Committee, member of the Nomination Committee. Independent of the significant shareholders.	9/9	Audit Committee: 4/4 Nomination Committee: 2/2
Koen Dejonckheere	Member of the Board since 2010. Born 1969, MBA, M.Sc. (Eng.). Main occupation: CEO at Gimv NV. Member of the Remuneration Committee and Nomination Committee. Independent of the company.	9/9	Remuneration Committee: 4/5 Nomination Committee; 2/2
Claes de Neergaard	Member of the Board since 2011. Born 1949, M.Sc. (Econ.). Main occupation: CEO of Industrifonden. Member of the Remuneration Committee. Independent of the company and significant shareholders.	8/8	Remuneration Committee: 5/5
Conny Karlsson	Member of the Board since 2008. Born 1955, MBA. Main occupation: Board professional. Member of the Audit Committee. Independent of significant shareholders.	9/9	Audit Committee: 4/4
Nora Kerppola	Member of the Board since 2011. Born 1964, MBA. Main occupation: CEO of Nordic Investment Group Oy, Chairman of the Remuneration Committee. Independent of the company and significant shareholders.	8/8	Remuneration Committee: 5/5

The following persons were members of the Board until the end of the AGM 2011.

Name	Personal information	Attendance at the Board meetings	Attendance at the Committee meetings
Sari Baldauf	Member of the Board during 2007-2011. Born 1955, M. Sc. (Business Administration), D. Sc. (Tech.) h.c. (Helsinki University of Technology), Doctor h.c. (Econ. And Bus. Admin.) (Turku School of Economics and Business Administration) Main occupation: Board professional. Member of the Remuneration and Nomination Committee. Independent of the company and significant shareholders.	1/1	Remuneration and Nomination Committee: 2/2
Tapio Hintikka	Member of the Board during 2004-2011. Born 1942, M.Sc. (Eng.). Main occupation: Board professional. Member of the Remuneration and Nomination Committee. Independent of the company and significant shareholders.	1/1	Remuneration and Nomination Committee: 2/2

4 Board Committees

The committees are generally established and the committee members elected in the Board's organizing meeting to be held after the AGM from among its members for the same term as the Board. As a general rule, the committee shall have at least three members but, in accordance with Recommendation 22 (Appointment of members to the committees), the committee may, due to the limited number of board members, consist of two members only. The charters for each committee shall be confirmed by the Board and the minutes of the meetings shall be delivered to the Board for information. The committees do not have autonomous decision-making power but the Board makes the decisions within its competence collectively.

In its organizing meeting held on 30 March 2011, CapMan's Board established Audit, Nomination and Remuneration Committees. In 2010, the Board had established a joint Remuneration and Nomination Committee to handle matters pertaining to both remuneration and nomination issues. In 2010, the Board had not established an Audit Committee.

4.1 Audit Committee

The Audit Committee has been established to improve the efficient preparation of matters pertaining to financial reporting and supervision.

The duties of the Audit Committee include:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control, internal audit, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit company, particularly the provision of related services
- preparing the proposal for resolution on the election of the auditor.

The Board has in its organizing meeting on 30 March 2011 elected Teuvo Salminen (Chairman) and Conny Karlsson as members of the Audit Committee. In 2011, the Audit Committee met four times. The table after section 3.4 presents the Committee members' attendance at the meetings.

4.2 Nomination Committee

The Nomination Committee has been established to improve the efficient preparation of matters pertaining to the nomination and remuneration of Board members. The main duty of the Committee is to give proposals to the AGM on the composition of the Board and on the remuneration of the Board members.

The Board has in its organizing meeting on 30 March 2011 elected Heikki Westerlund (Chairman), Koen Dejonckheere and Teuvo Salminen as members of the Nomination Committee. In 2011, the Nomination Committee met two times in this composition. Prior to AGM 2011, Nomination Committee matters were handled in the joint Remuneration and Nomination Committee which met two times. The table after section 3.4 presents the Committee members' attendance at the meetings.

4.3 Remuneration Committee

The Remuneration Committee has been established to improve the efficient preparation of matters pertaining to the remuneration and appointment of the CEO and other executives of the company as well as the remuneration policy covering the company's other personnel.

The main duty of the Remuneration Committee is to assist the Board by preparing the Board decisions concerning:

- company executive remuneration principles and individual situations as required
- company's overall principles for total compensation structure.

The Committee shall further contribute to securing:

- objectivity in decision-making regarding remuneration issues in the company
- the systematic alignment of remuneration principles and practice with company strategy and its long-term and short-term goals
- the transparency of the company's remuneration programs.

The Board has in its organizing meeting on 30 March 2011 elected Nora Kerppola (Chairman), Koen Dejonckheere and Claes de Neergaard as members of the Remuneration Committee. In 2011, the Remuneration Committee met five times in this composition. Prior to AGM 2011, Remuneration Committee matters were handled in the joint Remuneration and Nomination Committee which met two times. The table after section 3.4 presents the Committee members' attendance at the meetings.

5 Chief Executive Officer (CEO)

The Board elects the company's CEO. The CEO's service terms and conditions are specified in writing in the CEO's service contract, which is approved by the Board. The CEO manages and supervises the company's business operations according to the Finnish Companies Act and in compliance with the instructions and authorisations issued by the Board. The CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. Generally, the CEO is independently responsible for the operational activities of the company and for day-to-day decisions on business activities and the implementation of these decisions. The CEO appoints the heads of business areas. The Board approves the recruitment of the CEO's immediate subordinates. The CEO cannot be elected as Chairman of the Board.

In 2011, CapMan's CEO was Senior Partner Lennart Simonsen (born 1960, LLM, M. Sc. (Law)).

6 Internal control and risk management pertaining to the financial reporting

The internal control and risk management pertaining to the financial reporting process is part of CapMan's overall internal control framework. The key roles and responsibilities for internal control and risk management have been defined in the group's internal guidelines which are approved and updated by the management of the company.

CapMan's internal control and risk management concerning financial reporting is designed to provide reasonable assurance concerning the reliability, comprehensiveness and timeliness of the financial reporting and the preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

The aim of CapMan's internal control is to:

- focus on the most relevant risks from a strategic and operational effectiveness point of view
- promote ethical values and good corporate governance and risk management practices
- ensure compliance with laws, regulation, and CapMan's internal policies
- ensure the production of reliable financial reporting to support internal decision-making and service the needs of shareholders

6.1 General description of the financial reporting process

CapMan's business model is based on having a local presence in the Nordic countries and Russia, and operating the organisation across national borders. CapMan's subsidiaries in six countries report their results on a monthly basis to the parent company. The accounting function is outsourced except for Finland and Sweden.

Financial information is assembled, captured, analysed, and distributed in accordance with existing processes and procedures. The group has a common reporting and consolidation system that facilitates compliance with a set of common control requirements. The group accounting maintains a common chart of accounts that is applied in all units. Subsidiaries submit their figures monthly to the groupaccounting where the figures are inserted to the group reporting system for consolidation. The reported figures are reviewed in subsidiaries as well as in group accounting. The group accounting also monitors the balance sheet and income statement items by analytically reviewing the figures. The consolidated accounts of CapMan are prepared in compliance with International Financial Reporting Standards (IFRS).

6.2 Financial reporting process control

The Board has the overall responsibility for the proper arrangement of internal control and risk management over financial reporting. The Board has appointed the Audit Committee to undertake the more specific tasks in relation to financial reporting process control such as monitoring the financial statements reporting process, the supervision of the financial reporting process and monitoring the efficiency of the company's internal control. The Audit Committee also reviews regularly the main features of the internal control and risk management systems pertaining to the financial reporting process.

The management of the group is responsible for the implementation of internal control and risk management processes and for ascertaining their operational effectiveness. The management is also responsible for ensuring that the company's accounting practices comply with laws and regulations and that the company's financial matters are managed in a reliable and consistent manner.

The CEO leads the risk management process by defining and allocating responsibility areas. The CEO has nominated the group's CFO as risk manager to be in charge of coordinating the overall risk management process. The risk manager reports regularly to the Audit Committee on matters concerning internal control and risk management. The management has allocated responsibility for establishing more specific internal control policies and procedures to personnel in charge of the functions. Management and employees possess appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

6.3 Risk assessment and control activities

CapMan has defined financial reporting objectives in order to identify risks related to the financial reporting process. The risk assessment process is designed to identify financial reporting risks and to determine how these risks should be managed.

The control activities are linked to risk assessment and specific actions are taken to address risks and achieve financial reporting objectives. Financial reporting risks are managed through control activities performed at all levels of the organisation. These activities include guidelines and instructions, approvals, authorisations, verifications, reconciliations, analytical reviews, and segregation of duties.

As part of the risk management process the company conducted an extensive risk mapping project during 2011. As a consequence of the project, CapMan's risks are better indentified, documented and classified. In the annual strategy process, the identified risks are reviewed, the risk management control activities are audited and effects of potential new indentified risks on the strategy are evaluated.

6.4 Information and communication pertaining to the financial reporting

CapMan has defined the roles and responsibilities pertaining to financial reporting as an essential part of group's information and communication systems.

In terms of internal control and financial reporting information, CapMan's external and internal information is obtained systematically, and the management is provided with relevant information on the group's activities. Timely, current and accessible information relevant for financial reporting purposes is provided to the appropriate functions, such as the Board, the management group and the monitoring team. All external communications is handled in accordance with the group disclosure policy, which is available on the company's website.

6.5 Monitoring

To ensure the effectiveness of internal control pertaining to financial reporting, monitoring activities are conducted at all levels of the organisation. Monitoring is performed through ongoing follow-up activities, separate evaluations or a combination of the two. Separate internal audit assignments may be initiated by the Board or management. The scope and frequency of separate evaluations depend primarily on the assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported to the management, and serious matters to the Board.

The Board regularly reviews group-level financial reports, including comparison of actual figures with prior periods and budgets, other forecasts and monthly cash flow estimates. The group accounting performs monthly consistency checks of income statement and balance sheet for legal entities and business areas. The group accounting team also conducts management fee and cost analysis, fair value change checks, impairment and cash flow checks as well as control of IFRS changes.

The monitoring team is responsible for collecting and reviewing the monthly reporting of portfolio companies, monitoring and forecasting fair value movements and preparing the models for and calculating carried interest income.

Board of Directors

Heikki Westerlund *Chairman of the Board, Senior Partner*

b. 1966

M.Sc. (Econ.), Chairman of the Board since 30 March 2010. Member of the Board since 2010. CapMan's Senior Partner. Joined company in 1994.

Non-independent of CapMan Plc and its significant shareholders.

Key Board memberships: Finlayson (Chairman), Walki, Lumene, Orion Corporation.

Teuvo Salminen *Vice Chairman of the Board*

b. 1954

M.Sc. (Econ.), Authorised Public Accountant, Vice Chairman of the Board since 31 March 2005. Member of the Board since 2001. CapMan Advisor. Independent of CapMan Plc's shareholders, but dependent of the company.

Key Board memberships: Havator Group Oy (Chairman), Holiday Club Resorts Oy (Chairman), Cargotec Corporation, Tieto Corporation, Glaston Corporation, Evli Bank Plc.

Conny Karlsson *Member of the Board*

b. 1955

MBA, Member of the Board since 2008. CapMan Advisor. Independent of CapMan Plc's significant shareholders, but dependent of the company.

Key Board memberships: Swedish Match AB (Chairman), Cederroth International AB (Chairman), Nice Entertainment Group (Chairman), Rökvik Timber AB (Chairman), TeliaSonera AB.

Claes de Neergaard *Member of the Board*

b. 1949

M.Sc. (Econ.). Member of the Board since 2011. Independent of CapMan Plc and of its significant shareholders.

Key Board memberships: CONNECT Sverige (Chairman), SVCA, Innovationsbron AB, Hemso Fastighets AB, ClimateWell AB.

Nora Kerppola *Member of the Board*

b. 1964

MBA. Member of the Board since 2011. Independent of CapMan Plc and of its significant shareholders.

Key Board memberships: Finnish Fund for Industrial Cooperation Ltd. (Finnfund).

Koen Dejonckheere *Member of the Board*

b. 1969

MBA, M.Sc. (Eng.). Member of the Board since 2010. CEO to Gimv NV. Independent of CapMan Plc, but dependent of its significant shareholders.

Key Board memberships: Belgian Venturing Association (Chairman).

The information presented on Board members is as of 31 December 2011. Detailed information on Board members, their key employment history, shareholdings, remuneration, and Board committees is available at the Group's Internet pages in Gorvernance section and in Corporate Governance Statement for 2011.

Management Group

Kai Jordahl *Head of CapMan Buyout, Senior Partner*

b. 1960

M.Sc. (Econ.), Head of CapMan Buyout, Senior Partner. Joined the company in 2004. Member of the Management Group since 2007.

Key Board memberships: Cardinal Foods AS (Chairman), Espira Gruppen.

Hans Christan Dall Nygård *Head of CapMan Russia, Senior Partner*

b. 1968

M.Sc. (Econ.), MBA, CEFA, Head of CapMan Russia, Senior Partner. Joined the company in 2008. Member of the Management Group since 2009.

Key Board memberships: Bank Evropeisky, ROK-1, Norwegian-Russian Chamber of Commerce (NRCC).

Jerome Bouix *Head of Sales, Marketing, Investor Relations and Communications, Senior Partner*

b. 1971

M.Sc. (Econ.), Head of Sales, Marketing, Investor Relations and Communications, Senior Partner. Joined the company in 2000. Member of the Management Group since 2007.

Key Board memberships: -

Niko Haavisto *CFO*

b. 1972

M.Sc. (Business), CFO. Joined the company in 2010. Member of the Management Group since 2010.

Key Board memberships: -

Lennart Simonsen *CEO, Senior Partner*

b. 1960

LL.M., CEO of CapMan Plc and Senior Partner. Joined the company in 2010. Member of the Management Group since 2010.

Key Board memberships: Finnish Venture Capital Association (FVCA)

Joakim Rubin *Head of CapMan Public Market, Senior Partner*

b. 1960

M.Sc. (Eng.), Head of CapMan Public Market, Senior Partner. Joined the company in 2008. Member of the Management Group since 2010.

Key Board memberships: B&B Tools AB, Intrum Justitia AB, Proffice AB.

Mika Matikainen *Head of CapMan Real Estate, Partner*

b. 1975

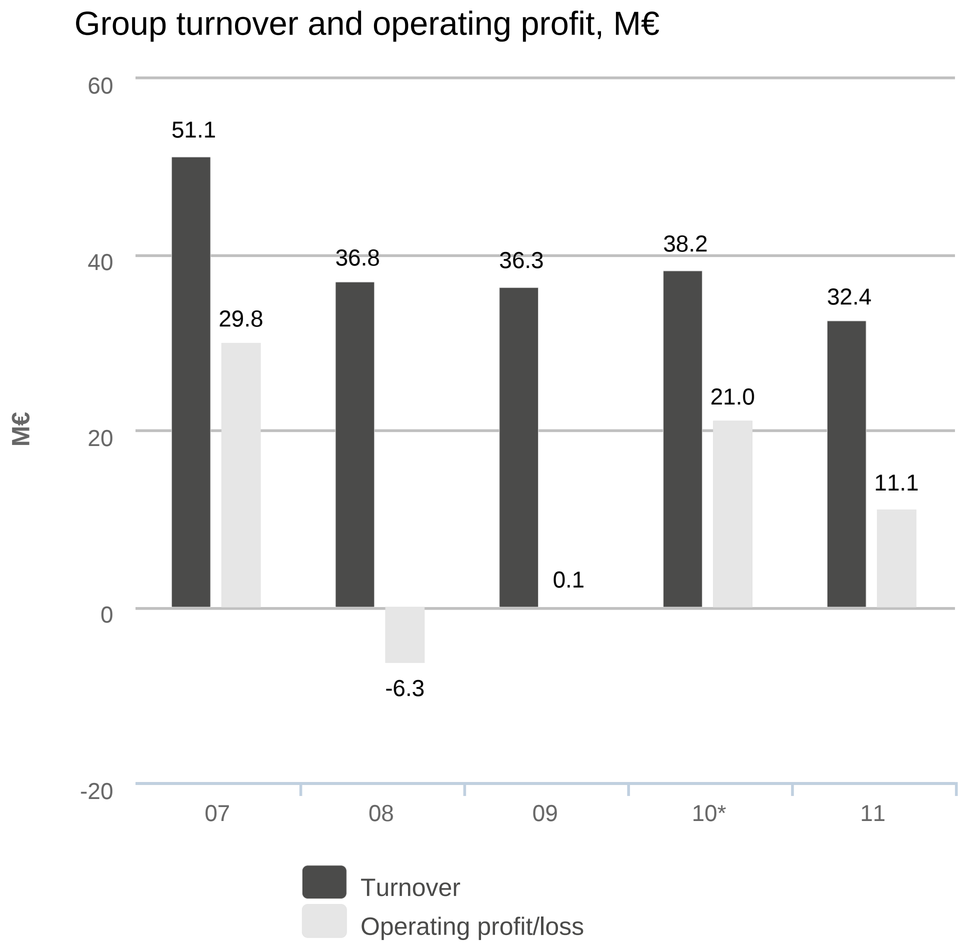
M.Sc. (Econ.), M.Soc.Sc., Head of CapMan Real Estate, Partner. Joined the company in 2006. Member of the Management Group since 2010.

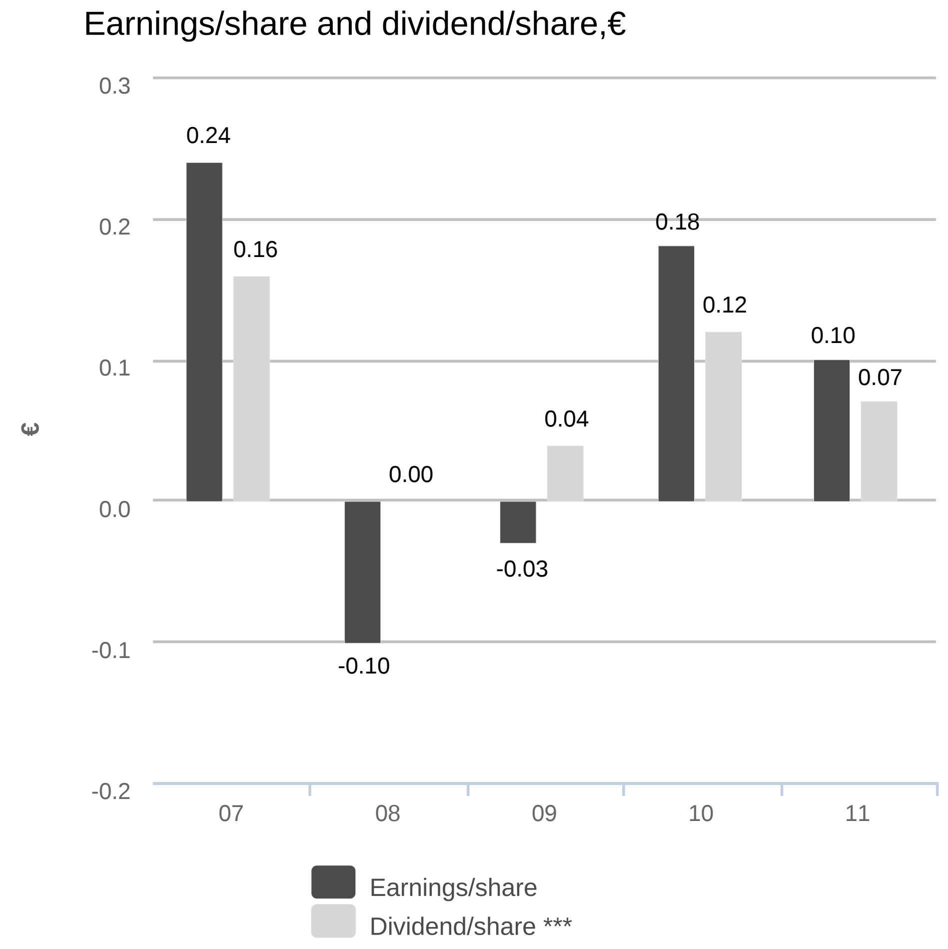
Key Board memberships: -

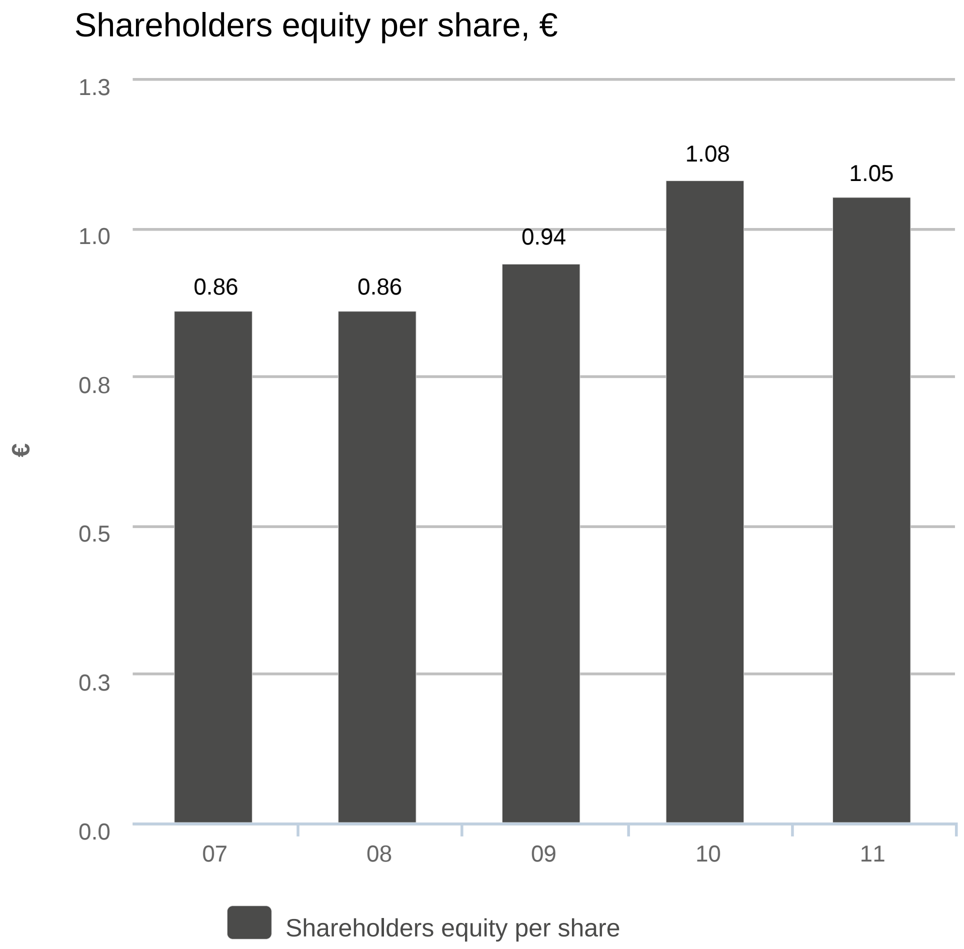
The information presented on Management Group members is as of 31 December 2011. Detailed information on the CEO and Management

