

CapMan

ANNUAL REPORT 2015



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GROUP 2015

Our objective is to offer
the best overall private
equity experience through
attractive returns and
innovative solutions.

CEO review



CAPMAN HAS BUILT successful businesses for more than 25 years. Our objective is to offer the best overall private equity experience through attractive returns and innovative solutions. During the past year, we have advanced our strategy in order to meet this objective. CapMan's business today is built around several investment partnerships, professional services and investments in private equity. We serve private equity fund managers, investors in the asset class, growth-oriented companies and tenants. Real estate, services and minority investments are our central growth drivers.

OUR RESULTS IMPROVED IN LINE WITH EXPECTATIONS

OUR EARNINGS per share for 2015 improved in line with our guidance. In addition to management fees, our fee income includes fees from services, which constituted

a larger proportion of total fees. The baseline profit of our overall fee income has developed in the right direction. Our investment business accentuated the trend as we completed a significant strategic investment in the investment company Norvestia in the spring. The earnings impact of Norvestia for 2015 was good and attributable especially to the fair value development of growth equity, which is a central part of the company's investment strategy. Our carried interest income fell short of the previous year's level and our target, but we expect to realise the potential from the funds in the future. The fair value of our managed funds currently generating carried interest or in exit and value creation phase exceeded €1 billion by the end of 2015. While the fair value development of our own funds improved from last year, the return on our own investments did not yet meet our target level.

GROWTH FROM SERVICES

DURING THE YEAR, we continued to develop our services into distinctive businesses. In the beginning of 2016, CapMan launched Scala Fund Advisory, which capitalises on the extensive international expertise of CapMan's fundraising team. Scala offers fundraising and investor relations services for private equity fund managers and advisory and secondary services to investors. Scala already has several external mandates. We have also signed the first contracts for private equity fund management. Our service offering includes reporting, valuation and fund compliance, among others. We believe that services have significant long-term growth potential and play an integral role in smoothing out the fluctuation of our earnings.

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*Real estate,
services and
minority
investments
are our central
growth drivers.*

THE PREREQUISITES OF VALUE CREATION ARE IN PLACE

GOOD ABSOLUTE RETURNS form the core, around which the best private equity experience is built. Successful private equity investment starts by selecting the right industry and position in the value chain. The value creation plan should be implemented independently from external circumstances so that the base case return is achieved. Business cycles do not form the central assumptions behind the value creation plan, but may enhance returns. The basic constituents of return are improving profits and cash flow, in addition to the strengthening of strategic position. This is applicable to investing in businesses as well as in real estate. Our investment partnerships focus on growing industries where organic growth is possible and not reliant on the development prospects of national economies. Attractive investment areas include many service sectors, industries undergoing technological transformation and conversion of real estate to fit new user groups. As active owners, we take a hands-on approach when implementing the value creation plan of each investment.

THE DEVELOPMENT of our funds' portfolio companies and real estate was generally positive in 2015, but the decrease in oil prices and the development of the Norwegian krone and the rouble had a negative impact on the valuation of some portfolio companies. In addition, the weakness of the Finnish economy has slowed down the development of some investments.

Our Real Estate team implements a value-add strategy in Nordic growth centres.

REAL ESTATE AS A SOUGHT-AFTER INVESTMENT STRATEGY

OF ALL INVESTMENT strategies offered by CapMan's partnerships, real estate funds in particular have proven popular both in our home markets and internationally. Our Real Estate team implements a value-add strategy in Nordic growth centres. The residential market in Copenhagen has offered good opportunities for value creation and the CapMan Nordic Real Estate fund has completed seven investments in Denmark to date. The fund has also been active in transforming old office space into residential, hotel and school uses in Helsinki and Stockholm areas. The team's latest Nordic Real Estate fund, which is still in the investment phase, has performed particularly well, returning approx. 21% net to investors in 2015. Two-thirds of the fund's capital has been raised outside of the Nordics, which demonstrates that we are internationally competitive.

NEW INVESTORS IN THE PRIVATE EQUITY ASSET CLASS

ULTRALOW INTEREST RATES and increasingly volatile stock markets have strengthened the appeal of alternative investments, as investors seek returns and a lower correlation with public markets. Our objective is to expand our offering beyond the traditional fund model. CapMan Collection aimed at individual investors, mandates in certain asset classes aimed at larger international investors and target-specific funds tailored for smaller institutions are all examples of this development.