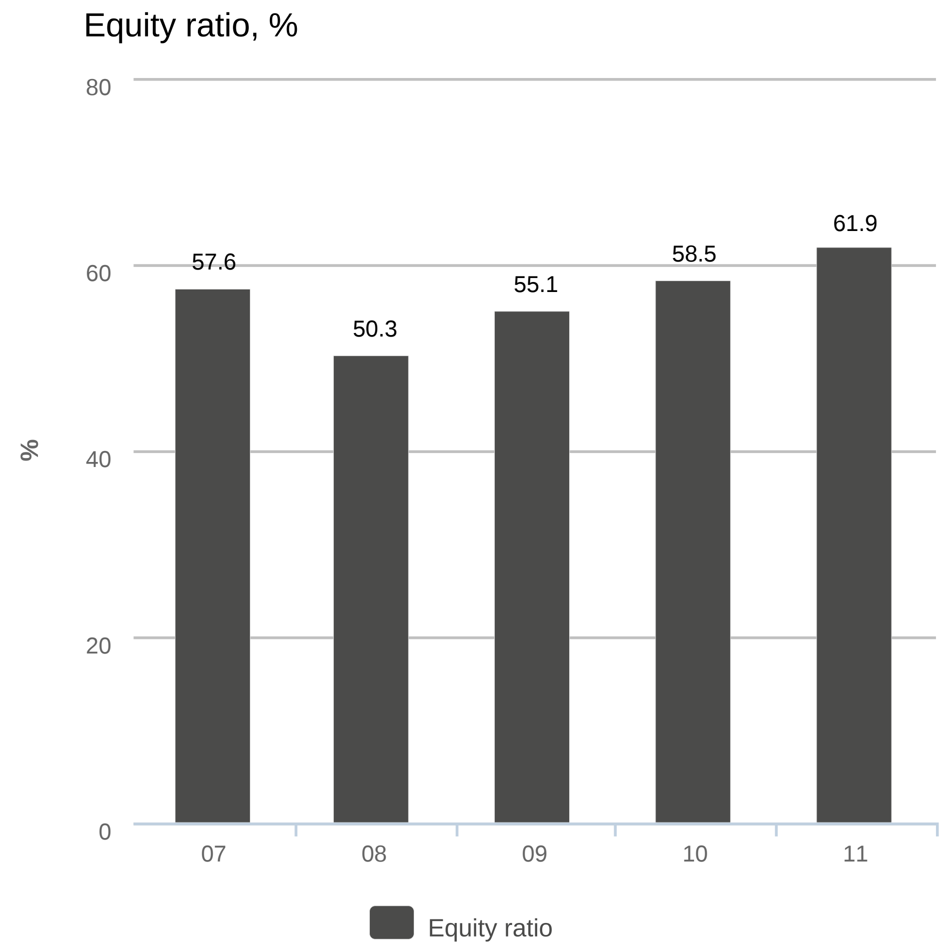
Group members, their key employment history, shareholdings and options as well as remuneration is available at the Group's Internet pages in Governance section.

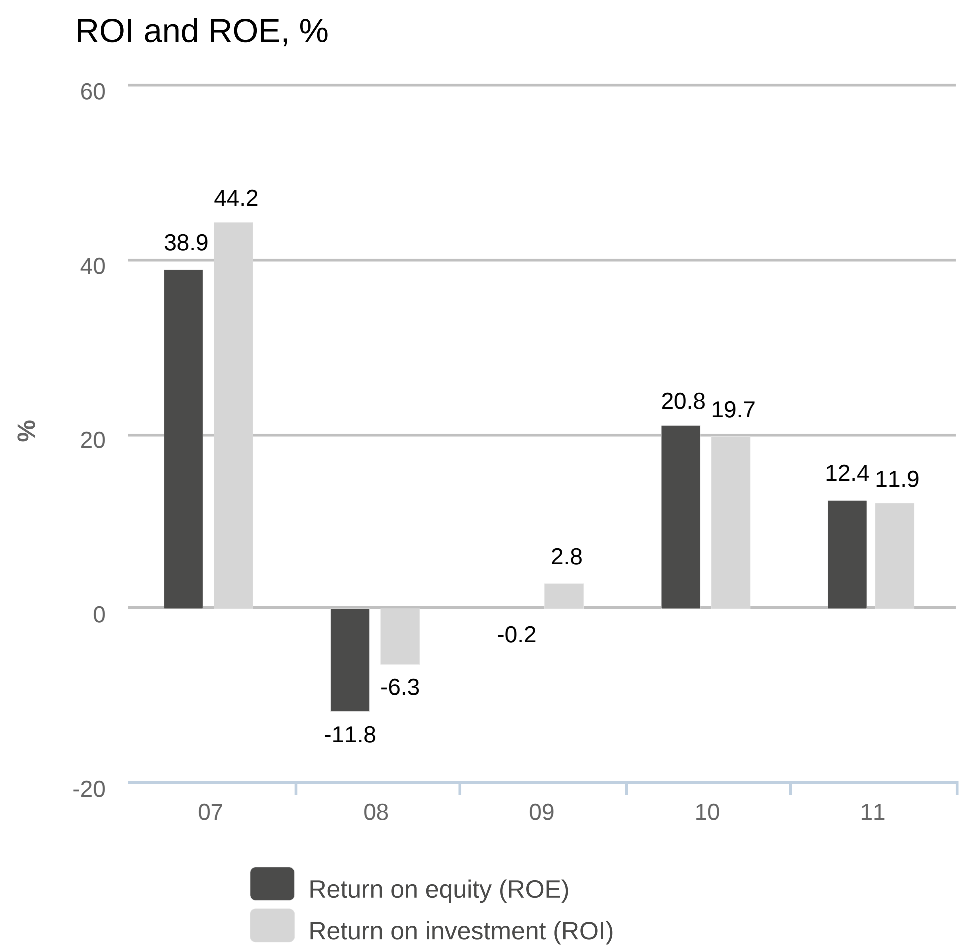
Key Figures 2011 - CapMan Group











Key Performance Indicators for CapMan Group

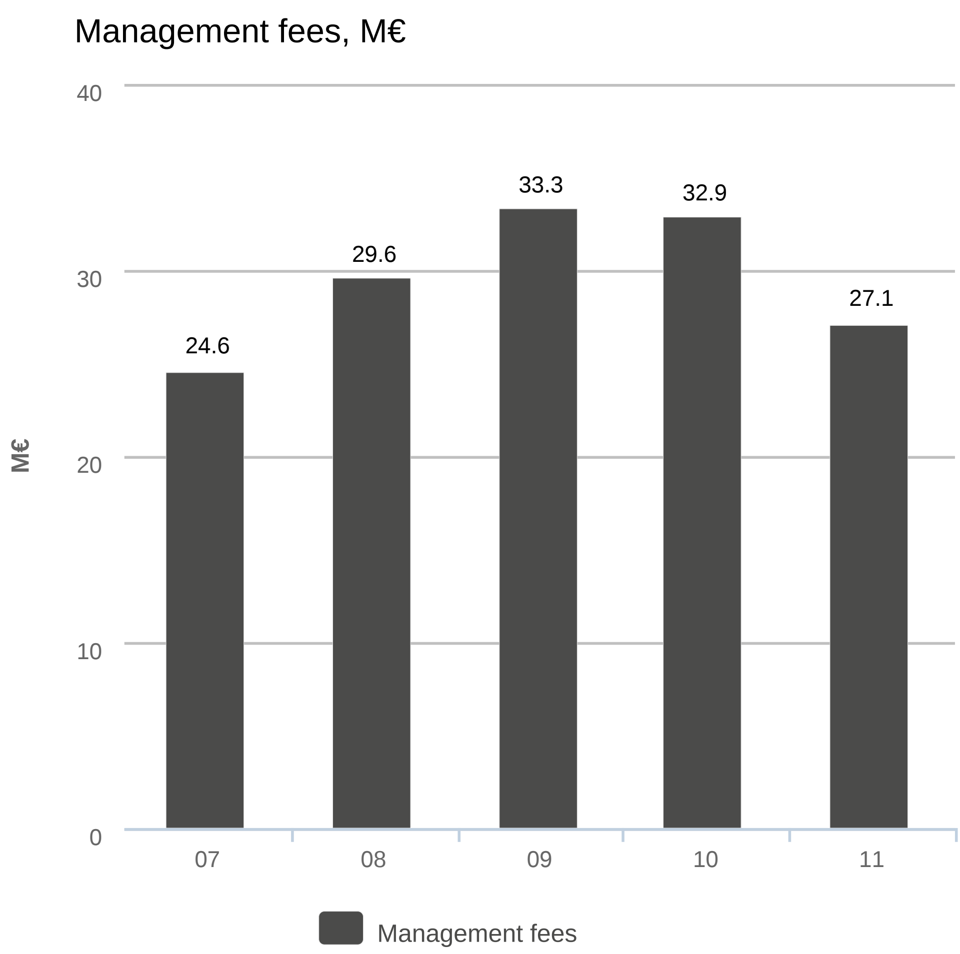
M€	2007	2008	2009	2010	2011
Turnover	51.1	36.8	36.3	38.1	32.4
Management fees	24.6	29.6	33.3	32.9	27.1
Carried interest**	23.6	4.1	0.0	2.6	3.1
Income from real estate consulting	2.1	2.4	2.4	1.6	1.0
Other income	0.8	0.7	0.6	1.0	1.2
Other operating income	0.2	0.1	0.1	23.0	0.6
Operating expenses	-27.7	-29.8	-33.0	-42.8	-34.9
Fair value gains/losses of investments	6.2	-13.4	-3.3	2.7	12.8
Operating profit/loss	29.8	-6.3	0.1	21.0	11.1
Financial income and expenses	1.1	-2.0	-0.2	0.6	0.6
Share of associated companies' result	1.9	-2.4	1.3	2.4	2.1
Profit/loss before taxes	32.7	-10.7	1.2	23.9	13.7
Profit/loss for the financial year	24.2	-8.1	0.1	17.6	11.1
Return on equity (ROE), %	38.9	-11.8	0.2	20.8	12.4
Return on investment (ROI), %	44.2	-6.3	2.8	19.7	11.9
Equity ratio, %	57.6	50.3	55.1	58.5	61.9
Net gearing, %	-27.5	30.0	34.8	7.3	14.4
Dividend paid ***	12.8	0.0	3.4	10.1	5.9
Personnel (at year-end)	110	141	150	150	122

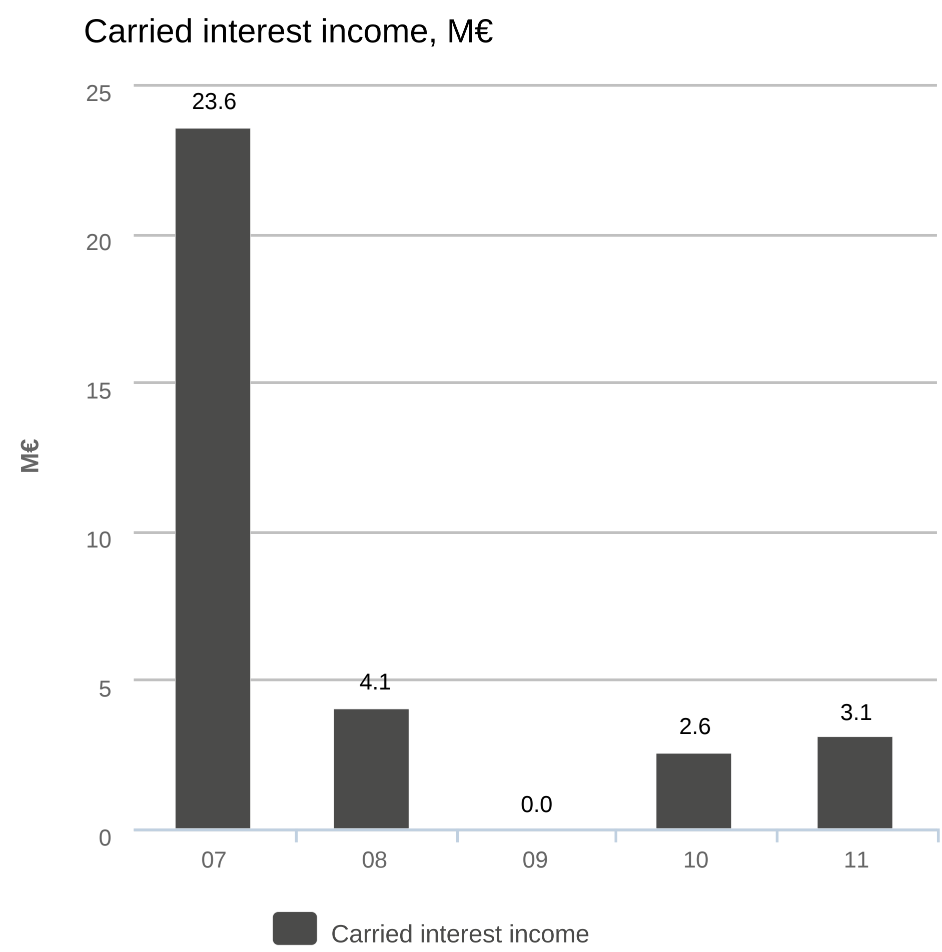
Key Ratios Per Share

	2007	2008	2009	2010	2011
Earnings/share, €	0.24	-0.10	-0.03	0.18	0.10
Diluted	0.24	-0.10	-0.03	0.18	0.10
Shareholders' equity/share****, €	0.86	0.86	0.94	1.08	1.05
Dividend/share***, €	0.16	0.00	0.04	0.12	0.07
Dividend/earnings***, %	67.0	0.0	0.0	68.0	70.0
Average share issue adjusted number of shares during the financial year ('000)	78,143	80,433	83,016	84,255	84,255
Share issue adjusted number of shares at year-end ('000)	79,969	81,458	84,282	84,282	84,282
Number of shares outstanding ('000)	79,968	81,323	84,255	84,255	84,255
Own shares ('000)	0	136	26	26	26

* The Access transaction had an impact of MEUR 22.7 on CapMan's 2010 result.
** Minority interest €7.6 million in 2007.
*** Proposal of the Board of Directors to the Annual General Meeting held on 14 March 2012.
**** In line with IFRS standards, the €29 million bond issued is included in equity and also in calculating shareholders' equity per share.

Key Figures 2011 - Management Company Business



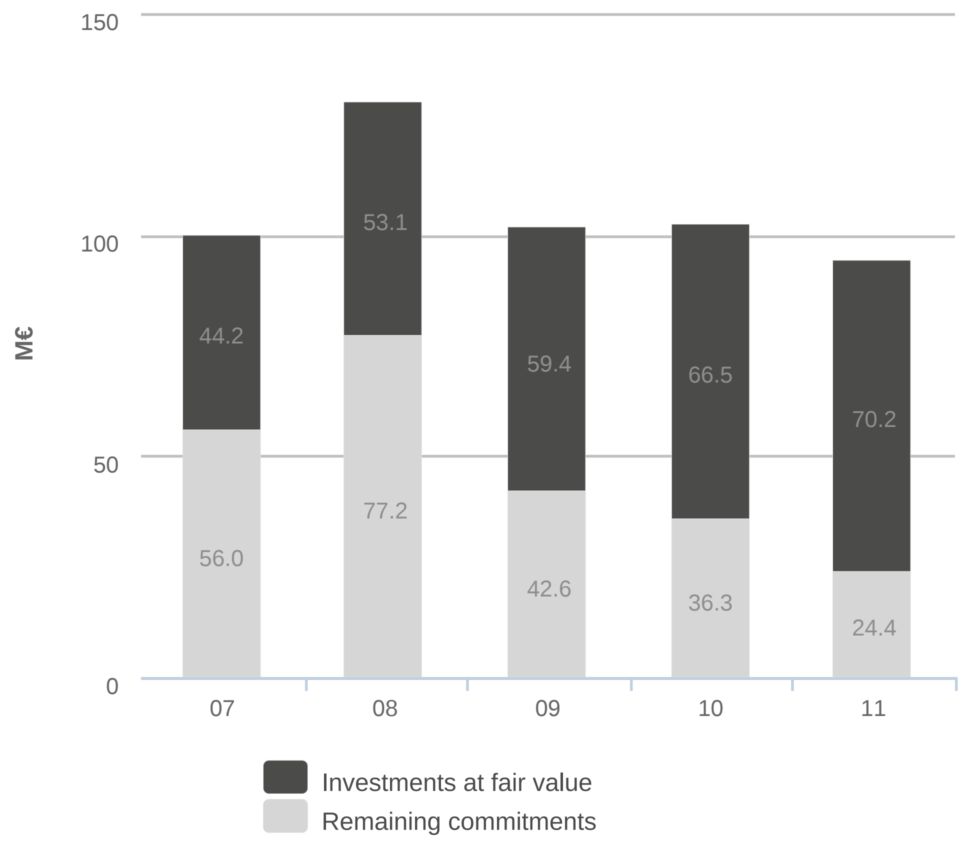


Result of Management Company business

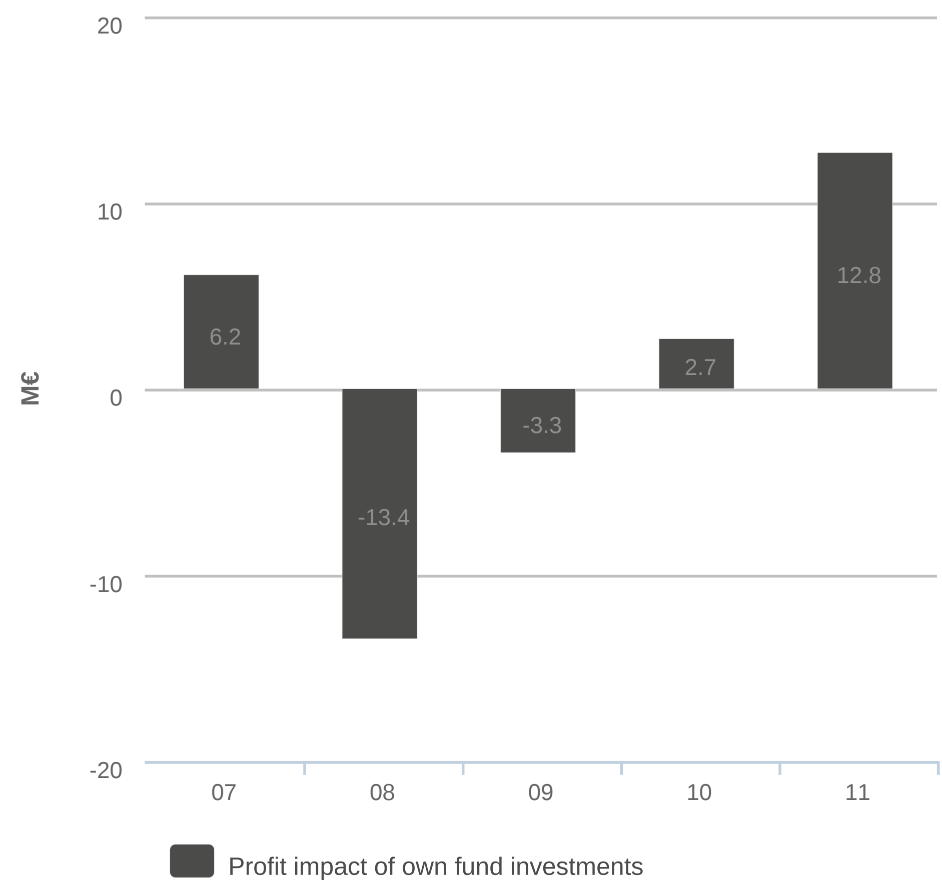
M€	2011	2010
Turnover	**32.4**	38.2
Management fees	**27.1**	32.9
Real estate consulting	**1.0**	1.6
Carried interest	**3.1**	2.6
Other income	**1.2**	1.1
Operating profit / loss	**-1.1**	18.9
Profit / loss	**-1.7**	14.1

Key Figures 2011 - Fund Investment Business

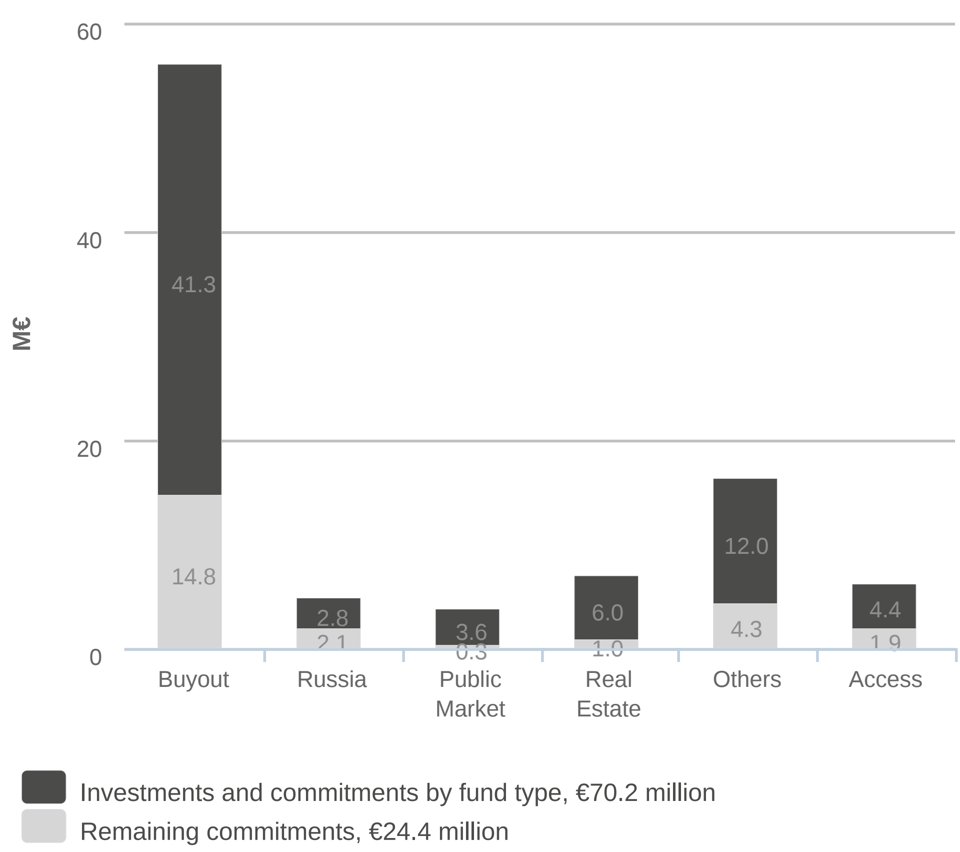
Fund investments and commitments
from CapMan's balance sheet, M€



Profit impact of own fund investments, M€



Fund investments and commitments
by fund type, M€



Result of Fund Investment business

M€	**2011**	2010
Fair value changes of investments	**12.8**	2.7
Operating profit / loss	**12.2**	2.1
Profit / loss	**12.8**	3.5

Report of the Board of Directors

Business operations
CapMan Group is a private equity fund manager operating in the Nordic countries and Russia, and also makes investments in its own funds. The guiding principle for the investment activities of the funds managed by CapMan is to work actively and directly towards increasing the value of investments. The Group has two operating segments: a Management Company business and a Fund Investment business.

Income from the Management Company business is derived from management fees paid by funds and carried interest received from funds. Management fees normally cover the company's operating costs and generally represent a steady and highly predictable source of income.

Income from the Fund Investment business comes from changes in the fair value of investments and realised returns on CapMan's own fund investments. Depending on the development of funds' investments and the general market situation, these can have a significant positive or negative impact on the Group's result.

As there may be considerable quarterly fluctuations in carried interest and the fair value of fund investments, the Group's financial performance should be analysed over a longer time span than the quarterly cycle.

Group turnover and result in 2011
The Group's turnover in 2011 was lower compared to 2010 and totalled MEUR 32.4 (2010: MEUR 38.2). Turnover was impacted by lower management fees compared to 2010.

Operating expenses totalled MEUR 34.9 (MEUR 42.8). The lower expenses booked in 2011 compared to 2010 were largely the result of the one-off expenses booked during the last quarter of 2010,which served to increase operating expenses for the year as a whole. Operating expenses were higher during the last quarter of 2011 than the other quarters of the year, mainly because of costs associated with reductions in personnel numbers during the quarter.

The Group recorded an operating profit of MEUR 11.1 (MEUR 21.0). This compares to an operating profit for 2010, excluding one-off items, of MEUR 6.3. The rise in operating profit compared to 2010 was largely the result of the positive development of the value of CapMan's own fund investments.

Financial income and expenses amounted to MEUR 0.6 (MEUR 0.6). CapMan's share of the profit of its associated companies was MEUR 2.1 (MEUR 2.4).

Profit attributable to the owners of the parent company was MEUR 10.9 (MEUR 17.3). Earnings per share were 10.1 cents (17.7 cents).

A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the year are presented in the Notes to the Financial Statements in Section *2. Segment Information*.

Management Company business
Turnover generated by the Management Company business during the year totalled MEUR 32.4 (MEUR 38.2). Management fees decreased, as expected, compared to 2010 and totalled MEUR 27.1 (MEUR 32.9). This was attributable to exits made after the 2010 financial year and the decision taken in the last quarter of 2010 to reduce the size of the CapMan Technology 2007 fund.

Following the sale of the real estate consulting business, income from real estate consulting was lower than in 2010 and totalled MEUR 1.0 (MEUR 1.6). The aggregate total of management fees and income from real estate consulting was MEUR 28.1 (MEUR 34.5).

Carried interest income totalled MEUR 3.1 (MEUR 2.6) and came mainly from the Finnventure V fund, following the exit from A&R Carton, and from the Finnmezzanine III B fund, following its transfer to carry after exiting OneMed Group.

The Management Company business recorded an operating loss of MEUR -1.1 (MEUR 18.9) and a loss for the year of MEUR -1,7 (MEUR 14.1). The status of the funds managed by CapMan is presented in more detail on the company's website at www.capman.com/capman-group/funds.

Fund Investment business
Fair value changes related to fund investments during 2011 were MEUR 12.8 (MEUR 2.7) and represented a 21.8% increase in value over the year (4.2% increase in value during 2010). Fair value changes during the last quarter were MEUR 2.6 (MEUR 11.1) and represented a 3.9% increase in value during the quarter (1.6% increase in value during Q4 2010). Fair value development was good, despite negative developments in the fair value of listed peer companies, which forms part of the valuation criteria applied to CapMan's portfolio companies. This positive trend was the result of the good financial progress made by portfolio companies during 2011. Completed exits accounted for approximately MEUR 5.0 of fair value changes or approximately 40% of total fair value changes. The aggregate fair value of fund investments as of 31 December 2011 was MEUR 70.2 (31 December 2010: MEUR 66.5).

Operating profit for the Fund Investment business was MEUR 12.2 (MEUR 2.1) and profit for the year MEUR 12,8 (MEUR 3.5). CapMan's share of the result of its Maneq associated companies impacted profit performance. Changes in the fair value of Maneq fund investments impacted the performance of Maneq companies.

CapMan made new investments in its funds totalling MEUR 11.9 (MEUR 11.8) during 2011. The majority of these were made in the CapMan Buyout IX and CapMan Public Market funds. CapMan received distributions from funds totalling MEUR 19.5 (MEUR 6.8), the majority coming from the CapMan Buyout VIII fund following its exits from OneMed and Proxima. CapMan did not make any new commitments to funds during the review period.

The amount of remaining commitments totalled MEUR 24.4 as of 31 December 2011 (31 December 2010: MEUR 36.3). The aggregate fair value of existing investments and remaining commitments as of the same date was MEUR 94.6 (MEUR 102.8). CapMan's objective is to invest 1-5% of the original capital in the new funds that it manages, depending on fund size, fund demand, and CapMan's own investment capacity.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), while real estate assets are valued in accordance with the value appraisals of external experts.Investments at fair value and remaining investment capacity by investment area are presented in the Notes to the Financial Statements in Section*16. Investments at fair value through profit and loss* and Section *29. Commitments and contingent liabilities*.

Balance sheet and financial position as of 31 December 2011

CapMan's balance sheet totalled MEUR 142.5 as of 31 December 2011 (31 December 2010: MEUR 155.8). Non-current assets amounted to MEUR 111.3 (MEUR 112.7), of which the carrying amount of goodwill totalled MEUR 6.2 (MEUR 6.4). A goodwill write-down of approximately MEUR 0.2 was made as a result of the sale of the real estate consulting business during the third quarter.

Fund investments booked at fair value totalled MEUR 70.2 (MEUR 66.5). Long-term receivables amounted to MEUR 19.6 (MEUR 24.8), of which MEUR 18.7 (MEUR 23.5) were loan receivables from Maneq funds. Both CapMan Plc and CapMan personnel are investors in Maneq funds. The expected returns from CapMan's Maneq investments are broadly in line with the return expectations for CapMan's other investments in its own funds, and Maneq funds pay market rate interest on loans they receive from CapMan Plc.

Current assets amounted to MEUR 27.7 (MEUR 39.6). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 22.3 (MEUR 35.0) as a result of the OneMed and Proxima exits made during the review period.

The size of CapMan Plc's hybrid bond stands at MEUR 29.0. Due to the dividends paid, the interest on the bond for the financial year is deducted from equity in line with the terms of the loan. The interest on the bond is payable semi-annually. CapMan Plc had a bank financing package totalling MEUR 44.4 (MEUR 50.6) available as of 31 December 2011, of which MEUR 34.4 (MEUR 40.6) was utilised. Trade and other payables totalled MEUR 15.3 (MEUR 17.4). The Group's interest-bearing net debts amounted to MEUR 12.7 (MEUR 6.6).

The Group's cash flow from operations totalled MEUR -8.2 (MEUR 6.0). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 14.6 (MEUR 20.0) and is related to fund investments and repaid capital received by the company. Cash flow before financing totalled MEUR 6.4 (MEUR 26.0), while cash flow from financing was MEUR -18.6 (MEUR -9.9). Cash flow from financing includes the dividend paid to shareholders in April, which totalled MEUR 10.3.

Loans from related parties

CapMan Plc's receivables from Maneq funds are specified in more detail in the Notes to the Financial Statements in Section *31. Related party disclosures.*

Key figures

CapMan's equity ratio as of 31 December 2011 was 61.9% (31 December 2010: 58.5%), its return on equity 12.4% (20.8%), and its return on investment 11.9% (19.7%). Taking one-off items into account, the return on equity for 2010 was 8.7% and the return on investment 6.7%. The target level for the company's equity ratio is at least 60% and over 20% for return on equity.

Key figures

	31 Dec 11	31 Dec 10
Earnings per share, cents	**10.1**	17.7**
Earnings per share, diluted, cents	**10.1**	17.7**
Shareholders' equity / share, cents*	**104.7**	107.7
Share issue-adjusted number of shares	**84,255,467**	84,255,467
Number of shares as of 30.9	**84,281,766**	84,281,766
Number of shares outstanding	**84,255,467**	84,255,467
Number of company shares held by CapMan as of 30.9	**26,299**	26,299
Return on equity, % p.a.*	**12.4**	20.8**
Return on investment, % p.a.	**11.9**	19.7**
Equity ratio, %	**61.9**	58.5
Net gearing, %	**14.4**	7.3

* In line with IFRS standards, the MEUR 29.0 hybrid bond has been included in equity when calculating equity per share and return on equity. The net interest on the hybrid bond for the review period has been included when calculating earnings per share.

** Figures include one-off items.

Board's proposal for distribution of profit
CapMan Plc's goal is to distribute at least 50% of net profit as dividends. CapMan Plc's distributable assets amounted to MEUR 13.8 on 31 December 2011 (MEUR 17.4 on 31 December 2010). CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 14 March 2012 that a dividend of EUR 0.07 per share should be paid from the distributable assets for 2011 to shareholders, equivalent to a total of approx. MEUR 5.9. A dividend of EUR 0.12 per share was paid for 2010.

Fundraising in 2011 and capital under management as of 31 December 2011
Capital under management refers to the remaining investment capacity of funds and capital already invested at acquisition cost. Capital increases as fundraising for new funds progresses and declines as exits are made.

Increased economic uncertainty during the second half of 2011 was reflected in the global fundraising market. The slow-down in the M&A market delayed the exits made by private equity funds and the resulting distributions made to investors. The reduction in the amount of capital repaid to investors has affected their ability to make new investment commitments.* Over the short term, investors' interest in private equity funds has also declined as a result of the lower value generated by other classes of investments and increased regulation affecting the industry. Globally, the overall amount of capital raised for new funds was historically at a low level during 2011*, and the fundraising market is expected to continue to remain challenging during 2012.

CapMan continued fundraising for its CapMan Mezzanine V fund during 2011, and the final size of the fund reached MEUR 95. CapMan also initiated fundraising preparations for a Nordic real estate fund. CapMan's next significant new fundraising rounds will take place in 2012. Despite the challenging market situation, CapMan's fundraising is well-placed to succeed, thanks to CapMan's strong market position, long-term investor relations, historically good levels of returns, and more than 20 years' experience in the private equity industry.

Capital under management totalled MEUR 3,065.9 as of 31 December 2011 (31 December 2010: MEUR 3,231.1). The reduction in the size of this capital compared to 2010 is attributable to the exits made in 2011. Of total capital under management, MEUR 1,632.0 (MEUR 1,795.2) was held in funds making investments in portfolio companies and MEUR 1,433.9 (MEUR 1,435.9) in real estate funds.

Group structure
The companies belonging to the CapMan Group are detailed in the Notes to the Financial Statements in Section *31. Related party disclosures.*

CapMan Plc's Board of Directors and Management Group
The members of CapMan Plc's Board of Directors as of the end of 2011 were Heikki Westerlund (Chairman), Teuvo Salminen (Vice Chairman), Koen Dejonckheere, Conny Karlsson, Nora Kerppola, and Claes de Neergaard.

The members of CapMan Plc's Management Group as of the end of 2011 were CEO Lennart Simonsen, CFO Niko Haavisto, Head of Sales, Marketing, IR, and Communications Jerome Bouix, Head of CapMan Buyout Kai Jordahl, Head of CapMan Russia Hans Christian Dall Nygård, Head of CapMan Public Market Joakim Rubin, and Head of CapMan Real Estate Mika Matikainen.

Other events during the review period
CapMan sold its real estate consulting business to the business' management at the end of June. The transaction did not have a substantive impact on CapMan's 2011 result. Following the divestment, CapMan Real Estate will focus on managing the company's real estate funds. CapMan Partner Mika Matikainen was appointed Head of the CapMan Real Estate team as of 1 July 2011.

CapMan acquired Corintium Oy's 20% stake in the managing companies of CapMan's current real estate funds at the end of June and now owns these companies in full. These transactions did not have a substantive impact on CapMan's result for 2011 or the administration and carried interest agreements related to existing real estate funds.

CapMan signed a partnership agreement in September with NEP Partners, a real estate investment and management company founded in 2005 that operates mainly in Sweden. The aim of the new partnership is to extend CapMan Real Estate's operations to the broader Nordic market, and, in line with this, CapMan has initiated fundraising preparations for establishing a Nordic real estate private equity fund.

Events after the end of the review period
CapMan Plc issued a flagging notice on 3 January 2012 linked to the change in Legg Mason Inc.'s ownership of CapMan Plc that took place on 28 December 2011, stating that the total number of CapMan Plc shares held by Legg Mason Inc. had fallen below 5%.

Based on the recommendation by the Remuneration Committee, CapMan Plc's Board of Directors decided on 2 February 2012 to increase the proportion of carried interest payable to the Buyout team to reflect general practice in the field and investors' requirements regarding compensation of investment professionals. The aim is to align the interests of fund investors and investment professionals and thereby create the basis for even more successful fund management business operations over the long term. The share of carried interest payable to the investment teams was changed in respects of the CapMan Equity VII A, B, C, and Sweden funds and in the CapMan Buyout VIII fund. Investment professionals' share of CapMan's carried interest is approximately 40% in the CapMan Buyout VIII fund and 25% on average in CapMan Equity VII funds.

Personnel
CapMan employed a total of 122 people as of 31 December 2011 (31.12.2010: 150), of whom 79 (103) worked in Finland and the remainder in the other Nordic countries, Russia, and Luxembourg. The drop in personnel numbers during 2011 is largely attributable to the sale of the real estate consulting business and efficiency enhancement measures carried out during the year. A breakdown of personnel by country and team is presented in the Notes to the Financial Statements in Section *4.Employee benefit expenses.*

Authorisations held by the Board of Directors
Following a decision by the Annual General Meeting, CapMan Plc's Board of Directors is authorised to purchase CapMan B shares and accept them as pledges, and decide on a share issue and the issuance of stock option rights and other entitlements related to CapMan shares. These authorisations will remain in force until 30 September 2012.

The authorisation to purchase CapMan shares and accept them as pledges covers a maximum of 8,000,000 B shares. Shares may be purchased to finance or carry out acquisitions or other business transactions to develop the company's capital structure or improve the liquidity of the company's shares, or to be disposed for other purposes or cancelled. CapMan shares may be accepted as pledges on the basis of the authorisation to finance or carry out acquisitions or other business transactions. The authorisation cannot be used for incentive schemes.

Only CapMan's unrestricted equity can be used to purchase shares on the basis of the authorisation, and purchases reduce the company's distributable assets as a result. The Board of Directors decides how company shares shall be repurchased and/or accepted as pledge. Shares can be repurchased using, inter alia, derivatives. Company shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). CapMan shares can be repurchased at a price determined by public trading on the date of the repurchase or otherwise at a price determined by the market. As of 31 December 2011, 8,000,000 B shares would have represented 9.5% of CapMan's shares and 5.9% of votes.

The authorisation to decide on a share issue covers a maximum of 12,000,000 B shares. The authorisation can be used to finance and carry out acquisitions or other business transactions and investments, as well as to improve CapMan's capital structure. It cannot be used for incentive schemes.

Shares and share capital
There were no changes in CapMan Plc's share capital during 2011. Share capital as of 31 December 2011 totalled EUR 771,586.98. Although no changes took place in the total of number of shares, the numbers of B and A shares changed following the share conversion announced on 22 December 2011, which resulted in the number of B shares as of the end of the year standing at 78,531,766 and the number of A shares at 5,750,000. As of the end of 2010, the number of B shares totalled 78,281,766 and the number of A shares 6,000,000.