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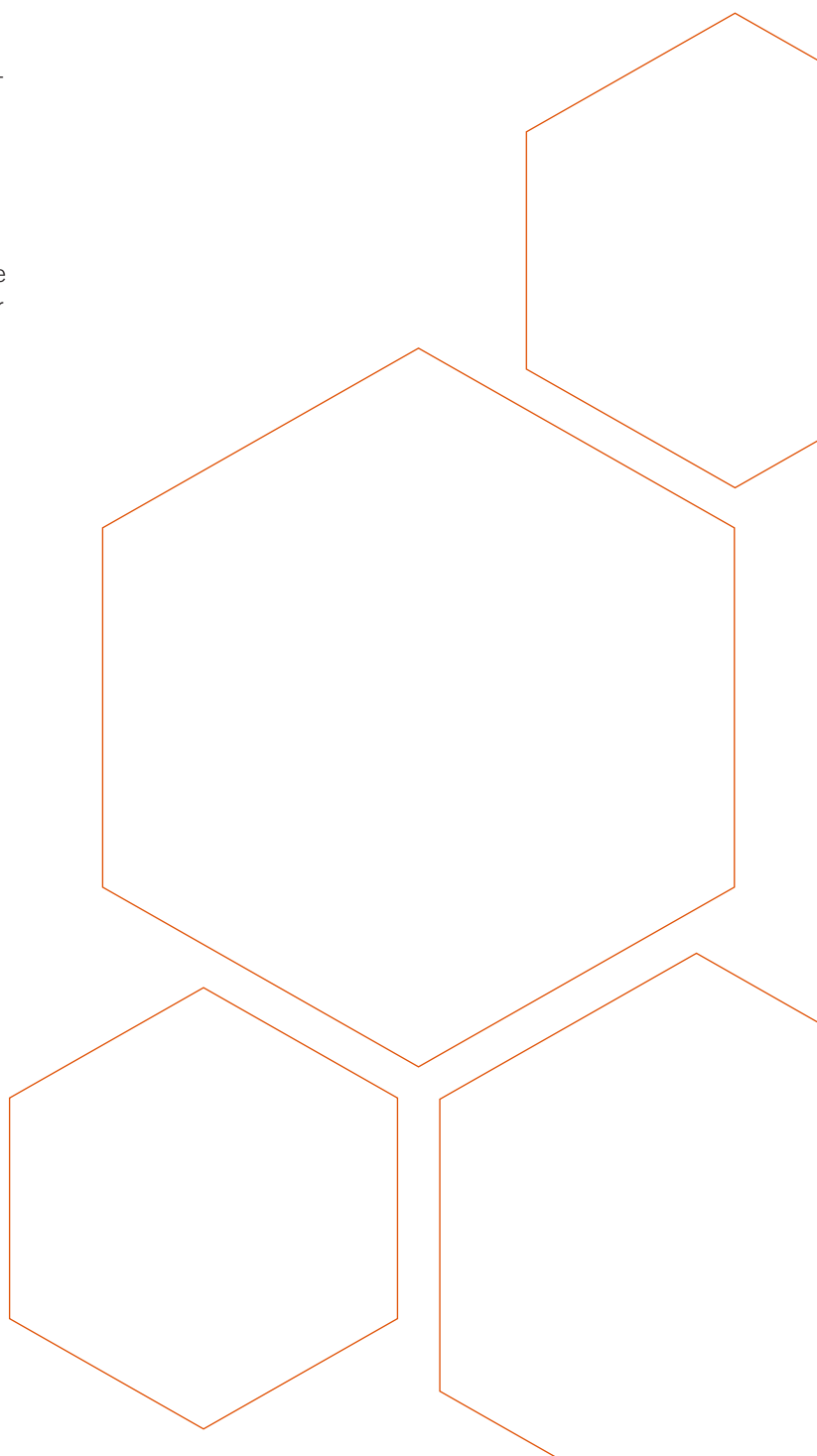
FUTURE FOCUS