B shares entitle holders to one vote per share and A shares to 10 votes per share. As of the end of 2011, A shares entitled holders to 42.27% of the company's voting rights and B shares to 57.73%. A shares are held by CapMan Plc's current senior partners. Both classes of shares have an equal dividend entitlement. CapMan Plc's shares are included in the Finnish book-entry system. Redemption obligation clauses associated with shares are detailed in the Notes to the Financial Statements in Section *23. Share capital and shares.*

Shareholders and management's shareholding
The number of CapMan Plc shareholders increased by over 15% during 2011 and totalled 5,659 as of 31 December 2011 (31 December 2010: 4,834). Five flagging notices were issued during the year.

As a result of share transactions carried out by shareholders of CapMan Plc A shares on 6 October 2011, the Ilmarinen Mutual Pension Insurance Company's share of the total number of CapMan Plc's shares and voting rights exceeded 5%, while Ari Tolppanen's and Oy Aristo-Invest Ab's combined share of the total number of shares in CapMan Plc fell below 10% and their combined share of voting rights in CapMan Plc exceeded 20%. Heikki Westerlund's and Heiwes Oy's combined share of the voting rights in CapMan Plc exceeded 10%, and CapMan Partners B.V.'s share of the total number of shares fell below 5% and voting rights in CapMan Plc fell below 20%. Flagging notices related to the above changes in share ownership were issued on 6 October 2011.

In addition, a flagging notice was issued on 22 December 2011 announcing that Ari Tolppanen and Oy Aristo-Invest Ab's combined share of voting rights in CapMan Plc had fallen below 20%.

CapMan Plc issued a flagging notice on 3 January 2012 linked to the change in Legg Mason Inc.'s ownership of CapMan Plc that took place on 28 December 2011, stating that the total number of CapMan Plc shares held by Legg Mason Inc. had fallen below 5%.

As of 31 December 2011, the members of the Board of Directors and the CEO held a total of 3,603,406 A and B shares either directly or through companies they control, representing 4.28% of CapMan Plc's shares and 11.5% of voting rights. The Chairman of the Board of Directors and the CEO also held a total of 125,000 2008A options and 290,000 2008B options as of the end of the year, entitling them to subscribe to an equivalent number of B shares, representing 0.5% of CapMan Plc's shares and 0.3% of voting rights.

Details on CapMan Plc's owners by sector and size, together with the company's major shareholders, nominee-registered shares, and redemption obligation clauses covering company shares are presented in the Notes to the Financial Statements in Section *23. Share capital and shares.*

Company shares
As of 31 December 2011, CapMan Plc held a total of 26,299 CapMan Plc B shares, representing 0.03% of both classes of shares and 0.02% of voting rights. There were no changes in the number of shares held by CapMan Plc during the year.

Stock option programmes
As of 31 December 2011, CapMan Plc had one stock option programme in place – Option Programme 2008 – as part of its incentive and commitment arrangements for personnel. The maximum number of stock options issued under Option Programme 2008 will be 4,270,000, which will carry an entitlement to subscribe to a maximum of 4,270,000 new B shares. The programme is divided into A and B series, both of which cover a maximum of 2,135,000 option entitlements. The share subscription price of the 2008A options is EUR 2.53 and of the 2008B option EUR 0.96. The subscription period for 2008A options started on 1 May 2011 and will start on 1 May 2012 for 2008B options. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. As of the end of December 2011, 1,809,750 2008A stock option entitlements and 1,490,000 2008B stock option entitlements were allocated.

The impact of these stock option programmes and option issues on the number of CapMan shares and voting rights is described in more detail in the Notes to the Financial Statements in Section *30. Share-based payments.*

Trading and market capitalisation
CapMan Plc's B shares closed at EUR 1.01 on 31 December 2011 (31 December 2010: EUR 1.78). The average price during the year was EUR 1.39 (EUR 1.98). The highest price paid was EUR 1.84 (EUR 1.98) and the lowest EUR 0.90 (EUR 1.28). The number of CapMan Plc B shares traded was significantly higher than during 2010, with a total of 24.1 million (14.1 million) shares traded, valued at MEUR 32.0 (MEUR 22.0).

The market capitalisation of CapMan Plc B shares as of 31 December 2011 was MEUR 79.3 (31 December 2010: MEUR 139.3). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 85.1 (MEUR 150.0).

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2012
The key details of the CapMan Group's Financial Statements and the Report of the Board of Directors for 2011 will be published in the company's Annual Report for 2011 in Week 8. CapMan Plc's 2012 Annual General Meeting will be held on Wednesday 14 March 2012 at 10.00 am in Helsinki. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 22 February 2012 at the latest.

Corporate Governance Statement
CapMan Plc's Corporate Governance Statement will be published separately from the Report of the Board of Directors as part of the company's electronic Annual Report for 2011 in Week 8 and will be available on the company's website.

Significant risks and short-term uncertainties
CapMan's Management Company business is generally profitable on an annual basis, but a major element of uncertainty is associated with forecasting the company's overall financial performance because of the timing of revenue generated from possible carried interest and the development of the fair value of fund investments. Should the current uncertainty surrounding general economic developments continue, it will impact CapMan's operations through a weakening of the exit market and a decline in the fair value of CapMan's own fund investments.

If prolonged, the uncertainty in the market is also likely to impact fundraising by reducing fund investors' willingness to make new commitments as a result of postponed distributions and the denominator affecting allocations between different asset classes. The fundraising environment is expected to remain challenging during 2012, which could impact the outcome of fundraising during the year. The EU's Basel III and Solvency II legislative initiatives limit the ability of European banks and insurance companies to invest in private equity funds, and could also impact CapMan's fundraising and the amount of capital that it has under management, as well as any new management fees that CapMan might receive.

The risks associated with CapMan Plc's operations and the company's risk management are described in more detail in the Notes to the Financial Statements in Section *32. Financial risk management,* and in the company's Corporate Governance Statement.

Business environment
Long-term growth prospects in terms of the demand for private equity funds continue to remain good, but the current market turmoil and its impact have reduced activity in the private equity industry. It is difficult at the moment to predict how the prevailing uncertainty will affect investors' willingness to make new commitments in the near future. International investor interest is currently focused primarily on small and mid-cap buyout funds. Compared to other areas of Europe, interest in the Nordic countries has increased in relative terms as a result of the European debt crisis.

Private equity has consolidated its position in financing M&A activities and growth, and continues to focus typically on sector consolidation, family successions, and the privatisation of public services and functions. Real estate funds, for their part, have gained an established share of institutional investors' investment allocations.

CapMan funds investing in portfolio companies will continue to implement their investment strategies. Bank financing continues to be available especially for small and mid-sized M&A transactions and real estate investments in the Nordic countries. Continued financial turmoil reduces the visibility of both deal flow and bank financing during the early part of the year. As a result, the future development of the exit market is uncertain. The portfolios of CapMan's funds contain a number of investments that the company is now ready to exit.

The development of our portfolio companies during 2011 was largely good, and profit and growth projections for 2011 were generally achieved. The turnover and profit projections for portfolio companies in 2012 are also largely positive. In accordance with IPEVG criteria, the fair value development of portfolio companies will also be impacted by how the profit projections and market valuations of listed companies develop and by how the currencies used in our areas of operations perform against the Euro. We plan to keep sufficient reserves in our funds to support the growth and financing of portfolio companies. Long-term cooperation with the Nordic banks is particularly important for us, and has worked well.

In the real estate market, a significant proportion of transactions in recent years have taken place between Finnish investors, mainly institutional investors. International investor interest in the Finnish real estate market has mainly focused on prime properties with a lower risk ratio, but the number of these on offer has been small. Demand for higher-risk properties was low in 2011 and led to a low overall number of real estate transactions. This low volume was also impacted in part by the lower level of loan capital available. The leasing market remained reasonably stable, although some downward pressure on rate levels was seen. Growth in the retail sector continued during the fourth quarter, although at a significantly lower level than during the third quarter.

CapMan funds investing in portfolio companies have some MEUR 537 available for making new and add-on investments, while real estate funds have an investment capacity of approximately MEUR 61, mainly for developing their existing portfolios.

The European Directive on Alternative Investment Fund Managers (AIFM directive) came into force on 21 July 2011, after which member states will have 24 months to integrate it into national legislation. The directive stipulates an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. Thanks to its organisation and operating model, CapMan is in a good position to operate within the requirements of these new regulations.

Changes in reporting

We have amended the table of funds presented in CapMan's internet pages at www.capman.com/capman-group/funds/key-figures-for-funds and in the Funds-section of CapMan's Annual Report 2011. The purpose of the change is to make it easier for investors to evaluate the carried interest potential of our funds. The biggest changes affect the way that funds are categorised and the projections provided regarding when they will transfer to carry. We estimate that funds in exit and value creation phase will transfer to carry within 1-5 years. In respect of funds in this category, we also report the cash flow as of the reporting date that must be repaid to investors before the funds in question can transfer to carry. In the future, we will not provide any projections on the timetable under which individual funds are expected to transfer to carry.

We have also changed the method we use for calculating the capital managed by our real estate funds. This new method has been adopted as of 31 December 2011. Under this, calculations of the amount of capital managed by CapMan's real estate funds do not take account of uninvested loan capital, on which no management fee is payable under fund agreements. As a result, the figure given for the amount of capital under management provides a better picture of the management fee base represented by CapMan's funds. The adoption of the new calculation method reduced the amount of capital managed by CapMan as of 31 December 2011 by MEUR 271.8. To ensure comparability, the figures for 31 December 2010 have been restated using the new method in respect of capital under management.

Future outlook

CapMan's next major fundraising rounds will take place in 2012. The development of the company's management fees during 2012 will depend on the timing of exits made from current funds and the size and timing of new funds to be established.

Our operating expenses will continue to decline as a result of various efficiency enhancement measures taken. Due to our fundraising efforts, management fees will not fully cover operating expenses until the new funds currently in the process of being established reach an adequate size.

The fair value of CapMan's fund investments developed favourably during 2011. We believe that our portfolio companies are well-placed to continue performing well in this respect during 2012, which would have a positive effect on the fair value development of our fund investments.

The Group's overall result for 2012 will mainly depend on whether new exits are made by funds already generating carried interest, whether new funds will transfer to carry, and on how the value of investments develops in those funds in which CapMan is a substantial investor. Due to difficulties to forecast these developments, CapMan will not issue guidance on its result for the full year.

CapMan Plc

Board of Directors

* Preqin Private Equity Spotlight, December 2011

Group Statement of Comprehensive Income (IFRS)

€ ('000)	**Note**	**1.1.-31.12.2011**	1.1.-31.12.2010
Turnover	2	**32,440**	38,150
Other operating income	3	**670**	22,963
Employee benefit expenses	4	**-22,349**	-25,241
Depreciation	5	**-811**	-884
Impairment of goodwill	13	**0**	-3,839
Other operating expenses	6	**-11,704**	-12,835
Fair value gains/losses of investments	7	**12,849**	2,707
Operating profit		**11,095**	21,021
Finance income	8	**1,998**	2,132
Finance costs	8	**-1,439**	-1,572
Share of associated companies' result	9	**2,055**	2,358
Profit before taxes		**13,709**	23,939
Income taxes	10	**-2,622**	-6,383
Profit for the financial year		**11,087**	17,556
Other comprehensive income:			
Translation difference		**-31**	461
Total comprehensive income		**11,056**	18,017
Profit / loss attributable to:			
Equity holders of the Company		**10,899**	17,328
Non-controlling interests		**188**	228
Total comprehensive income attributable to:			
Equity holders of the Company		**10,868**	17,789
Non-controlling interests		**188**	228
Earnings per share for profit/loss attributable to the equity holders of the Company:			
Earnings per share (basic), cents	11	**10.1**	17.7
Earnings per share (diluted), cents	11	**10.1**	17.7

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

€ ('000)	Note	**31 Dec 2011**	31 Dec 2010
ASSETS			
Non-current assets			
Tangible assets	12	**438**	602
Goodwill	13	**6,204**	6,406
Other intangible assets	14	**1,881**	2,424
Investments in associated companies	15	**8,347**	6,400
Investments at fair value through profit and loss	16		
Investments in funds		**70,167**	66,504
Other financial assets		**597**	619
Receivables	17	**19,601**	24,778
Deferred tax assets	18	**4,025**	4,923
		111,260	112,656
Current assets			
Trade and other receivables	19	**5,467**	4,619
Other financial assets at fair value	20	**378**	980
Cash and bank	21	**21,887**	34,049
		27,732	39,648
Non-current assets held for sale	22	**3,501**	3,501
Total assets		**142,493**	155,805

EQUITY AND LIABILITIES

Capital attributable to the Company's equity holders			
Share capital	23	**772**	772
Share premium account	23	**38,968**	38,968
Other reserves	23	**38,679**	38,679
Translation difference	23	**38**	69
Retained earnings		**9,784**	12,241
		88,241	90,729
Non-controlling interests		**0**	273
Total equity		**88,241**	91,002
Non-current liabilities			
Deferred tax liabilities	18	**2,569**	3,078
Interest-bearing loans and borrowings	24	**28,753**	35,371
Other liabilities	25	**1,131**	1,331
		32,453	39,780
Current liabilities			
Trade and other payables	26	**15,269**	17,395
Interest-bearing loans and borrowings	27	**6,250**	6,250
Current income tax liabilities		**280**	1,378
		21,799	25,023
Total liabilities		**54,252**	64,803
Total equity and liabilities		**142,493**	155,805

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

€ ('000)	Note	Attributable to the equity holders of the Company: Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 31 December 2009		772	38,968	37,347	-392	1,097	77,792	413	78,205
Options	23			1,332		-729	603		603
Dividends paid	23					-3,370	-3,370	-309	-3,679
Hybrid bond, interest paid (net of tax)	23					-2,414	-2,414		-2,414
Other changes						329	329	-59	270
Comprehensive profit					461	17,328	17,789	228	18,047
Equity on 31 December 2010		772	38,968	38,679	69	12,241	90,729	273	91,002
Options	23					591	591		591
Dividends paid	23					-10,114	-10,114	-222	-10,336
Hybrid bond, interest paid (net of tax)	23					-2,414	-2,414		-2,414
Other changes						384	384		384
Comprehensive profit					-31	10,899	10,868	188	11,056
Acquisition of non-controlling interests						-1,803	-1,803	-239	-2,042
Equity on 31 December 2011		**772**	**38,968**	**38,679**	**38**	**9,784**	**88,241**	**0**	**88,241**

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

€ ('000)	Note	**1.1.-31.12.2011**	1.1.-31.12.2010
Cash flow from operations			
Profit for the financial year		**11,087**	17,556
Adjustments:			
Unpaid income and expenses		**-10,350**	6,771
Gain from sale of associated company		**0**	-22,729
Change in working capital:			
Change in current non-interest-bearing receivables		**1,237**	3,677
Change in current trade payables and other non-interest-bearing liabilities		**-2,379**	5,326
Interest paid		**-4,773**	-4,788
Interest received		**256**	967
Dividends received		**195**	840
Taxes paid		**-3,466**	-1,599
Cash flow from operations		**-8,193**	6,021
Cash flow from investing activities			
Investments in tangible assets		**-10**	-60
Investments in intangible assets		**-125**	-40
Investments at fair value through profit and loss		**7,592**	-5,150
Long-term loan receivables granted		**-2,727**	-2,776
Receivables from long-term receivables		**8,681**	5,391
Other financial assets at fair value		**602**	693
Proceeds from sale of tangible assets		**0**	65
Proceed from sale of associated company		**0**	21,000
Interest received		**594**	856
Cash flow from investing activities		**14,607**	19,979
Cash flow from financing activities			
Proceeds from borrowings		**10**	0
Repayment of long-term loan		**-6,250**	-6,250
Dividends paid		**-10,336**	-3,679
Acquisition of non-controlling interests		**-2,000**	0
Cash flow from financing activities		**-18,576**	-9,929
Change in cash and cash equivalents		**-12,162**	16,071
Cash and cash equivalents at start of year		**34,049**	17,978
Cash and cash equivalents at end of year	21	**21,887**	34,049

The Notes are an integral part of the Financial Statements.

Notes to the Group Financial Statements

Group information

CapMan's core business is private equity fund management and advisory services. The funds under management make investments in Nordic and Russian companies and in real estates mainly in Finland.

The parent company of the Group is CapMan Plc. The parent company's domicile is Helsinki and its registered office address is Korkeavuorenkatu 32, 00130 Helsinki, Finland.

The Consolidated Financial Statements may be viewed online at www.capman.com, or a hard copy is available from the office of the parent company.

The Consolidated Financial Statements for 2011 have been approved for issue by the Board of Directors of CapMan Plc on 2 February 2012. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the Company's financial statements, and make decisions on amendments to the financial statements, at the Annual General Meeting.

Notes to the Group Financial Statements

1. Accounting policies

Basis of preparation

The Group's financial statements for 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at 31 December 2011. The appendices to the Consolidated Financial Statements have been prepared in accordance with Finnish accounting standards and IFRS, as adopted by the European Union (EU).

The preparation of financial statements in conformity with IFRS requires the management of the Group, in applying the accounting principles, to make estimates and assumptions and these are presented in more detail under 'Use of estimates'.

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities including

Derivative instruments at fair value through profit or loss.

The information in the Consolidated Financial Statements is presented in thousands of euros.

New and amended standards adopted by the group:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the group.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted:

The following presentation includes the most relevant standards to the group.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10,'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12,'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13,'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

Subsidiaries

The Consolidated Financial Statements include the accounts of all Group companies and associated companies. Subsidiaries are enterprises in which the Group has the control (the Group acquires or has the power over more than one half of the voting rights or it has the power to govern the operating and financial policies of the other enterprise as a result of a statute). Subsidiaries are consolidated from the date on which control of the net assets and operations of the enterprise is effectively transferred to CapMan for acquired subsidiaries, and to the date when CapMan's control has expired for divested subsidiaries. Subsidiaries have been consolidated to the Group financial statements in accordance with the purchase method of accounting. For subsidiaries acquired on or subsequent to 1 January 2004, the excess acquisition cost over the Group's interest in the fair value of the net assets acquired at the acquisition date is recognised as goodwill. All intercompany transactions, intercompany receivables and liabilities as well as intra-Group dividends have been eliminated.

Non-controlling interests are presented separately in the income statement and within equity in the consolidated balance sheet. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions.

Associated companies

The associated companies have been consolidated in accordance with the equity method. An associated company is an entity in which the Group has significant influence (more than 20% of the voting rights), but does not have the control. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the company's net assets less any impairment in value. The Group's share (based on its holding) of the associated companies' net profit for the financial period has been reported under 'Financial assets'.

Translation difference
The result and financial position of each of the Group's business units are measured in the currency of the primary economic environment for that unit ("functional currency"). The Consolidated Financial Statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Transactions in foreign currencies have been recorded in the parent company's functional currency at the rates of exchange prevailing at the date of the transactions; in practice a reasonable approximation of the actual rate of exchange on the date of the transaction is often used. Foreign exchange differences for operating business items are recorded in the appropriate

Income statement account before operating profit and for financial items are recorded in financial income and expenses. The Group's foreign currency items have not been hedged.

In the consolidated financial statements, the income statements of subsidiaries whose functional currencies are not the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date. All resulting exchange differences are recognised in other comprehensive income. Translation differences caused by changes in exchange rates for the cumulative shareholders' equity of foreign subsidiaries have been recognised in other comprehensive income.

Tangible non-current assets
Tangible non-current assets have been reported in the balance sheet at their acquisition value less depreciation according to plan. Assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives are:

Machinery and equipment	4-5 years
Other long-term expenditure	4-5 years

The residual values and useful lives of assets are reviewed at each balance sheet date and adjusted to reflect changes in the expected economic benefits as necessary.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the acquired enterprise (subsidiary or associated company) over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is measured as the original acquisition cost less accumulated impairment. Impairment of goodwill is tested annually and write-offs are not made under goodwill.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are recognised in the balance sheet only if the cost of the asset can be measured reliably, and it is probable that the future economic benefits that are attributable to the asset will flow to the Group. Intangible assets acquired in business combinations that are classified as acquisitions are recognised in the balance sheet separate to goodwill, provided that they meet the definition of intangible assets and the cost of the assets can be measured reliably. Intangible assets are expensed in the income statement by the straight-line method over their useful lives (maximum ten years). The carrying amount is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives are:

Agreements and trademarks	10 years
other intangible assets	3-5 years

Impairment of assets
The Group reviews all assets for indications that the value of an asset may be impaired at each balance sheet date. If such indications exist, the recoverable amount of the asset in question is estimated. The recoverable amount for goodwill is measured annually independent of indications of impairment.