IN THE PAST THREE YEARS, the shares of listed private equity have underperformed the general market. For example the S&P Listed Private Equity index, which is comprised of the largest international listed private equity firms, fell almost two per cent in 2015 compared to a more or less flat performance of the S&P 500 index during the year. CapMan's share price has similarly developed modestly, despite a significant improvement in results and an attractive dividend yield. However, we believe that our share price will gradually reflect the implementation of our strategy. Our focus areas for 2016 are the fair value development of our own fund portfolio, the utilisation of growth opportunities by for example raising new capital for real estate and credit funds, the growth of our service business and the acceleration of growth investments through our ownership in Norvestia. These are the main short to medium term milestones on our current strategic path, on which we proceed with an objective to improve our earnings per share.

TO CONCLUDE, I want to thank CapMan's employees for their execution of our strategy and improvement of our results, as well as our fund investors. I also want to thank our shareholders for expressing a patient attitude.



Heikki Westerlund
CEO



Highlights in 2015

ACCESS TO GROWTH INVESTMENTS THROUGH NORVESTIA

CAPMAN ACQUIRED 28.7% of Norvestia's shares from Kaupthing in December 2015 with the aim of benefiting from a fast-growing niche of private equity: minority investments. As a result of the transaction, Norvestia became CapMan's associated company and one of its key investment areas. Norvestia is a Nasdaq Helsinki listed investment company. In line with its new strategy, Norvestia is allocating a greater proportion of its investment capacity to growth-oriented unlisted companies. These growth companies typically demonstrate good value development potential. For more information on Norvestia's investment strategy, please visit the company's website on www.norvestia.fi.

INVESTING IN THE SERVICE BUSINESS

DURING 2015, CapMan added services as a strategic focus. Services have become an increasingly important business area alongside the more established partnerships and investments. The objective is to make the most of the private equity expertise of CapMan's internal service teams by commercialising the services, which CapMan believes to have significant future fee income potential as a complement to management fees. Read more about CapMan's service business on page 12 of this Annual Report.

>

*Norvestia's growth
investments
developed
favourably
in 2015.*

NORVESTIA

CapMan Russia invested in Maximum Education, a leading provider of test preparation services in Russia, in February 2015. Maximum Education is the third investment of the CapMan Russia II fund. The aim of the transaction is to expand the company's operations in the growing test preparation services market in Russia





< In December 2015, CapMan Real Estate acquired Yrjönkatu 13, a landmark building by the Old Church Park in the Helsinki city centre. The property will be converted into a 150-room luxury hotel called St. George, operated by CapMan Buyout's portfolio company Kämp Collection Hotels. The hotel is due to open in summer 2017.



CapMan Real Estate acquired > an empty office building, Kabelverket 6, located in Älvsjö, Southern Stockholm. The property will be converted to a school, which is scheduled to open in August 2016.



THE CAPMAN NORDIC REAL ESTATE FUND EXCEEDED ITS INITIAL TARGET SIZE AND CAPMAN CREDIT IS PREPARING FUNDRAISING FOR ITS NEXT FUND

CAPMAN REAL ESTATE'S latest value-add fund held its final closing at €273 million, exceeding its initial target size. Furthermore, CapMan Credit's latest fund, CapMan Mezzanine V, became fully invested in 2015 and the team started preparing fundraising for a new fund. The first fundraising round is expected to close during the first half of 2016.

CAPMAN REAL ESTATE, CREDIT AND RUSSIA FUNDS WERE ACTIVE AT THE INVESTMENT FRONT

CAPMAN NORDIC Real Estate fund made several significant investments with two main themes: properties with significant development potential in the Copenhagen residential market and properties benefiting from urbanisation and migration in the largest Nordic cities. In Copenhagen, the team invested in three properties: 1) Finsensvej 86, an office property located in Flintholm, which is an established and growing office area in the county of Frederiksberg in Copenhagen, 2) a mixed-use property on Kobmagergade 25 in central Copenhagen that is ideally located close to the

famous pedestrian high-street Stroget, and 3) a mixed-use property on Vesterbrogade 80 with an excellent location at the intersection of three well-known high streets in central Copenhagen. The fund made five investments benefiting from urbanisation and migration: 1) the development of the shopping centre BROEN in Esbjerg, Denmark, 2) the conversion of an office building located on Ruoholahdenkatu 4 in central Helsinki into 68 residential apartments, 3) the development of new apartments in Nordhavnen, Copenhagen, 4) an office building in Southern Stockholm that will be converted into a school, and 5) an office property in central Helsinki that will be converted into a 150-room luxury hotel called St. George.