The need for impairment is assessed on the level of cash-generating units, in other words at the smallest identifiable group of assets that is largely independent of other units and cash inflows from other assets. The recoverable amount is the fair value of an asset less costs to sell or value in use. The value in use refers to the expected future net cash flow projections, which are discounted to the present value, received from the asset in question or the cash-generating unit. The discount rate used in measuring value in use is the rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment is recorded in the income statement as an expense. The recoverable amount for financial assets is either the fair value or the present value of expected future cash flows discounted by the initial effective interest rate.

An impairment loss is recognised whenever the recoverable amount of the asset is below the carrying amount, and it is recognised in the income statement immediately. An impairment loss of a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets of the unit pro rata. An impairment loss is reversed if there is an indication that an impairment loss may have decreased and the carrying amount of the asset has changed from the recognition date of the impairment loss.

The increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised. Reversal of an impairment loss for goodwill is prohibited. The carrying amount of goodwill is reviewed for impairment annually or more frequently if there is an indication that goodwill may be impaired, due to events and circumstances that may increase the probability of impairment.

Financial instruments
The Group's financial instruments have been classified according to *IAS 39 Financial Instruments: Recognition and Measurement* into the following categories:

1) financial assets at fair value through profit and loss
2) loans and other receivables

Classification of financial assets is made on the basis of the purpose of the acquisition of financial instruments at the time of initial recognition. Transaction costs have been reported in the initial cost of financial assets, excluding items valued at fair value through profit and loss. All purchases and sales of financial instruments are recognised on the trade date. An asset is eligible for derecognition and removed from the balance sheet when the Group has transferred the contractual rights to receive the cash flows or when it has substantially transferred all of the risks and rewards of ownership of the asset outside of the Group.

The financial assets at fair value through profit and loss group has been divided into two subcategories:

Held for trading and upon initial recognition designated as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Financial assets held for trading and financial assets with a maturity less than 12 months are included in current assets. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Both unrealised and realised gains and losses caused by changes in fair value are reported in the income statement for the financial period in which they arise. Derivatives are also categorised as held for trading unless they are designated as hedges.

Most of the available-for-sale financial assets are fund investments, for which fair value is calculated by using the guidelines of the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and, taking into account the valuation principles in IAS 39 for the fair value of investments that are not quoted in an active market, using multiples based on the current performance level of the portfolio companies. Investments for which fair value cannot be reliably estimated are valued at cost less any permanent impairment losses. IPEVG are generally used for fair value valuation in the private equity industry, and the guidelines have been prepared in consideration of IFRS requirements

Loans and other receivables:
Loans and other receivables include the Group's financial assets arising from the transfer of cash or services to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are reported either in current financial assets or, if the maturity exceeds 12 months, in non-current financial assets. These investments are measured at amortised cost using the effective interest method. In accordance with IAS 39 the receivables carried at amortised cost accrue interest income at the discount rate used to measure impairment after impairment has been recognised.

Impairment is recognised if there is objective evidence that the value of the item in question has been impaired at the balance sheet date. Impairment testing of loan receivables from the funds takes into consideration the fund's fair value, life cycle phase and expected returns when all investments are realised. The credit risk is described in section Financial risk management 32 c) Credit risk.

Trade and other receivables
Trade receivables are carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts under the original terms and conditions. The Placement Agent Fee relating to fundraising has been amortised over five years.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash in banks and in hand as well as liquid short-term deposits. Cash assets have a maximum maturity of three months. Short-term investments to third party funds have been categorised as financial assets at fair value through profit and loss, and are presented in that category.

Financial liabilities
Financial liabilities are initially recognised at fair value. Transaction costs are reported in the initial book value of the financial liability. Financial liabilities are reported in non-current and current liabilities.

Equity
Equity bonds are reported in shareholders' equity due to the juridical structure of the bonds. The bond has no specified maturity date but the company may call the bond 18 December 2013 and after that quarterly.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Leases
All of the Group's leasing arrangements are classified as operating leases, as the risks and benefits of ownership remain with the lessor. Operating lease payments are recognised as an expense in the income statement on a straight-line basis. CapMan Group does not act as a lessor.

Provisions
Provisions are recognised in case the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow will be required to settle the obligation and a reliable estimate of the outflow can be made.

Pensions
The Group has defined contribution pension plans in accordance with the local regulations and practices of its business domiciles. Payments to defined contribution pension plans are charged to the income statement in the financial period to which they relate. The pensions have been arranged through insurance policies of external pension institutions.

Share-based payments
The fair value of stock options is assessed at the grant date and expensed in even instalments in the income statement over the vesting period of the rights. The fair value is determined using the Black-Scholes pricing model. The terms of the stock option programs are presented in section 30. Share-based payments.

Employee benefits
The Group offers a sabbatical program for key personnel based on the number of years of full-time work for the Company. The liability of the sabbatical has been estimated and recorded on the basis of probability.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

1. Management fees paid by the funds are accounted for on a straight-line basis over the agreement terms on an ongoing basis.

2. Carried interest received from funds that are generating carry is accounted for when the funds have exited from a portfolio company (closing). An exit has been closed when the approval has been received from the Competition Authority and when all significant risks and benefits related to the portfolio company have been transferred to the buyer.

3. Potential repayment risk to the funds (clawback) will be considered when assessing if the revenue recognition criteria have been fulfilled. The Clawback risk relates to a situation when in conjunction with the liquidation of the funds it is recognised that the General Partner has received more carried interest than agreed in the fund agreement. These situations can occur e.g. if there is recallable distributions or if representations and warranties have been given by the vendor in the sale and purchase agreement when the fund is towards the end of its lifecycle.

4. Real estate consulting fees are recognised when the service has been rendered.

Income taxes
Tax expenses in the consolidated income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes on taxable income for the financial period are calculated on the basis of the tax rate in force for the country in question. Taxes are adjusted on the basis of deferred income tax assets and liabilities from previous financial periods, if applicable. The Group's taxes have been recognised during the financial year using the average expected tax rate.

Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. Deferred taxes have only been recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The largest temporary differences arise from the valuation of investments at fair value.

Deferred taxes are not recognised for non-tax deductible amortisation of goodwill. Deferred taxes have been measured at the statutory tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax is realised.

Use of estimates
The preparation of the financial statements in conformity with IFRS standards requires the management of the Group to make estimates and assumptions in applying the accounting principles. These estimates and assumptions have an impact on the reported amounts of assets and liabilities and disclosure of contingent liabilities in the balance sheet of the financial statements and on the reported amounts of income and expenses during the reporting period. Estimates have substantial impact on the Group's operating result. Estimates and assumptions have been used in impairment of goodwill, fair value of fund investments, intangible and tangible assets, in determining the useful economic lives and in reporting of deferred taxes, among others.

Valuation of fund investments
The determination of fair value of fund investments using the International Private Equity and Venture Capital Valuation Guidelines takes into account a range of factors, including the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Because there is significant uncertainty in the valuation of, or in the stability of, the value of illiquid investments, the fair values of such

investments as reflected in a fund's net asset value do not necessarily reflect the prices that would actually be obtained when such investments are realised.

Valuation of goodwill

Impairment testing for goodwill is performed annually. The most significant management assumptions in the recoverable amount of the asset are related to the timing and size of new funds to be established and the accrual of potential carried interest income. The management fees received by the funds are based on agreements and, for a fund's operational period of approximately ten years, the yield can be predicted quite reliably. The estimates and assumptions include new funds to be established for the continuity of operations. A new fund is established at the end of the investment period, typically four years. Carried interest income is taken into account in estimates and assumptions when the realisation of carry seems likely.

2. Segment information

CapMan has two operating segments: the Management Company business and Fund Investments. The Management Company business is subdivided into two business areas: CapMan Private Equity, which manages funds that invest in portfolio companies, and CapMan Real Estate, which manages funds that invest in real estate and provides real estate consulting. Income from the Management Company business is derived from management fees paid by funds, carried interest received from funds, and income generated by real estate consulting. The Fund Investment business comprises fund investments made from CapMan Plc's balance sheet and investments in Maneq funds. Income from the Fund Investment business is derived from realised returns on fund investments and changes in the fair value of investments.

Operating segments

2011	Management company business				
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total	Fund Investment business	Total
Turnover	**24,633**	**7,807**	**32,440**	**0**	**32,440**
Operating profit/loss	**-45**	**-1,024**	**-1,069**	**12,164**	**11,095**
Profit/loss for the financial year	**-651**	**-1,024**	**-1,675**	**12,762**	**11,087**
Assets	**8,362**	**627**	**8,989**	**102,271**	**111,260**
Total assets includes:					
Investments in associated companies	**0**	**0**	**0**	**8,347**	**8,347**
Non-current assets held for sale	**3,501**	**0**	**3,501**	**0**	**3,501**

2010	Management company business				
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total	Fund Investment business	Total
Turnover	29,745	8,405	38,150	0	38,150
Operating profit/loss	19,844	-908	18,936	2,085	21,021
Profit/loss for the financial year	15,326	-1,235	14,091	3,465	17,556
Assets	9,272	1,519	10,791	101,865	112,656
Total assets includes:					
Investments in associated companies	0	0	0	6,400	6,400
Non-current assets held for sale	3,501	0	3,501	0	3,501

3. Other operating income

€ ('000)	**2011**	2010
Sales of tangible assets	**3**	65
Sale of associated company	**0**	22,729
Other items	**667**	169
Total	**670**	22,963

4. Employee benefit expenses

€ ('000)	2011	2010
Salaries and wages	**18,484**	20,609
Pension expenses - defined contribution plans	**2,528**	3,000
Share-based compensation expenses	**591**	602
Other personnel expenses	**746**	1,030
Total	**22,349**	25,241

Employee benefit expenses include costs for sabbatical.

Remuneration of the management is presented in Table 31. Related party disclosures.

The shared based compensations recognized in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model. The counter-entry to the expenses entered in the income statement is retained earnings, and therefore the expense has no effect on total equity.

The terms of the stock option programs are presented in Table 30. Share-based payments.

Personnel	2011	2010
By country		
Finland	**79**	103
Denmark	**2**	3
Sweden	**18**	22
Norway	**8**	7
Russia	**14**	14
Luxembourg	**1**	1
In total	**122**	150
By team		
CapMan Private Equity	**54**	64
CapMan Real Estate	**21**	43
CapMan Platform	**47**	43
In total	**122**	150
Average number of people employed	**136**	148

5. Depreciation

€ ('000)	**2011**	2010
Depreciation by asset type		
Intangible assets		
Other intangible assets	**638**	645
Total	**638**	645
Tangible assets		
Machinery and equipment	**173**	239
Total	**173**	239
Total depreciation	**811**	884

6. Other operating expenses

€ ('000)	**2011**	2010
Included in other operating expenses:		
Other personnel expenses	**1,228**	1,470
Office expenses	**2,723**	2,998
Travelling and entertainment	**1,055**	1,293
External services	**4,141**	3,947
Other operating expenses	**2,557**	3,127
Total	**11,704**	12,835

Audit fees		
Authorised Public Accountants PricewaterhouseCoopers		
Audit fees	**202**	228
Taxadvices	**5**	0
Other fees and services	**108**	35
Total	**315**	263

7. Fair value gains/losses of investments

€ ('000)	**2011**	2010
Investments at fair value through profit and loss		
Gains/losses of investments, realized (net)	**1,503**	687
Fair value gains/losses of investments, unrealized (net)	**11,346**	2,020
Total	**12,849**	2,707

8. Finance income and costs

€ ('000)	**2011**	2010
Finance income		
Interest income, loan receivables	**1,524**	1,655
Interest income, deposits	**435**	267
Exchange gains	**39**	210
Total	**1,998**	2,132
Finance costs		
Interest expenses/loans	**-882**	-772
Interest and finance expenses, derivative instruments	**-332**	-494
Other interest and finance expenses	**-138**	-188
Exchange losses	**-87**	-118
Total	**-1,439**	-1,572

9. Share of associated companies' result

€ ('000)	**2011**	2010
Share of associated companies' result	**2,055**	2,358
Total	**2,055**	2,358

10. Income taxes

€ ('000)	**2011**	2010
Current income tax	**429**	2,713
Taxes for previous years	**945**	-15
Deferred taxes	**1,248**	3,685
Total	**2,622**	6,383

Income tax reconcilliation	**2011**	2010
Profit before taxes	**13,209**	23,939
Tax calculated at the domestic corporation tax rate of 26%	**3,564**	6,224
Effect of different tax rates outside Finland	**-142**	373
Tax exempt income	**-662**	-211
Non-deductible expenses	**32**	51
Impairment of goodwill	**0**	998
Effect of consolidation	**534**	613
Taxes for previous years	**945**	-15
Adjustment in taxes of fund investment income	**0**	-1,650
Adjustments in respect of prior years	**-1,649**	0
Income taxes in the Group Income Statement	**2,622**	6,383

After completing a tax audit in Finland, the Finnish tax authorities asserted that some of the operations of the Group's parent company, CapMan Plc, include financial services exempt from VAT and that the parent company should not deduct VAT on certain costs incurred as a result. CapMan Plc disagrees with this assertion and intends to appeal the decision and submit a request for rectification. The claim from the tax authorities is approximately MEUR 1.0. CapMan has not booked a contingency to cover this in its Financial Statements for 2011.

11. Earnings per share

Basic earnings per share is calculated by dividing the distributable retained profit for the financial year by the average share issue adjusted number of shares, excluding shares that have been purchased by the Company and are presented as the Company's own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

€ ('000)	**2011**	2010
Attributable to the equity holders of the Company, € ('000)	**10,899**	17,328
Interest expense on hybrid bond (net of tax)	**-2,414**	-2,414
Profit/loss used determine diluted earnings per share	**8,485**	14,914
Weighted average number of shares ('000)	**84,281**	84,281
Own shares ('000)	**-26**	-26
Weighted average number of shares ('000)	**84,255**	84,255
Effect of options ('000)	**0**	0
Weighted average number of shares adjusted for the effect of dilution ('000)	**84,255**	84,255
Earnings per share (basic), cents	**10.1**	17.7
Earnings per share (diluted), cents	**10.1**	17.7

12. Tangible assets

€ ('000)	**2011**	2010
Machinery and equipment		
Acquisition cost at 1 January	**1,774**	1,818
Additions	**10**	61
Disposals	**0**	-105
Acquisition cost at 31 December	**1,784**	1,774
Accumulated depreciation at 1 January	**-1,292**	-1,100
Accumulated depreciation in changes	**0**	47
Depreciation for the financial year	**-174**	-239
Translation difference	**0**	0
Accumulated depreciation at 31 December	**-1,466**	-1,292
Book value on 31 December	**318**	482
Other tangible assets		
Acquisition cost at 1 January	**120**	120
Book value on 31 December	**120**	120
Tangible assets total	**438**	602

13. Goodwill

€ ('000)	**2011**	2010
Acquisition cost at 1 January	**13,371**	13,371
Disposals	**-202**	0
Acquisition cost at 31 December	**13,169**	13,371
Accumulated impairment at 1 January	**-6,965**	-3,126
Impairment	**0**	-3,839
Accumulated impairment at 31 December	**-6,965**	-6,965
Book value on 31 December	**6,204**	6,406

Impairment testing of goodwill

The majority of goodwill consists of CapMan's acquisition on 27 August 2008 of private equity house Norum, whose goodwill was €5.7 million as at 31 December 2011.

The management of the Russian funds form a cash generating unit. Cash flow projections have been prepared for ten years with no residual value consideration. The cash flow is based on a long term contract, whereby the cash flows for the current fund can be reasonably reliable estimated. The discount percentage used is 13.50%. There is no significant country risk attached to these cash flows, as they relate to management fees received from international investors. The future carried interest potential from the existing fund is limited and therefore has not been considered.

The carrying amount of goodwill is generally sensitive to the success of fundraising. The goodwill may be impaired in future in the event that new funds are not established, the funds' size is less than estimated or in case of delays in the fundraising process. Carried interest income is taken into consideration only when the funds has entered into carry or it can be reliably be estimated to generate carried interest.

In the end of the year 2010 it was announced that CapMan will reorganise its technology investment operations and not to establish any new, independent technology funds in future. Based on the impairment test as at 31 December 2010, the remaining goodwill amounting to €3.8 million was written down, due to future cash flow estimates.

14. Other intangible assets

€ ('000)	**2011**	2010
Acquisition cost at 1 January	**4,734**	4,634
Additions	**125**	100
Disposals	**-31**	0
Acquisition cost at 31 December	**4,828**	4,734
Accumulated depreciation at 1 January	**-2,310**	-1,662
Depreciation for the financial year	**-637**	-645
Translation difference	**0**	-3
Accumulated depreciation at 31 December	**-2,947**	-2,310
Book value on 31 December	**1,881**	2,424

Other intangible assets include software €0.7 million and the management fee agreement of €1.0 million regarding the purchase of Norum.

15. Shares in associated companies

€ ('000)	**2011**	2010
Acquisition cost at 1 January	**6,400**	6,547
Share of the result	**1,905**	1,644
Additions / disposals	**102**	-2,505
Fair value gains / losses on investments	**-60**	714
Acquisition cost at 31 December	**8,347**	6,400

The Group's share of the results of its principal associates and its aggregated assets, liabilities, turmover and result are as follows.

2011, € ('000)

Associated companies:	Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd, Jersey	69	1	0	-7	33.33 %
Baltic SME Management B.V., The Netherlands	24	6	0	-11	33.33 %
Maneq 2002 AB, Sweden	415	0	22	-6	35.00 %
Maneq 2004 AB, Sweden	829	19	140	155	41.90 %
Maneq 2005 AB, Sweden	5,025	2,005	0	216	33.60 %
Maneq 2006 AB, Sweden	2,674	2	2,115	2,199	33.60 %
Maneq 2007 AB, Sweden	8,716	5,727	1,271	1,248	37.40 %
Maneq 2008 AB, Sweden	14,573	11,507	1,203	1,273	33.80 %
Maneq 2009 AB, Sweden	3,150	2,379	0	77	34.40 %
Maneq 2010 AB, Sweden	3,120	1,720	443	459	32.40 %
Maneq 2011 AB, Sweden	1,215	1,218	0	-14	36.40 %
Yewtree Holding AB, Sweden	676	51	0	245	35.00 %
Total	40,486	24,635	5,194	5,834	

2010, € ('000)

Associated companies:	Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd, Jersey	78	4	325	3	33.33 %
Baltic SME Management B.V., The Netherlands	31	3	98	-4	33.33 %
Maneq 2002 AB, Sweden	488	229	246	219	35.00 %
Maneq 2004 AB, Sweden	1,389	25	23	55	41.90 %
Maneq 2005 AB, Sweden	4,767	2,030	1,837	1,820	33.60 %
Maneq 2006 AB, Sweden	8,799	7,731	0	-14	33.60 %
Maneq 2007 AB, Sweden	3,990	7,487	0	73	37.40 %
Maneq 2008 AB, Sweden	13,777	11,938	0	381	33.80 %
Maneq 2009 AB, Sweden	3,144	2,097	0	98	34.40 %
Maneq 2010 AB, Sweden	1,957	1,193	0	44	32.20 %
Yewtree Holding AB, Sweden	611	250	0	144	35.00 %
Total	39,031	32,987	2,529	2,819	

Team members of CapMan investment teams and other personnel have the option to invest in portfolio companies alongside CapMan via Maneq funds. CapMan participates in these funds as one of the investors and as finance provider with market based conditions.

CapMan sold 30% of Access Capital Partners Group S.A. in November. CapMan continues to be an Access shareholder with a 5% stake.

16. Investments at fair value through profit and loss

€ ('000)	2011	2010
Investments in funds		
Investments in funds at 1 January	**66,504**	59,421
Additions	**11,847**	11,822
Disposals	**-19,530**	-6,759
Fair value gains/losses of investments	**11,346**	2,020
Investments in funds at 31 December	**70,167**	66,504

The cumulative fair value losses of investments in funds is €6.0 million (2010: €-5.3 million).

Investments in funds at fair value through profit and loss at the end of period	2011	2010
Buyout	**37,458**	36,933
Mezzanine	**3,835**	4,238
Russia	**2,836**	1,488
Public Market	**3,631**	3,610
Real Estate	**6,038**	5,302
Muut	**11,961**	10,307
Access	**4,408**	4,626
Total	**70,167**	66,504
Other financial assets		
Other investments at 1 January	**619**	585
Additions/disposals	**-22**	34
Other investments at 31 December	**597**	619

Investments at fair value through profit and loss include mainly CapMan's own investments in the funds. The valuation principles are presented in Note 1. Accounting principles.

17. Receivables - Non-current

€ ('000)	**2011**	2010
Loan receivables from associated companies 1)	**18,682**	23,126
Other loan receivables 2)	**883**	1,597
Other receivables 3)	**36**	55
Total	**19,601**	24,778

Receivables include mainly fixed-interest loan receivables from the funds. Loan receivables from associated companies are presented in Table 31. Related party disclosures. Other loan receivables include receivables from Norum Russia Co-Investment Ltd €0.8 million. Non-current receivables have a fair value equal to their book value.