CAPMAN RUSSIA invested in Maximum Education, a leading provider of test preparation services in Russia. The team is actively exploring attractive investment opportunities by taking advantage of the decreased competition in the market and attractive valuations due to a weaker rouble in 2015.

CAPMAN CREDIT invested in Delete Group, a fast-growing company specialising in environmental services for industry and construction, as well as in Lumene, the leader of the Finnish cosmetics industry.



From left to right: Heikki < Westerlund, CEO of CapMan; Sauli Niinistö, the President of Finland and Chairman of the Tukikummit foundation; Pia Henrietta Kekäläinen, Founder of Mehackit; Björn Wahlroos, Chairman of the Boards of Sampo, UPM and Nordea and Member of the Board of the Tukikummit foundation; and Maximilian Marschan, Purchasing Director of CapMan Purchasing Scheme (CaPS).



^ In January 2015, CapMan sold Cederroth, a manufacturer and distributor of a wide range of products within the personal care, healthcare, wound care, household and first aid segments. The transaction contributed some €8 million to CapMan Group's 2015 cash flow.

CapMan Real Estate sold > Silverdal I, an office building located in Sollentuna in Northern Stockholm. The exit was the first of the CapMan Nordic Real Estate fund.



CAPMAN RECEIVED €20.7 MILLION IN CASH FLOW FROM EXITS

FUNDS MANAGED BY CAPMAN exited completely from six portfolio companies and two real estate investments in 2015. Through its own fund investments, CapMan received a total of €20.7 million in cash flow from the exiting funds. Exits from Cederroth, Silex Microsystems and Symbio had the most significant impacts on the result and cash flow, the two latter exits also providing carried interest income for CapMan. Furthermore, funds exited completely from Swereco Group, an office property on Nuijamiestentie 12 in Helsinki and Silverdal I, an office property located in Northern Stockholm. CapMan Public Market fund exited from ÅF and B&B Tools. Exit from the fund's last portfolio company Proffice was completed in the beginning of 2016 and CapMan will realise carried interest income when the fund is liquidated.

CAPMAN RAISED €115,000 FOR THE TUKIKUMMIT FOUNDATION THROUGH ITS NETWORKS

IN DECEMBER 2015, CapMan organised a lunch seminar in collaboration with the Tukikummit foundation, a non-profit organisation with a mission to raise funds for underprivileged children in Finland. Close to 80 corporate members from CapMan's Purchasing Scheme (CaPS) participated in the event. The gross proceeds from the event – €115,000 in total – went directly to Tukikummit. Keynotes at the seminar were delivered by Sauli Niinistö, the President of Finland and Chairman of the Board of the Tukikummit foundation, and Björn Wahlroos, Chairman of the Boards of Sampo, UPM and Nordea and Member of the Board of Tukikummit, who are both founders of the Tukikummit foundation and committed to it as private individuals. Speaking on behalf of the new generation was Pia Henrietta Kekäläinen, a young technology entrepreneur and Founder of Mehackit, a company with a mission to introduce technology to young people.

Thank you for your support for Finnish youth through Tukikummit!

Our updated strategy forms a basis for successful operations

IN THE BEGINNING OF 2015, CapMan began developing its business strategy in an extensive process involving the entire staff. Based on the strategic effort, CapMan is transforming into a comprehensive private equity expert with a broader client base. Our objective is to offer the best private equity experience by providing attractive returns and innovative solutions for our investors, as well as value adding services for professional investment partnerships, growth-oriented companies and tenants.

IN ORDER TO DELIVER ON our objective, we have structured our business around three business areas, which are investment partnerships, professional services, and investments from our balance sheet into private equity. CapMan's ownership of investment partnerships or services varies between 30% and 100% and they can operate under separate brands if it provides them with a competitive edge.

1 **Investment partnerships** include Buyout, Real Estate, Russia, Credit and Norvestia and are independently responsible for investments and value creation. The investment partnerships play a central role in the foundation of management fee-generating funds, selecting investments, value creation for portfolio companies and real estate, and the formation of carried interest income.