1) Loan receivables from associated companies	**2011**	2010
Senior loans	**8,997**	10,899
Mezzanine loans	**9,640**	12,137
Other loans receivables	**45**	90
	18,682	23,126

2) Other loan receivables	**2011**	2010
Mezzanine loans	**0**	1,075
Other loans receivables	**883**	522
	883	1,597

Senior loans, mezzanine loans and other loan receivables are interest-bearing.

3) Other long-term receivables are non-interest-bearing.

18. Deferred tax assets and liabilities

Changes in deferred taxes during 2011:

€ ('000)	31 Dec 2010	Charged to Income Statement	Charged in equity	**31 Dec 2011**
Deferred tax assets				
Accrued differences	1,787	-64	0	**1,723**
Fair value gains/losses of investments	1,379	-807	0	**572**
Employee benefits	127	-27	0	**100**
Interest expense on hybrid bond	1,630	-848	848	**1,630**
Total	4,923	-1,746	848	**4,025**
Deferred tax liabilities				
Accrued differences	3,078	-509	0	**2,569**
Total	3,078	-509	0	**2,569**

Changes in deferred taxes during 2010:

€ ('000)	31 Dec 2009	Charged to Income Statement	Charged in equity	31 Dec 2010
Deferred tax assets				
Accrued differences	3,111	-1,653	329	1,787
Fair value gains/losses of investments	2,197	-818	0	1,379
Employee benefits	87	40	0	127
Interest expense on hybrid bond	782	0	848	1,631
Total	6,177	-2,431	1,177	4,923
Deferred tax liabilities				
Accrued differences	1,824	1,254	0	3,078
Total	1,824	1,254	0	3,078

19. Trade and other receivables

€ ('000)	**2011**	2010
Trade receivables	**71**	523
Receivables from associated companies	**890**	765
Loan receivables	**749**	93
Accrued income	**1,187**	1,581
Other receivables	**2,570**	1,657
Total	**5,467**	4,619

The Group has had no bad debts. Accrued income includes mainly credit items. Other receivables include mainly the receivables from the funds, and tax receivables.

Trade and other receivables by currency at end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	proportion
EUR		4,158	76 %
NOK	556	72	1 %
SEK	10,140	1,138	21 %
DKK	261	35	1 %
RUB	2,657	64	1 %

20. Other financial assets at fair value

€ ('000)	**2011**	2010
Other financial assets at fair value	**378**	980
Total	**378**	980

Other financial assets at fair value includes shares in external investment fund companies €0.4 million.

21. Cash and bank

€ ('000)	**2011**	2010
Bank accounts	**21,887**	34,049
Total	**21,887**	34,049

Cash and bank includes bank accounts.

22. Non-current assets held for sale

€ ('000)	**2011**	2010
Non-current assets held for sale at fair value		
5% share of Access Capital Partners Group S.A.	**3,501**	3,501
Total	**3,501**	3,501

23. Share capital and shares

Movements in the number of shares:

('000)	Number of A shares	Number of B shares	Total
At 31 December 2009	6,000	78,255	84,255
At 31 December 2010	6,000	78,255	84,255
Conversion	-250	250	0
At 31 December 2011	**5,750**	**78,505**	**84,255**

CapMan Plc has two series of shares, A (10 votes) and B (1 vote). The shares have no nominal value. The total authorised number of ordinare shares is A 156,000,000 and B 156,000,000. All issued shares are fully paid.

€ ('000)	Share capital	Share premium account	Other reserves	Total
At 31 December 2009	772	38,968	37,347	77,087
Options			1,332	1,332
At 31 December 2010	772	38,968	38,679	78,419
At 31 December 2011	**772**	**38,968**	**38,679**	**78,419**

Other reserves

Other reserves include granted stock option subscription rights. The stock option programs are presented in Table 30. Share-based payments. The hybrid bond, €29 million, is included in other reserves under equity in the balance sheet. The coupon rate for the bond is 11.25% p.a. The interest on the bond is payable semi-annually and has been deducted from equity.

The bond has no maturity but the company may call the bond on 18 December 2013.

Translation difference

The foreign currency translation reserve includes translation differences arising from currency conversion in the closing of the books for foreign units.

Dividends paid and proposal for profit distribution

A dividend of €0.12 per share, total €10.1 million, was paid for the year 2010. The dividend was paid to shareholder on 11 April 2011. (A dividend of €0.04 per share, totalling €3.4 million in all, was paid for 2009.) The Board of Directors will propose to the Annual General Meeting to be held on 14 March 2012 that a dividend of €0.07 per share, representing a total of €5.9 million, be paid for 2011.

Redemption obligation clause

A shareholder whose share of the entire share capital or the voting rights of the Company reaches or exceeds 33.3 per cent or 50 per cent has, at the request of other shareholders, the obligation to redeem his or her shares and related securities in accordance with the Articles of Association of CapMan Plc.

In addition there is a redemption clause pertaining to the transfer of CapMan Plc A shares. If an A share is transferred to a new shareholder who does not already own A shares in the Company, the other shareholders of A shares have the right to redeem the shares under transfer in accordance with the conditions outlined in the Company's Articles of Association.

Ownership and voting rights agreements

As at 31 December 2011 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of A and B shareholdings by number of shares and sector as at 31 December 2011

Shareholding	Number of holdings	%	Number of shares	%	Number of votes	%
1 – 100	973	17.19 %	45,576	0.05 %	45,576	0.03 %
101 – 1 000	2,644	46.72 %	1,421,005	1.69 %	1,421,005	1.04 %
1 001 – 10 000	1,769	31.26 %	5,819,600	6.90 %	5,819,600	4.28 %
10 001 – 100 000	216	3.82 %	5,497,419	6.52 %	6,059,919	4.45 %
100 001 –	57	1.01 %	71,479,407	84.81 %	122,666,907	90.18 %
Total	5,659	100.00 %	84,263,007	99.98 %	136,013,007	99.99 %
Nominee registered	10		15,547,726		15,547,726	
On the book-entry register joint account			18,759	0.02 %	18,759	0.01 %
Total shares outstanding			84,281,766		136,031,766	

Sector	Number of holdings	%	Number of shares	%	Number of votes	%
Corporations	282	4.98 %	26,737,591	31.72 %	78,487,591	57.70 %
Financial and insurance corporations	16	0.28 %	20,401,488	24.21 %	20,401,488	15.00 %
Public sector institutions	6	0.11 %	16,065,032	19.06 %	16,065,032	11.81 %
Households	5,301	93.67 %	14,758,041	17.51 %	14,758,041	10.85 %
Non-profit organisations	31	0.55 %	3,640,614	4.32 %	3,640,614	2.68 %
European Union	18	0.32 %	1,084,599	1.29 %	1,084,599	0.80 %
Other countries and international organisations	5	0.09 %	1,575,642	1.87 %	1,575,642	1.16 %
Total	5,659	100.00 %	84,263,007	99.98 %	136,013,007	99.99 %
Nominee registered	10		15,982,840	18.96 %	15,982,840	11.75 %
On the book-entry register joint account			18,759	0.02 %	18,759	0.01 %
Total shares outstanding			84,281,766	100.00 %	136,031,766	100.00 %

Source: Finnish Central Securities Depository Ltd, as at 31 December 2011. Figures are based on the total number of shares 84,281,766 and total number of shareholders 5,659. There are 5,750,000 A shares, which are owned by companies under control or authority of CapMan Plc's Senior Partners. A shares are included in Corporations in the sector breakdown. All A share shareholders are presented in the CapMan's largest shareholders as at 31 December 2011 table. CapMan Plc had 26,299 B shares as at 31 December 2011.

CapMan's largest shareholders as at 31 December 2011

	Number of A shares	Number of B shares	Total number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
Keskinäinen Eläkevakuutusyhtiö Ilmarinen		7,178,500	7,178,500	8.52 %	7,178,500	5.28 %
Aristo Invest Oy + Ari Tolppanen*	2,161,046	4,832,498	6,993,544	8.30 %	26,442,958	19.44 %
Oy Aristo Invest Ab	2,161,046	4,631,970	6,793,016	8.06 %	26,242,430	19.29 %
Ari Tolppanen		200,528	200,528	0.24 %	200,528	0.15 %
Winsome Oy + Tuomo Raasio*	832,197	2,920,873	3,753,070	4.45 %	11,242,843	8.26 %
Winsome Oy	832,197	2,867,129	3,699,326	4.39 %	11,189,099	8.23 %
Tuomo Raasio		53,744	53,744	0.06 %	53,744	0.04 %
Keskinäinen työeläkevakuutusyhtiö Varma		3,675,215	3,675,215	4.36 %	3,675,215	2.70 %
Vesasco Oy		3,375,158	3,375,158	4.00 %	3,375,158	2.48 %
Heiwes Oy + Heikki Westerlund*	1,253,896	1,718,260	2,972,156	3.53 %	14,257,220	10.48 %
Heiwes Oy	1,253,896	1,440,584	2,694,480	3.20 %	13,979,544	10.28 %
Heikki Westerlund		277,676	277,676	0.33 %	277,676	0.20 %
Geldegal Oy + Mom Invest Oy (Olli Liitola)**	1,144,984	1,422,103	2,567,087	3.05 %	12,871,943	9.46 %
Geldegal Oy	1,144,984	908,359	2,053,343	2.44 %	12,358,199	9.08 %
Mom Invest Oy		513,744	513,744	0.61 %	513,744	0.38 %
Valtion Eläkerahasto		2,500,000	2,500,000	2.97 %	2,500,000	1.84 %
Yksityismetsätalouden eläkekassa Verso		2,411,209	2,411,209	2.86 %	2,411,209	1.77 %
Stiftelsen för Åbo Akademi		2,000,000	2,000,000	2.37 %	2,000,000	1.47 %
OP-Suomi Pienyhtiöt-sijoitusrahasto		1,945,592	1,945,592	2.31 %	1,945,592	1.43 %
Joensuun Kauppa ja Kone Oy		1,737,432	1,737,432	2.06 %	1,737,432	1.28 %
Svenska litteratursällskapet i Finland r.f.		1,050,000	1,050,000	1.25 %	1,050,000	0.77 %
Guarneri Oy + Petri Saavalainen*	201,627	809,302	1,010,929	1.20 %	2,825,572	2.08 %
Guarneri Oy	201,627	494,414	696,041	0.83 %	2,510,684	1.85 %
Petri Saavalainen		314,888	314,888	0.37 %	314,888	0.23 %
Icecapital Pankkiiriliike Oy		903,124	903,124	1.07 %	903,124	0.66 %
Norum Russia Carry Limited (Hans Christian Dall Nygård, Knut J. Borch**, Alberto Morandi**)**		888,568	888,568	1.05 %	888,568	0.65 %
Sijoitusrahasto Taalerintehdas Arvo Markka Osake		800,000	800,000	0.95 %	800,000	0.59 %
Nordea Henkivakuutus Suomi Oy		745,000	745,000	0.88 %	745,000	0.55 %
Jensen Leif		699,469	699,469	0.83 %	699,469	0.51 %
J.L. Simonsen Holding Ab (Lennart Simonsen)**	31,250	500,000	531,250	0.63 %	812,500	0.60 %
Total	5,625,000	42,112,303	47,737,303	56.64 %	98,362,303	72.31 %
Nominee registered		15,547,726	15,547,726		15,980,840	11.75 %
Shareholdings of management and employees***	5,625,000	15,467,457	21,092,457	25.03 %	71,717,457	52.72 %

Below is a list of flagging notifications taht CapMan Plc has received in year 2011.

An up-date information of all flagging notifications can be found at www.capman.com.

Two flagging notifications were issued during the year. In October, a flagging notification was issued due to the following changes in ownership and/or voting rights: Ilmarinen Mutual Pension Insurance Company’s holding exceeded 5% of the shares and the voting rights, Oy Aristo-Invest Ab’s and its controlling shareholder Ari Tolppanen’s combined number of shares in CapMan Plc fell below 10% and their combined share of voting rights exceeded 20%, Heikki Westerlund’s and Heiwes Oy’s combined share of the voting rights exceeded 10%, and CapMan Partners B.V.’s share of the share capital decreased below 5% and voting rights decreased below 20%. In December a flagging announcement was issued when Oy Aristo-Invest Ab and its controlling shareholder Ari Tolppanen's combined share of voting rights decreased below 20%. In addition, in early January 2012, CapMan disclosed a flagging notification related to Legg Mason, Inc.'s shareholding decreasing below 5% on 28 December 2011.

*	Employed by CapMan.
**	CapMan employee who exercises controlling power in the aforementioned company but who does not own CapMan shares directly.
***	Shareholders among the 100 largest shareholders of the Company.

24. Interest-bearing loans and borrowings - Non-current

€ ('000)	**2011**	2010
Bank loans	**28,125**	34,375
Derivative instruments at fair value	**628**	996
Total	**28,753**	35,371

The loan will mature twice a year. The last part €25 million, will mature in 22 July 2013. The interest is paid monthly.

Derivative instruments at fair value

€ ('000)	**2011**	**2011**	**2011**
Fair values	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Unhedged items	**0**	**-628**	**-628**

€ ('000)	2010	2010	2010
Fair values	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Unhedged items	0	-996	-996

The interest rate level of the Group's interest-bearing debts is hedged by interest rate options. They are recognised in the balance sheet at fair value on the closing date. The Group does not use derivative instruments for hedging purposes. Currency receivables and payables, their net position or subsidiaries' equity are not hedged.

25. Other liabilities - Non-current

€ ('000)	**2011**	2010
Other liabilities	**1,131**	1,331
Total	**1,131**	1,331

Other liabilities include the liability of the sabbatical € 1,0 million.

26. Trade and other payables - Current

€ ('000)	**2011**	2010
Trade payables	**432**	605
Advance payments received	**32**	100
Accrued expenses	**13,633**	15,366
Other liabilities	**1,172**	1,324
Total	**15,269**	17,395

The maturity of trade payables is normal terms of trade and they don't include any debts due. Accrued expenses include accrued salaries and the social benefit expenses, and a clawback reserve of €6.4 million for the carried interest. The claw back reserve relates to the exit in 2007 from Real Estate I fund, when the total carried interest potential for the fund was estimated. The adequacy of the claw back reserve is is quarterly reviewed by the management.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		13,224	87 %
NOK	4,231	546	3 %
SEK	10,638	1,194	8 %
DKK	2,270	305	2 %

27. Interest-bearing loans and borrowings - Current

€ ('000)	**2011**	2010
Bank loans	**6,250**	6,250
Total	**6,250**	6,250

As at 31 December 2011 the Group had a €10 million committed revolving credit facility available. The facility was not utilised as at the year-end. The ending date for the facility is 30 September 2012.

28. Classification of financial assets and liabilities by valuation category 2011

€ ('000)	Loans and other recivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
Valuation principles	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		70,167		70,167	70,167
Receivables					
Interest-bearing loan receivables from associated companies	18,682			18,682	18,682
Interest-bearing other loan receivables	883			883	883
Other receivables	36			36	36
Current assets					
Trade and other receivables	5,467			5,467	5,467
Other financial assets at fair value		378		378	378
Cash and bank	21,887			21,887	21,887
Total	46,955	70,545	0	117,500	117,500
Non-current interest-bearing loans					
Interest-bearing loans			28,753	28,753	28,753
Other liabilities			1,131	1,131	1,131
Current liabilities					
Trade and other liabilities			15,269	15,269	15,269
Interest-bearing loans and borrowings			6,250	6,250	6,250
Total	0	0	51,403	51,403	51,403

Classification of financial assets and liabilities by valuation category 2010

€ ('000)	Loans and other receivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
Valuation principles	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		66,504		66,504	66,504
Receivables					
Interest-bearing loan receivables from associated companies	23,126			23,126	23,126
Interest-bearing other loan receivables	1,597			1,597	1,597
Trade and other receivables	55			55	55
Current assets					
Trade and other receivables	4,619			4,619	4,619
Other financial assets at fair value		980		980	980
Cash and bank	34,049			34,049	34,049
Total	63,446	67,484	0	130,930	130,930
Non-current interest-bearing loans					
Interest-bearing loans			35,371	35,371	35,371
Other liabilities			1,331	1,331	1,331
Current liabilities					
Trade and other liabilities			17,395	17,395	17,395
Interest-bearing loans and borrowings			6,250	6,250	6,250
Total	0	0	60,347	60,347	60,347

29. Commitments and contingent liabilities

€ ('000)	**2011**	2010
Leasing agreements		
Operating lease commitments		
Within one year	**247**	377
After one but not more than five years	**201**	251
Total	**448**	628
Other hire purchase commitments		
Within one year	**2,193**	2,126
After one but not more than five years	**4,396**	5,629
Beyond five years	**498**	808
Total	**7,087**	8,563

The Group has leased the offices. The rental agreements are for 1 to 15 years.

Securities and other contingent liabilities

€('000)	**2011**	2010
Contingencies for own commitment		
Mortgage bonds	**60,000**	60,000
Pledged deposit for own commitment	**10**	12
Loan commitments to Maneq funds	**6,027**	6,033
Other contingent liabilities	**1,106**	2,101
Remaining commitments to funds by investment area		
Buyout	**10,008**	15,910
Mezzanine	**4,826**	5,069
Russia	**2,113**	3,225
Public Market	**299**	1,443
Real Estate	**942**	1,215
Muut	**4,328**	7,414
Access	**1,909**	2,023
Remaining commitments to funds	**24,425**	36,299

CapMan, like other investors in the funds, gives commitments to the funds when they are established. The main part of the commitments become due during the first five years of each fund's life time.

30. Share-based payments

CapMan Plc had one stock option program at the end of 2011. The Company has a weighty finansial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive and commitment program for the Group key personnel. Stock options granted after 7 November 2002 and not vesting before 1 January 2005 are entered in the financial statements in accordance with IFRS 2 Share-based Payment. The fair value of stock options has been assessed at the grant date and expensed straight-line in the income statement over the vesting period. Fair value of options at the grant date is determined in accordance with the Black&Scholes model.

Key information on the stock option programs is presented in the table below.

	Stock option program 2008	
	Stock option 2008A	Stock option 2008B
Stock options, number	2,135,000	2,135,000
Entitlement to subscribe for B shares	2,135,000	2,135,000
Share subscription period begins	1 May 2011	1 May 2012
Share subscription period ends	31 Dec 2012	31 Dec 2013
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.5.-30.6.2008 with an addition of ten (10) per cent less dividends i.e. €2.53.	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.5.-30.6.2009 with an addition of ten (10) per cent less dividends i.e. €0.96.
Number of shares subscribed with stock options as at 31 December 2011	-	-

	Stock option program 2008	
Information applied in the Black&Scholes model	Stock option 2008A	Stock option 2008B
Expected volatility	20.00 %	20.00 %
Risk-free interest	2.75 %	2.75 %

Shares and stock options

			Shares 31 Dec 2011		Stock options 31 Dec 2011			
					of shares, %	of votes, %	of shares, %	of votes, %
	Number	Distributed stock options 31 Dec 2011	of shares %	of votes %	if all distributed stock options will be exercised		if all stock options of option programs will be exercised	
A shares	5,750,000		6.8 %	42.3 %				
B shares	78,531,766		93.2 %	57.7 %				
2008A options	2,135,000	1,809,750			2.1 %	1.3 %	2.5 %	1.6 %
2008B options	2,135,000	1,490,000			1.8 %	1.1 %	2.5 %	1.6 %

31. Related party disclosures

Subsidiaries	Group ownership of shares, %	Parent company ownership of shares, %
CapMan Capital Management Oy, Finland	100 %	100 %
Finnmezzanine Oy, Finland	100 %	
EastMan Advisors Oy, Finland	100 %	
CapMan Invest A/S, Denmark	100 %	100 %
CapMan Sweden AB, Sweden	100 %	100 %
CapMan Holding AB, Sweden	100 %	100 %
CapMan AB, Sweden	100 %	
CapMan Norway AS, Norway	100 %	100 %
CapMan (Guernsey) Limited, Guernsey	100 %	100 %
CapMan Mezzanine (Guernsey) Limited, Guernsey	100 %	100 %
CapMan (Guernsey) Buyout VIII GP Limited, Guernsey	100 %	100 %
CapMan (Sweden) Buyout VIII GP AB, Sweden	100 %	100 %
CapMan Classic GP Oy, Finland	100 %	100 %
CapMan Real Estate Oy, Finland	100 %	100 %
Dividum Oy, Finland	100 %	100 %
Realprojekti Oy, Finland	100 %	100 %
CapMan RE II GP Oy, Finland	100 %	100 %
CapMan (Guernsey) Life Science IV GP Limited, Guernsey	100 %	100 %
CapMan (Guernsey) Technology 2007 GP Limited, Guernsey	100 %	100 %
CapMan (Sweden) Technology Fund 2007 GP AB, Sweden	100 %	100 %
CapMan Hotels RE GP Oy, Finland	100 %	100 %
Public Market Manager S.A., Luxembourg	100 %	100 %
Norum Private Equity Advisors Ltd, Cyprus	100 %	100 %
CapMan (Guernsey) Russia GP Ltd, Guernsey	100 %	100 %
CapMan (Guernsey) Investment Limited, Guernsey	100 %	100 %
CapMan Germany GmbH, Germany	100 %	100 %
CapMan (Guernsey) Buyout IX GP Limited, Guernsey	100 %	100 %
CapMan Fund Investment SICAV-SIF, Luxembourg	100 %	100 %
CapMan Mezzanine V Manager S.A., Luxembourg	100 %	100 %
CapMan PSH GP Oy, Finland	100 %	100 %

Associated companies	Group ownership of shares, %	Parent company ownership of shares, %
BIF Management Ltd, Jersey	33.33 %	33.33 %
Baltic SME Management B.V., The Netherlands	33.33 %	33.33 %
Maneq 2002 AB, Sweden	35.00 %	35.00 %
Maneq 2004 AB, Sweden	41.90 %	41.90 %
Maneq 2005 AB, Sweden	33.60 %	33.60 %
Maneq 2006 AB, Sweden	33.60 %	33.60 %
Maneq 2007 AB, Sweden	37.40 %	37.40 %
Maneq 2008 AB, Sweden	33.80 %	33.80 %

Maneq 2009 AB, Sweden	34.40 %	34.40 %
Maneq 2010 AB, Sweden	32.40 %	32.40 %
Maneq 2011 AB, Sweden	36.40 %	36.40 %
Yewtree Holding AB, Sweden	35.00 %	35.00 %

Services sold to related parties, M€	**2011**	2010
Access Capital Partners Group S.A.	**0.0**	0.4

	Non-current loan receivable	Non-current loan receivable
Loan receivables from related parties, M€	**2011**	2010
Maneq 2002 AB	**0.0**	0.2
Maneq 2005 AB	**1.8**	1.8
Maneq 2006 AB	**0.0**	5.5
Maneq 2007 AB	**5.6**	5.3
Maneq 2008 AB	**7.2**	7.5
Maneq 2009 AB	**1.7**	1.5
Maneq 2010 AB	**1.2**	1.2
Maneq 2011 AB	**1.2**	0.0
Yewtree Holding AB	**0.0**	0.1

Management remuneration

€ ('000)	**2011**	2010
Salaries and other short-term employee benefits	**2,586**	2,081
Salaries and fees		
CEO	**451**	351
Deputy CEO	**0**	749
Members of the Board	**284**	240

The CEO has a 12 -month mutual notice period. No special severance fee has been agreed uopan for the potential termination of the CEO's agreement with the company. The CEO and Management Group members are covered by additional payment-based pension insurance. The retirement age is set at 60 years of age. In 2011 the Management Group members were granted in total 1,025,000 2008 stock options. The stock options granted to the Management Group are subject to the same terms as for stock options granted to employees. Stock option programs are described in Table 30. Share-based payments.

32. Financial risk management

The purpose of financial risk management is to ensure that the Group has adequate and effectively utilised financing as regards the nature and scope of the Group's business. The objective is to minimise the impact of negative market development on the Group with consideration for cost-efficiency. The financial risk management has been centralised and the Group's CFO is responsible for financial risk management and control.

The policy of the management is to constantly monitor cash flow forecasts and the Group's liquidity position on behalf of all Group companies. In addition, the Group's principles for liquidity management include rolling 12-month covenant assessments. The loan covenants are related to equity ratio and net debt / fund investments ratio. During the financial year all the covenants have been fullfilled.

The Group has a Monitoring team, which monitors the performance and the price risk of the investment portfolio (financial assets entered at fair value through profit and loss) independently and objectively of the investment teams. The Monitoring team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals made by the case investment professionals are examined by the Monitoring team and subsequently approved by the Valuation Committee, which comprises the Chairman of the Investee Committee, the Group CFO and Heads of investment teams.

a) Liquidity risk

The Group’s cash flow is a mix of predictable cash flow from management fees received and highly volatile carried interest income. The third main component in liquidity management is the timing of the capital calls to the funds and the proceeds received from fund investments.

Management fees received from the funds are based on long-term agreements and are targeted to cover the operational expenses of the Group. Management fees are relatively predictable for the coming 12 months.

The timing and receipt of carried interest generated by the funds is uncertain and will contribute to the volatility of the results. Changes in investment and exit activity levels may have a significant impact on cash flows of the Group. A single investment or exit may change the cash flow situation completely and the exact timing of the cash flow is difficult to predict.

CapMan has made commitments to the funds it manages. Most of the existing commitments are typically called in to the funds within the next four years. As at 31 December 2011 the undrawn commitments to the funds amount to €24.4 (€36.3 million) and the financing capacity available (cash and third party financing facilities) amount to €31.9 million (€44.1 million).

The Group has the following financing arrangements:

€10 million short-term loan facility, drawdowns available until October 2012 and not utilised at 31 December 2011. The remaining senior loan in the balance sheet €50 million is fully drawn down, maturity in 2013. Hybrid bond, no maturity date, call option in 2013 (€29 million drawn at 31 December 2011).

Maturity analysis

31 December 2011, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			28,753	
Current financial liabilities				
Accounts payable	432			
Interest-bearing loans and borrowings	3,125	3,125		
Accrued interests	21			

Maturity analysis

31 December 2010, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			35,371	
Current financial liabilities				
Accounts payable	605			
Interest-bearing loans and borrowings	6,250			
Accrued interests	21			

b) Interest rate risk

The Group's exposure to interest rate risk arises principally from long-term liabilities. The Group manages cash flow-related interest rate risk by using partly floating interest and floating to fixed interest rate swaps. The objective is that at least half of the interest rate risk is restored to fixed with regard to the loan maturity date.

The interest rate for the hybrid bond is fixed to 11.25%.

Long-term loan receivables from Maneq funds are fixed to five-year interest rate periods.

Loans according to interest rate

€('000)	**2011**	2010
Floating rate	**13,125**	16,375
Floor and ceiling contracts	**0**	3,000
Fixed rate	**15,000**	15,000
Total	**28,125**	34,375

	The effect on profit after tax		
€('000)	1 %- change in interest rates	-1 %- change in interest rates	2%- change in interest rates
Floating rate	75	-75	150

Excluding the change in fair value of derivative instruments.

c) Credit risk

The Group's exposure to credit risk is limited mainly to loan receivables from Maneq funds. Maneq funds make investments in portfolio companies alongside CapMan funds. CapMan typically has a 35-40% stake in these companies and it finances them with senior and mezzanine loans.

The analysis of possible credit provisions and impairment of loan receivables takes into account that fund solvency observes the J-curve pattern, which is common for private equity funds. The fair value of funds typically falls below acquisition cost in the early investment phase until the first realisations are made. For this reason a more reliable assessment of credit risk may be performed approximately four years after the initial investment date, as repayment solvency is endangered only if the average exit multiple within the investment portfolio equals less than one. CapMan has a historical exit multiple of approximately 3x. In addition the assessment of credit risk incorporates the portfolio companies' expected realisation returns, which are often greater than fair value at that time.

Loan receivables from associated companies and others

2011

€ ('000)	CapMan's receivables total	Receivables total (incl. write-downs)	Capital account at fair value (excl. external debts)
Funds where fair value < receivables	8,467	8,467	5,922
Funds where fair value > receivables	15,422	15,422	16,656
	23,889	23,889	22,578
Other loan receivables	883	883	n/a
Total	24,772	24,772	

Loan receivables from associated companies and others

2010

€ ('000)	CapMan's receivables total	Receivables total (incl. write-downs)	Capital account at fair value (excl. external debts)
Funds where fair value < receivables	17,842	17,842	10,772
Funds where fair value > receivables	11,796	11,796	18,638
	29,638	29,638	29,410
Other loan receivables	522	522	n/a
Total	30,160	30,160	

The funds with fair value smaller than the loan receivables are primarly new funds. In these funds the value creation related to portfolio companies is still at earlier stage and therefore no write downs have been made to the loan receivables.

d) Currency risk

CapMan has subsidiaries outside of the Eurozone, and their equity is exposed to movements in foreign currency exchange rates (Sweden, Denmark and Norway). However, the Group does not hedge currency as the impact of exposure to currency movements on equity is relatively small. The group is not exposed to significant currency risks, because Group companies operate in their primary domestic markets.

e) Price risk of the investments in funds

The investments in funds are valued using the International Private Equity and Venture Capital Valuation Guidelines. According to these guidelines, the fair values are generally derived by multiplying key performance metrics of the investee company (e.g., EBITDA) by the relevant valuation multiple (e.g., price/equity ratio) observed for comparable publicly traded companies or transactions. Changes in valuation multiples can lead to significant changes in fair values depending on the leverage ratio of the investee company.

Sensitivity analysis of fund investments (excluding funds of funds)

	2011		2010	
	Impact on result before taxes, M€		Impact on result before taxes, M€	
	Change -10%	Change +10%	Change -10%	Change +10%
Average profitability of portfolio companies	-6.10	6.08	-0.29	0.29
Average peer group multiples	-6.90	6.85	-6.00	6.03
EUR/SEK FX rate	-0.33	0.27	-0.10	0.00
EUR/NOK FX rate	-0.44	0.35	0.13	-0.03
Total	-13.77	13.55	-6.26	6.30

The group's assets measured at fair value at 31 December 2011.

The different levels have been defined as follows:

Level 1 Quoted prices (unjusted) in active markets for identical assets

Level 2 Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices)

Level 3 The asset that is not based on observable market data

€('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
Investments in funds		3,631	66,536	70,167

The fund investments in level 3 include mainly the investments in the unlisted companies, and those have no quoted market values.

The group's assets measured at fair value at 31 December 2010.

€('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
Investments in funds		3,609	62,895	66,504

The fund investments in level 3 include mainly the investments in the unlisted companies, and those have no quoted market values.

33. Events after the closing date

There were no significant events after the close of the review period.

Parent Company Income Statement (FAS)

€	Note	**1.1.-31.12.2011**	1.1.-31.12.2010
Turnover	1	**3,594,190.64**	1,750,172.20
Other operating income	2	**1,246,769.00**	22,566,747.24
Employee benefit expenses	3	**-5,589,652.27**	-6,138,149.99
Depreciation	4	**-588,073.04**	-610,073.75
Other operating expenses	5	**-3,601,398.13**	-10,320,045.16
Operating profit/loss		**-4,938,163.80**	7,248,650.54
Finance income and costs	6	**9,942,386.87**	1,104,164.01
Profit before extraordinary items		**5,004,223.07**	8,352,814.55
Extraordinary items	7	**2,700,000.00**	5,200,000.00
Profit before taxes		**7,704,223.07**	13,552,814.55
Income taxes	8	**-1,265,168.41**	-3,228,639.97
Profit for the financial year		**6,439,054.66**	10,324,174.58

Parent Company Balance Sheet (FAS)

€	Note	**31 Dec 2011**	31 Dec 2010
ASSETS			
Non-current assets			
Intangible assets	9	**853,631.71**	1,209,820.08
Tangible assets	10	**303,979.97**	410,978.89
Investments	11		
Shares in subsidiaries		**71,370,192.31**	61,584,456.22
Investments in associated companies		**5,675,117.41**	5,573,568.33
Other investments		**3,641,367.98**	3,561,258.26
Investments total		**80,686,677.70**	70,719,282.81
Total non-current assets		**81,844,289.38**	72,340,081.78
Current assets			
Long-term receivables	12	**25,491,378.53**	29,010,963.65
Deferred tax receivables	13	**0.00**	470,448.33
Short-term receivables	14	**10,884,951.17**	15,712,608.06
Marketable securities		**41,425.20**	41,009.97
Cash and bank		**4,530,809.17**	21,767,486.75
Total current assets		**40,948,564.07**	67,002,516.76
Total assets		**122,792,853.45**	139,342,598.54

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	15		
Share capital		**771,586.98**	771,586.98
Share premium account		**38,968,186.24**	38,968,186.24
Invested unrestricted shareholders' equity		**6,999,744.89**	6,999,744.89
Retained earnings		**335,586.30**	125,222.64
Profit/loss for the financial year		**6,439,054.66**	10,324,175.58
Total equity		**53,514,159.07**	57,188,916.33
Liabilities			
Non-current liabilities	16	**57,826,242.00**	64,442,268.00
Current liabilities	17	**11,452,452.38**	17,711,414.21
		69,278,694.38	82,153,682.21
Total shareholders' equity and liabilities		**122,792,853.45**	139,342,598.54

Parent Company Cash Flow Statement (FAS)

€	1.1.-31.12.2011	1.1.-31.12.2010
Cash flow from operations		
Profit/loss before extraordinary items	**5,004,223**	8,352,816
Finance income and costs	**-9,942,387**	-1,104,164
Adjustments to operating profit/loss	**588,073**	-15,221,869
Change in net working capital		
Change in current non-interest-bearing receivables	**933,524**	-650,873
Change in current trade payables and other non-interest-bearing liabilities	**-5,551,986**	4,125,960
Interest paid	**-4,790,962**	-4,781,961
Interest received	**727,346**	996,096
Dividends received	**12,535,397**	5,639,752
Taxes paid	**-1,480,765**	-243,026
Cash flow from operations	**-1,977,537**	-2,887,269
Cash flow from investments		
Investments in tangible and		
Intangible assets	**-124,886**	-69,709
Investments in other placements	**-2,801,781**	-4,390,276
Long-term loan receivables granted	**-4,367,587**	-2,775,555
Repayment of long-term loans	**8,681,441**	3,618,883
Proceed from sale of associated company	**0**	21,000,000
Cash flow from investments	**1,387,187**	17,383,343
Cash flow from financing activities		
Short-term loan receivables granted	**-3,997,101**	-2,464,500
Repayment of short-term loans	**1,015,000**	3,153,707
Long-term loan receivables granted	**0**	-670,000
Repayment of loans from financial institutions	**-6,250,000**	-6,250,000
Dividends paid	**-10,113,812**	-3,370,219
Other financial assets at fair value	**-415**	-302
Group contributions received	**2,700,000**	5,200,000
Cash flow from financing activities	**-16,646,328**	-4,401,314
Change in cash and cash equivalents	**-17,236,678**	10,094,760
Cash and cash equivalents at start of year	**21,767,487**	11,672,727
Cash and cash equivalents at end of year	**4,530,809**	21,767,487

Notes to the Parent Company Financial Statements (FAS)

1. Turnover by area

€	2011	2010
Finland	**1,477,281**	1,003,076
Foreign	**2,116,910**	747,096
Total	**3,594,191**	1,750,172

2. Other operating income

€	2011	2010
Gains from sale of tangible assets	**0**	9,506
Gains from sale of associated company	**0**	20,870,667
Other	**1,246,769**	1,686,574
Total	**1,246,769**	22,566,747

3. Personnel

€	2011	2010
Salaries and wages	**4,389,838**	5,151,224
Pension expenses	**766,673**	687,160
Other personnel expenses	**433,142**	299,765
Total	**5,589,653**	6,138,149
Salaries and other remuneration of the CEO and Deputy CEO	**450,749**	1,103,241
Board members	**284,000**	239,500
Average number of employees	**43**	42

4. Depreciation

€	2011	2010
Depreciation by asset type:		
Intangible rights	**108,848**	128,371
Other long-term expenditure	**361,742**	346,663
Machinery and equipment	**117,483**	135,040
Total	**588,073**	610,074

5. Other operating expenses

€	**2011**	2010
Other personnel expenses	**-5,697**	400,566
Office expenses	**655,040**	529,837
Traveling and entertainment	**443,185**	544,902
External services	**1,880,055**	1,710,604
Other operating expenses	**628,815**	7,134,137
Total	**3,601,398**	10,320,046

Audit fees		
Authorised Public Accountants		
PricewaterhouseCoopers		
Audit fees	**78,012**	26,800
Tax advices	**4,930**	3,100
Other fees and services	**101,887**	30,212
Total	**184,829**	60,112

6. Finance income and costs

€	**2011**	2010
Dividend income		
Group companies	**12,340,397**	3,149,725
Associated companies	**195,000**	840,027
Total	**12,535,397**	3,989,752
Other interest and finance income		
Group companies	**170,378**	98,131
Others	**1,824,249**	1,722,072
Total	**1,994,627**	1,820,203
Interest and other finance costs		
Others	**-4,587,637**	-4,705,791
Total	**-4,587,637**	-4,705,791
Finance income and costs total	**9,942,387**	1,104,164

7. Extraordinary items

€	**2011**	2010
Extraordinary income		
Group contributions received	**2,700,000**	5,200,000

8. Income taxes

€	**2011**	2010
Income taxes	**-794,720**	-1,579,120
Deferred taxes	**-470,448**	-1,649,520
Total	**-1,265,168**	-3,228,640

9. Intangible assets

€	**2011**	2010
Intangible rights		
Acquisition cost at 1 January	**623,188**	623,188
Additions	**20,000**	0
Acquisition cost at 31 December	**643,188**	623,188
Accumulated depreciation at 1 January	**-342,647**	-214,276
Depreciation for financial year	**-108,848**	-128,371
Accumulated depreciation at 31 December	**-451,495**	-342,647
Book value on 31 December	**191,693**	280,541
Other long-term expenditure		
Acquisition cost at 1 January	**2,061,204**	1,963,482
Additions	**94,402**	97,722
Acquisition cost at 31 December	**2,155,606**	2,061,204
Accumulated depreciation at 1 January	**-1,131,925**	-785,262
Depreciation for financial year	**-361,742**	-346,663
Accumulated depreciation at 31 December	**-1,493,667**	-1,131,925
Book value on 31 December	**661,939**	929,279
Intangible rights total	**853,632**	1,209,820

10. Tangible assets

€	**2011**	2010
Machinery and equipment		
Acquisition cost at 1 January	**897,971**	962,081
Additions	**10,484**	26,762
Disposals	**0**	-90,872
Acquisition cost at 31 December	**908,455**	897,971
Accumulated depreciation at 1 January	**-606,669**	-507,726
Accumulated depreciation in changes	**0**	36,097
Depreciation for financial year	**-117,483**	-135,040
Accumulated depreciation at 31 December	**-724,152**	-606,669
Book value on 31 December	**184,303**	291,302
Other tangible assets		
Acquisition cost at 1 January	**119,677**	119,677
Book value on 31 December	**119,677**	119,677
Tangible assets total	**303,980**	410,979

11. Investments

€	2011	2010
Shares in subsidiaries		
Acquisition cost at 1 January	**61,584,456**	24,514,554
Additions	**9,842,515**	40,869,902
Disposals	**-56,779**	-3,800,000
Acquisition cost at 31 December	**71,370,192**	61,584,456
Shares in associated companies		
Acquisition cost at 1 January	**5,573,568**	5,616,915
Additions	**247,376**	423,613
Disposals	**-145,827**	-466,960
Acquisition cost at 31 December	**5,675,117**	5,573,568
Shares, other		
Acquisition cost at 1 January	**3,561,258**	49,159,492
Additions	**258,709**	21,669,705
Disposals	**-178,599**	-67,267,939
Acquisition cost at 31 December	**3,641,368**	3,561,258
Investments total	**80,686,677**	70,719,282

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Table 31. Related party disclosures.