2 CapMan has offered **professional private equity services** internally for more than 20 years. In 2015, CapMan added services to external clients in order to more efficiently capitalise on its know-how from the private equity industry. CapMan's service business includes, among others, fund advisory, fund management and purchasing services for internal as well as external clients. Consulting fees, retainers, commissions and success fees from services build on CapMan's fee base. Our service business is presented in greater detail on page 12 of the Annual Report.

3 In addition to investments in its own funds, CapMan **invests broadly from its balance sheet** in the private equity asset class. Depending on the fund size, CapMan invests 1–5% in its own funds. Other investments include a 28.7% stake in Norvestia, which accelerates growth investments. By increasing its investment capacity and optimising its capital structure, CapMan seeks to actively manage its balance sheet.

FINANCIAL OBJECTIVES BASED ON THE UPDATED STRATEGY

CAPMAN UPDATED its financial objectives in the beginning of 2015. The target return on equity is at least 20% p.a. over the cycles. CapMan receives carried interest income in addition to fee income and return from own investments. CapMan aims for an equity ratio of 45–60%, which enables a flexible financial position with moderate risk. Leverage is balanced with cash flow.

CAPMAN HAS ALSO adjusted its dividend policy and aims to pay at least 60% of its earnings per share as dividends. Our dividend has averaged seven cents per share per year over the past 10 years. Going forward, our objective is to exceed on average this historic level.



Our objective is
to offer the best
private equity
experience.

CapMan today

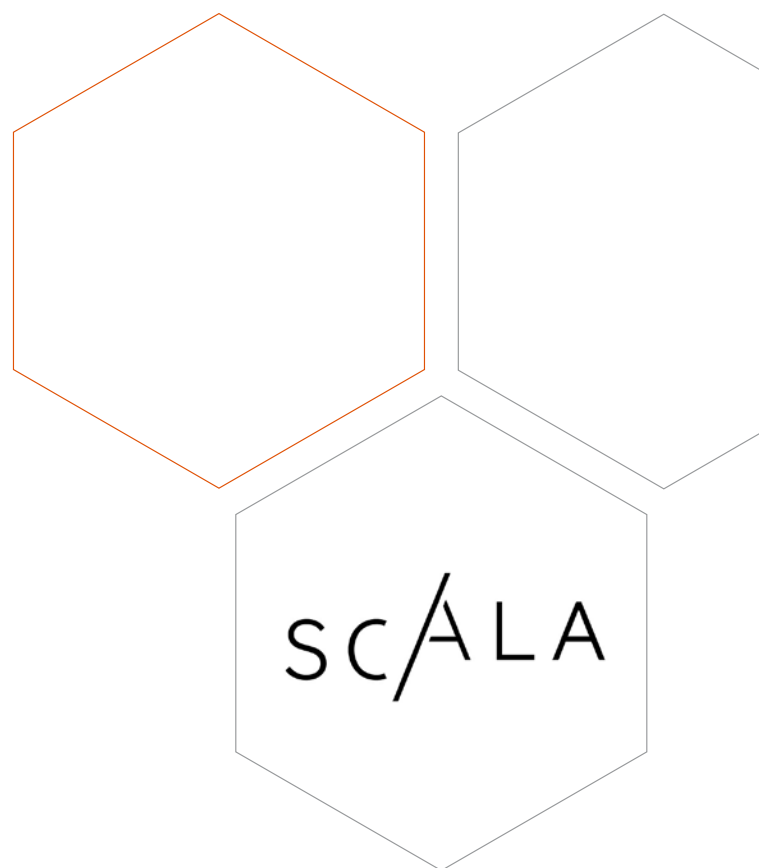
CAPMAN IS one of the European leaders in the private equity industry. For more than 25 years, we have been developing companies and real estate and supporting their sustainable growth. We are committed to understanding the needs of our customers in an ever-changing market environment. Our objective is to offer the best private equity experience by providing attractive returns and innovative solutions for our investors as well as value adding services for professional investment partnerships, growth-oriented companies and tenants.