12. Long-term receivables

€	2011	2010
Receivables from Group companies		
Loan receivables	**5,927,000**	4,287,000
Receivables from associated companies		
Loan receivables	**18,681,685**	23,126,469
Other loan receivables	**882,694**	1,597,495
Long-term receivables total	**25,491,379**	29,010,964

13. Deferred tax assets

€	**2011**	2010
Accrued differences	**0**	470,448
Deferred tax assets total	**0**	470,448

14. Short-term receivables

€	**2011**	2010
Accounts receivable	**125,517**	232,697
Receivables from Group companies		
Accounts receivable	**1,387,197**	28,604
Loan receivables	**3,508,005**	515,000
Other receivables	**3,572,013**	13,499,371
Total	**8,467,215**	14,042,975
Receivables from associated companies		
Accrued income	**830,724**	765,226
Total	**830,724**	765,226
Loan receivables	**736,261**	7,451
Other receivables	**16,148**	199,277
Accrued income	**709,086**	464,982
Short-term receivables total	**10,884,951**	15,712,608

15. Shareholders' equity

€	2011	2010
Share capital at 1 January	**771,587**	771,587
Share capital at 31 December	**771,587**	771,587
Share premium account at 1 January	**38,968,186**	38,968,186
Share premium account at 31 December	**38,968,186**	38,968,186
Invested unrestricted shareholders' equity at 1 January	**6,999,745**	6,999,745
Invested unrestricted shareholders' equity at 31 December	**6,999,745**	6,999,745
		0
Retained earnings at 1 January	**10,449,398**	3,495,441
Dividend payment	**-10,113,812**	-3,370,219
Retained earnings at 31 December	**335,586**	125,222
Profit for the financial year	**6,439,055**	10,324,176
Shareholders' equity, total	**53,514,159**	57,188,916

Calculation of distributable assets		
Retained earnings	**335,586**	125,223
Profit for the financial year	**6,439,055**	10,324,176
Invested unrestricted shareholders' equity	**6,999,745**	6,999,745
Total	**13,774,386**	17,449,144

CapMan Plc´s share capital is divided as follows:

	2011	2010
	Number of shares	Number of shares
Series A share (10 votes/share)	**5,750,000**	6,000,000
Series B share (1 vote/share)	**78,531,766**	78,281,766

16. Non-current liabilities

€	2011	2010
Hybrid bond	**29,000,000**	29,000,000
Bank loans	**28,752,822**	35,371,422
Other liabilities	**73,420**	70,846
Non-current liabilities total	**57,826,242**	64,442,268

17. Current liabilities

€	**2011**	2010
Accounts payable	**251,897**	364,321
Liabilities to Group companies		
Accounts payable	**275,036**	0
Other liabilities	**1,955,000**	7,305,000
Total	**2,230,036**	7,305,000
Bank loans	**6,250,000**	6,250,000
Other liabilities	**263,835**	135,959
Accrued expenses	**2,456,684**	3,656,134
Current liabilities total	**11,452,452**	17,711,414

18. Contingent liabilities

€	**2011**	2010
Leasing agreements - CapMan Group as lessee		
Operating lease commitments		
Within one year	**221,592**	343,827
After one but not more than five years	**201,130**	247,429
Total	**422,722**	591,256
Other hire purchase commitments		
Within one year	**1,311,126**	1,264,954
After one but not more than five years	**3,452,138**	4,512,384
Beyond five years	**0**	88,824
Total	**4,763,264**	5,866,162
Securities and other contingent liabilities		
Contingencies for own commitment		
Mortgage bonds	**60,000,000**	60,000,000
Loan commitments to Maneq funds	**6,026,566**	6,032,586
Other contingent liabilities	**1,106,490**	2,100,779
Remaining commitments to funds		
Equity funds	**1,275,716**	1,160,846
Fund of funds	**346,514**	398,248
Remaining commitments to funds	**1,622,230**	1,559,094

SIGNATURES TO THE REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Helsinki, 2 February 2012

Heikki Westerlund
Chairman

Koen Dejonckheere

Conny Karlsson

Nora Kerppola

Claes de Neergaard

Teuvo Salminen
Deputy Chairman

Lennart Simonsen
CEO

Calculation of Key Ratios

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit before taxes - taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

$$\text{Return on investment (ROI), \%} = \frac{\text{Profit before taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest bearing debts (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Net gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit/loss for the financial year - hybrid loan interest}}{\text{Share issue adjusted number of shares (average)}}$$

$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of the financial year}}$$

$$\text{Dividend per share} = \frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$$

Auditor's Report

- Translation from the Finnish Original

To the Annual General Meeting of CapMan Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of CapMan Oyj for the year ended 31 December, 2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 2 February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Shares and shareholders

CapMan is one of the few listed fund management companies in Europe. CapMan Plc's B share has been listed on the Helsinki Stock Exchange since 2001. CapMan had 5,659 shareholders at the end of 2011.

CapMan shares

CapMan has two series of shares, A and B. The company's A shares, which total 5,750,000 in number, account for 42.3% of votes; while B shares, which total 78,531,766, account for 57.7% of votes. Both series of shares carry an equal entitlement to a dividend. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan Plc's share capital as of 31 December 2011 was €771,568.98.

Option programmes

CapMan had one option programme to engage and commit personnel to the company in force as of the end of 2011. Details on the 2008 programme can be found in the Report of the Board of Directors and the Notes to the Financial Statements.

CapMan's shareholders

CapMan had 5,659 shareholders as of the end of 2011. Five flagging notifications were issued during the year. In October, a flagging notification was issued due to the following changes in ownership and/or voting rights: Ilmarinen Mutual Pension Insurance Company's holding exceeded 5% of the shares and the voting rights, Oy Aristo-Invest Ab's and its controlling shareholder Ari Tolppanen's combined number of shares in CapMan Plc fell below 10% and their combined share of voting rights exceeded 20%, Heikki Westerlund's and Heiwes Oy's combined share of the voting rights exceeded 10%, and CapMan Partners B.V.'s share of the share capital decreased below 5% and voting rights decreased below 20%. In December a flagging announcement was issued when Oy Aristo-Invest Ab and its controlling shareholder Ari Tolppanen's combined share of voting rights decreased below 20%. In addition, in early January 2012, CapMan disclosed a flagging notification related to Legg Mason, Inc.'s shareholding decreasing below 5% on 28 December 2011.

Due to the changes in shareholdings and voting rights mentioned above, Ilmarinen Mutual Pension Insurance Company became the second largest shareholder of CapMan Plc. According to the flagging notification published in December 2010 Gimv NV owns 10.005% of all CapMan shares and is therefore the largest shareholder of CapMan Plc. Headquartered in Brussels, Gimv is a listed European investment company with focus on private equity and venture capital.

CapMan Plc's largest shareholders are detailed in the Notes to the Financial Statements. CapMan Plc owned 26,299 of the company's B shares as of 31 December 2011.

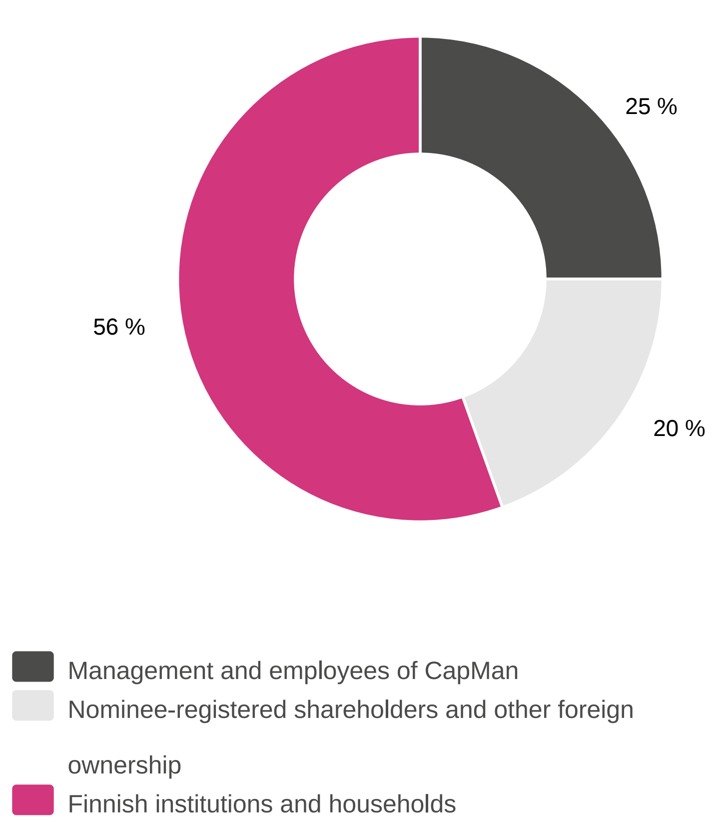
Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 23% of CapMan's shares as of the end of 2011. A breakdown by sector and size of holding can be found on here.

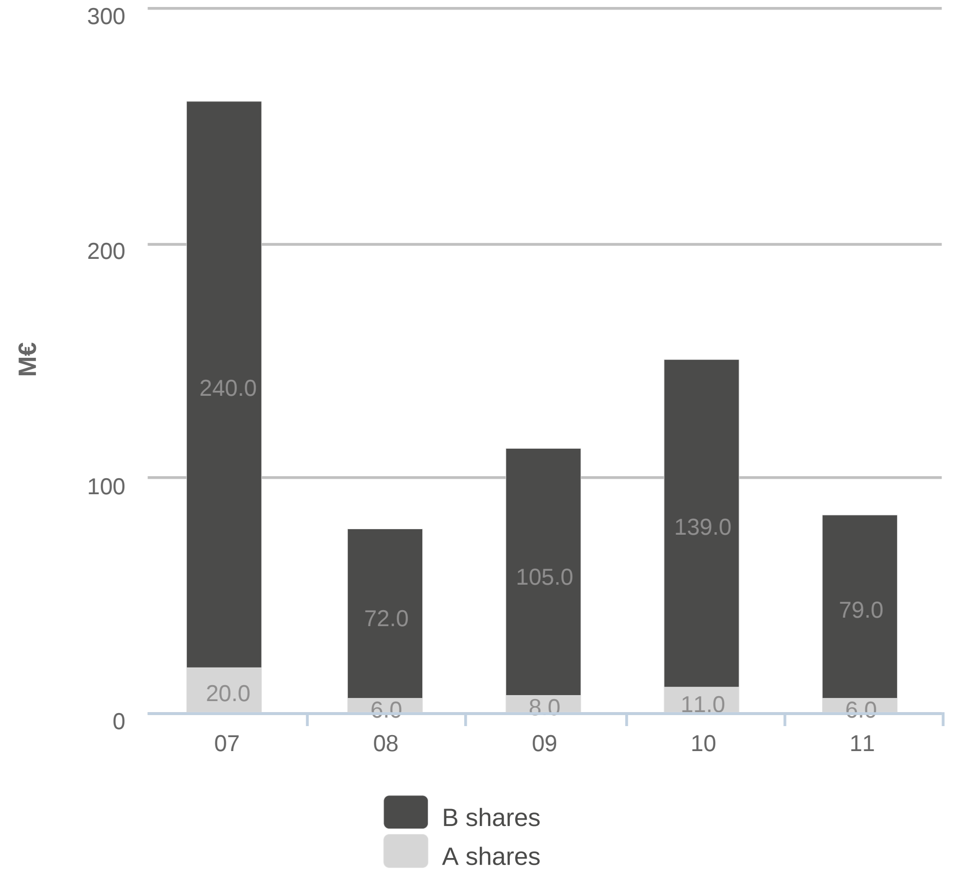
Dividend policy and dividend payable for 2011

CapMan aims to pay at least 50% of its net result in the form of a dividend. The Board of Directors will propose to the Annual General Meeting that a dividend of €0.07 per share should be paid to shareholders.

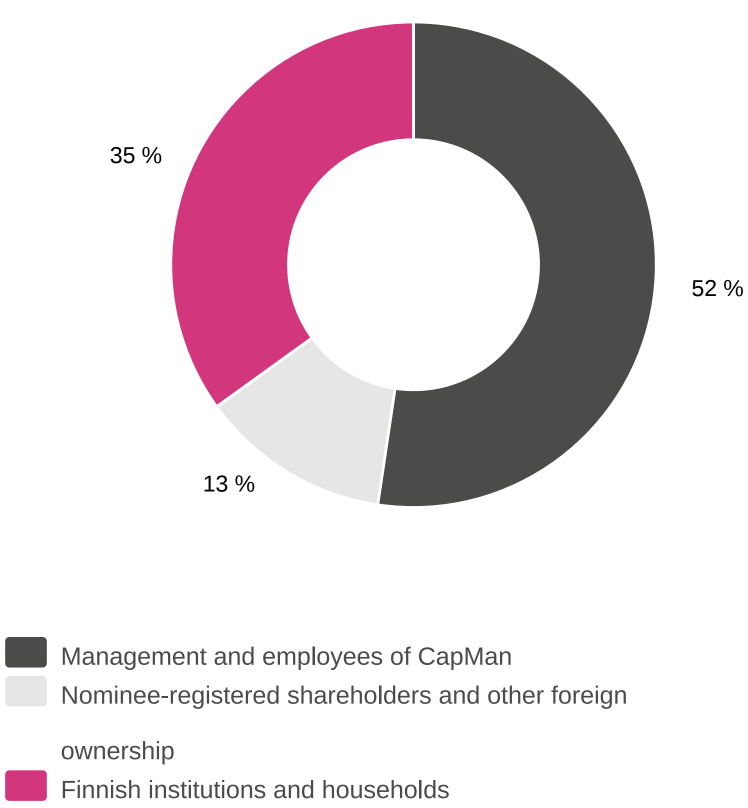
Holdings by shareholder class as of 31 Dec 2011, %



Market capitalisation, M€



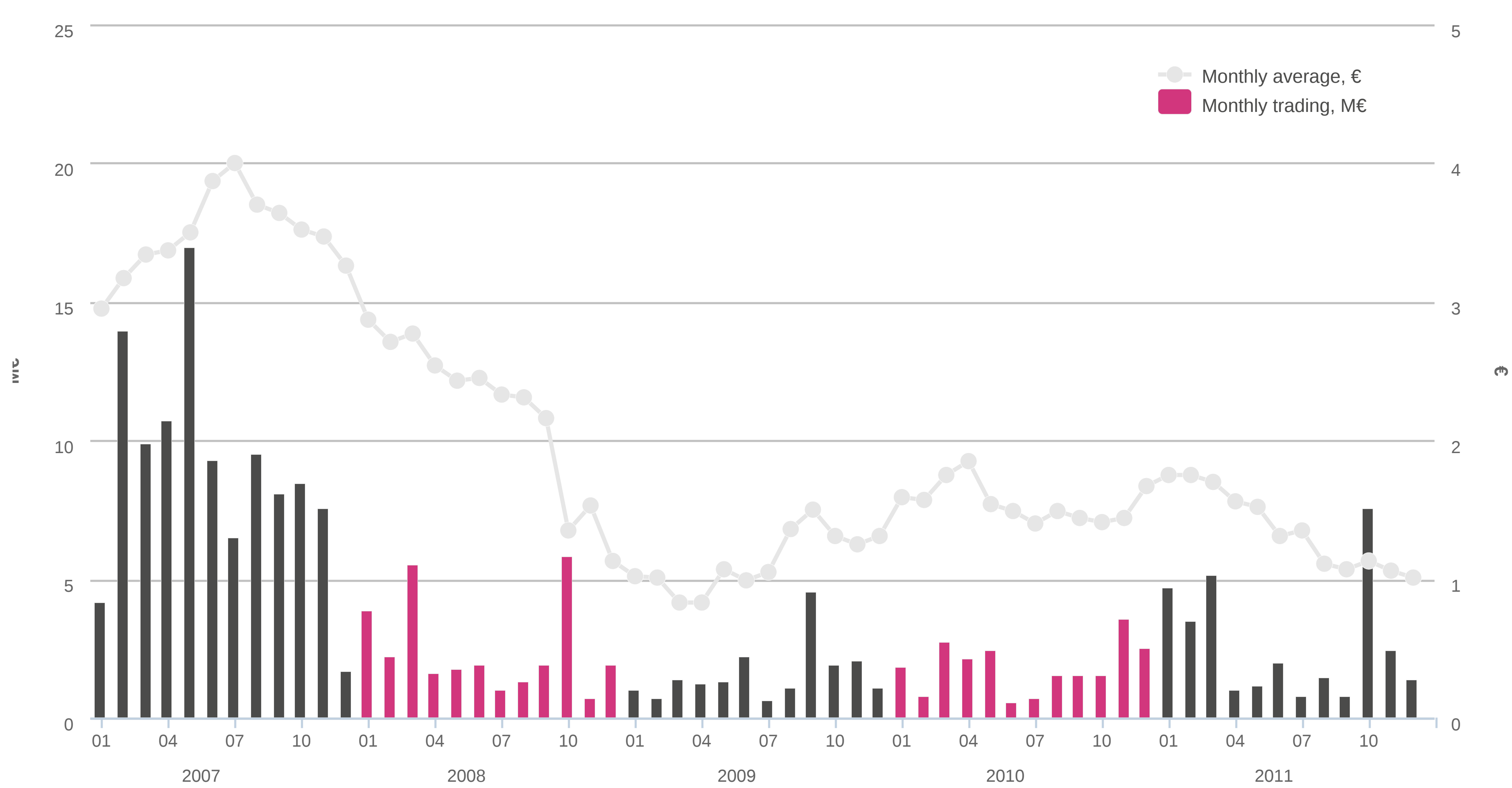
Voting rights by shareholder class as of 31 Dec 2011, %



Share price development and trading of B shares

	2011	2010
Share price, €		
highest	**1.83**	1.98
lowest	**0.90**	1.28
volume-weighted average	**1.39**	1.57
closing price, 31.12	**1.01**	1.78
Trading turnover		
million shares	**24.1**	14.1
million euros	**32.0**	22.0

B-share trading and share price 1 January 2007-31 December 2011



Basic information on shares and options

CapMan B-share	
Market	Helsinki
Currency	€
Listed	02.04.2001
ISIN	FI0009009377
Trading code	CPMBV
Reuters code	CPMBV.HE
Bloomberg code	CPMBV
List	Nordic Small Caps
Industry	Finance
Number of shares	78,531,766
Votes/share	1/share
CapMan A-share	
Number of shares	5 750 000 (unlisted)
Votes/share	10/share
Stock option programme 2008	
CapMan 2008 A-option	
Stock options, number	2 135 000
Share subscription price	2.53 EUR
Exercise period	1.5.2011 - 31.12.2012
Shares marked by options	-
CapMan 2008 B-option	
Stock options, number	2 135 000
Share subscription price	0.96 EUR
Exercise period	1.5.2012 - 31.12.2013
Shares marked by options	-
The A and B options of the 2008 option program each entitle holders to subscribe to 2,135,000 shares.	

Information for shareholders

Annual General Meeting for 2012

CapMan Plc's Annual General Meeting for 2012 will be held on Wednesday, 14 March 2012 at 10 am EET at G18 Ball room, Yrjönkatu 18, 00120 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on 2 March 2012 are entitled to attend.

Shareholders wishing to attend the AGM should inform the company by 10.00 am on 9 March at the latest. Registration can be made in writing to the company at Korkeavuorenkatu 32, 00130 Helsinki, online at www.capman.com/general-meetings, by phone (Anni Varjo, +358 (0)207 207 627 or Hannele Luukkainen, +358 (0)207 207 649), by email (agm@capman.com), or by fax (+358 (0)207 207 550). Registrations must reach the company by the date and time specified above. Any proxy for exercising voting rights must be delivered to CapMan at the aforementioned postal address before expiry of the registration period.

Dividend

The Board of Directors will propose to the AGM that a dividend of €0.07 per share should be paid for 2011. The dividend decided by the AGM will be paid to shareholders registered in the list of shareholders maintained by Euroclear Finland Oy on the record date set for payment, 19 March 2012. Payment of the dividend in Finland will be made on 26 March 2012.

CapMan Plc's financial reporting in 2012

CapMan Plc will publish three interim reports during 2012:
1 January – 31 March 2012: Friday, 4 May 2012
1 January – 30 June 2012: Thursday, 9 August 2012
1 January – 30 September 2012: Thursday, 1 November 2012.

Financial reports are published in Finnish and English. The company's Annual Reports, Interim Reports, and stock exchange releases and press releases can be consulted at www.capman.com. The company's Web site also includes other IR material. Anyone interested in receiving CapMan releases by email can subscribe them at www.capman.com.

Changes of address

Euroclear Finland Oy maintains CapMan Plc's share, shareholder, and option lists. Shareholders and option holders are requested to inform Euroclear Finland Oy or their custodian bank of any changes in their personal information or address. Euroclear's free phone number – +358 (0)800 180 500 – can provide further information. CapMan is not responsible for updating shareholders' addresses.

IR contacts

CapMan's IR contacts are the joint responsibility of the CEO, the Head of Sales, Marketing, Investor Relations and Communications team, the CFO, and the Manager, Communications and IR. The company observes a two-week silent period prior to publication of its interim reports and financial statements, during which it does not comment on the company's financial performance or future prospects and does not meet investors, analysts, or financial journalists.

Analysts following CapMan Plc

Carnegie
Timo Heinonen, tel. +358 (0)9 6187 1234

J.P. Morgan Cazenove, London
Christopher Brown, tel. +44 (0)20 7155 8145

Pohjola Bank
Niclas Catani, tel. +358 (0)10 252 8780