Growth from services

CAPMAN'S INTERNAL SERVICE TEAMS have offered services for our investment partnerships for more than 20 years. We developed our service offerings further in 2015, and now other fund managers as well as investors also have the opportunity to benefit from the expertise of our service professionals. We believe that services have long-term growth potential and play an integral part in smoothing out the fluctuations in our earnings. Our current service offering includes fund advisory, fund management, and purchasing services. The market reception has been positive so far, which leads us to believe in the future growth of the business. The service teams are organised as independent partnerships that are part of CapMan Group.

SCALA FUND ADVISORY IS THE FIRST SPECIALISED PRIVATE EQUITY ADVISOR IN THE NORDIC COUNTRIES

IN JANUARY 2016, CapMan's fund advisory team was organised as a separate business, Scala Fund Advisory. Scala is an independent partnership of CapMan Group and serves best-in-class private equity fund managers and institutional investors from around the world.



SCALA OFFERS PRIVATE equity fund advisory services to fund managers and consulting and secondary fund market services for institutional investors. The seven-strong Scala team has been responsible for fundraising at CapMan for more than 15 years and has extensive experience with fundraising, investor relations and new business development in the private equity industry. Since 2001, the team has raised more than €3 billion across multiple strategies, including medium-sized corporate buyouts as well as growth, venture capital, private debt and real estate from over 120 institutional investors.

IN ADDITION TO fundraising and investor relations services, Scala offers private equity portfolio and secondary fund market analysis for institutional investors. Scala has a broad global network of 500 institutional investors and has local co-operation partners in the US and Asia.

CURRENTLY, Scala is fundraising for successful fund managers with investments in Nordic private debt, European venture capital, Nordic real estate, European infrastructure and Nordic activist strategies. In addition, Scala has received portfolio analysis and secondary mandates from local investors.

Read more about Scala at www.scala-advisory.com.

CAPS – THE STRENGTH OF NETWORKS IN PURCHASING ACTIVITIES

CAPS (CapMan Purchasing Scheme) develops the purchasing activities of its member companies. CaPS has enabled significant savings for its members since 2009, when CapMan founded CaPS to organise the indirect spending mainly of its Finnish portfolio companies. The activities were expanded to Sweden in 2011 and CaPS has grown significantly in the past few years: today, the closed network comprises approx. 100 member companies with a combined turnover of €10 billion and more than 50,000 employees. CaPS focuses its purchases on more than 80 categories, including logistics, travel and IT.

MEMBER COMPANIES play a central role in the selection of purchasing categories and partners. Partners are selected in a competitive bidding process, which includes all members interested in a specific category. Centralised bidding enables all members to benefit from competitive pricing, high quality service and good payment terms, as well as helps save time. In 2015, CaPS enabled tens of millions of euros in savings for its member companies. The extensive network offers the selected partners an excellent opportunity for add-on sales.

CAPS HAS further rolled out an Employee Benefit Scheme that features exclusive offers and benefits ranging from gym membership to insurance. The scheme is available for all employees of member companies.


Read more about CaPS on CapMan's website at www.capman.com/CaPS.

FUND MANAGEMENT SERVICES – SOLUTIONS FOR THE CHALLENGES OF INCREASED REGULATION

SERVICES RELATED TO fund management, risk management and compliance have grown in demand as more complex fund structures, regulation increasing compliance and process requirements and increased reporting requirements add to the challenges that fund managers face today.

CAPMAN'S BACK OFFICE, Monitoring and Legal teams have 13 fund management experts and lawyers with more than 25 years of experience managing various fund structures. The team has been involved in the formation of more than 80 funds through various strategies, including real estate funds and growth funds, as well as emerging market funds and yield funds, with investors ranging from smaller individual investors to large international institutions.

SPECIALISED FUND management services enable alternative fund managers to focus on investment activities by taking care of tasks related to fund administration, e.g. implementation of the AIFMD, fund management, valuation and regulation by offering a comprehensive turnkey approach or by customising services to meet the needs of the client.



Now other fund managers as well as investors also have the opportunity to benefit from the expertise of our service professionals.

Fund operations in figures

CapMan's capital under management was **€2,805.3** million as of 31 December 2015.

Of the total capital under management, **€1,341.1** million was in funds making investments in portfolio companies and **€1,464.2** million in real estate funds.

Funds managed by CapMan exited completely from a total of **8** portfolio companies and real estate and a total of **€269.7** million was returned to investors as a result of completed exits during the year.

In 2015, the funds made **11** new investments and several add-on investments in existing portfolio companies and real estate.

The combined investment volume of the funds amounted to **€130.2** million, of which **€41.5** million was invested in portfolio companies and **€88.7** million in real estate.

The combined turnover of **42** portfolio companies was **€2.9** billion and the combined headcount was approx. **32,000** at the end of 2015.

The portfolio of **67** real estate covered a combined area of approx. **750,000** m² and had a total of **780** tenants at the end of 2015.

More information about CapMan's funds can be found in the Funds section of CapMan's website at www.capman.com/capman-group/funds.

**CORPORATE
GOVERNANCE**

We are a
responsible
owner.

Corporate Governance Statement 2015

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 January 2016. 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 Helsinki Ltd. This Corporate Governance Statement (the "Statement") has been prepared in compliance with the Code's Corporate Governance reporting guidelines A pertaining to the 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 at www.capman.com/capman-group/governance.

DEVIATIONS FROM THE CODE

The Board of Directors has decided, in accordance with the Code's Recommendation 15, that due to the overall small size of the Board, the Audit Committee comprises only two members.

BOARD OF DIRECTORS

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 18 March 2015 elected five members to the Board. Mr Koen Dejonckheere, Mr Claes de Neergaard, Mr Karri Kaitue, Ms Nora Kerppola and Mr Ari Tolppanen were re-elected to the Board. The Board elected from among its members Karri Kaitue as the Chairman of the Board and Nora Kerppola as the Vice Chairman of the Board.

The composition of the Board of Directors is diverse pertaining to the age and gender as well as the professional, educational and international background of its members. The objective of the company is to maintain the diversity of its Board of Directors in the current extent, taking into account the competences of member candidates that are relevant for CapMan's business, such as know-how of the financial sector. The principles concerning the diversity of CapMan's Board of Directors are defined in accordance with the Code's recommendation 9.

The biographical details of the directors are presented in the table on page 19.

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INDEPENDENCE OF THE BOARD MEMBERS

The Board has in its organizing meeting on 18 March 2015 assessed its members' independence of the company and of its significant shareholders. Koen Dejonckheere, Karri Kaitue, Nora Kerppola and Claes de Neergaard were independent of both the company and its significant shareholders. Ari Tolppanen, CapMan's Senior Partner and member of CapMan Buyout investment team, was non-independent of both the company and its significant shareholders.

Shares and share-based rights of each director and corporations over which he/she exercises control in the company and its group companies are presented in the table on page 19.

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
- 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 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.

WORK OF THE BOARD IN 2015

In 2015, the Board met nine times (seven meetings for the Board elected by the 2015 AGM and two meeting for the Board elected by the 2014 AGM). The table on page 19 presents Board members' attendance at the meetings in 2015.

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 15 (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 18 March 2015, CapMan's Board established Audit, Nomination and Remuneration Committees.

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 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 18 March 2015 elected Nora Kerppola (Chairman) and Karri Kaitue as members of the Audit Committee. The composition of the Committee did not change during 2015. In 2015, the Audit Committee met five times. The table on page 19 presents the Committee members' attendance at the meetings.

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 18 March 2015 elected Karri Kaitue (Chairman), Koen Dejonckheere and Ari Tolppanen as members of the Nomination Committee. The composition of the Committee did not change during 2015. In 2015, the Nomination Committee met two times in this composition. The table on page 19 presents the Committee members' attendance at the meetings.

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:

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

The Committee shall further contribute to:

- securing the objectivity and transparency of the 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 appointment of the executives of the company.

The Board has in its organizing meeting on 18 March 2015 elected Karri Kaitue (Chairman), Koen Dejonckheere and Claes de Neergaard as members of the Remuneration Committee. The composition of the Committee did not change during 2015 and the Committee met three times in 2014. The table on page 19 presents the Committee members' attendance at the meetings.

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BOARD OF DIRECTORS IN 2015

Name	Personal information	Shares and share-based rights as of 31 Dec 2015	Attendance at the Board meetings	Attendance at the Committee meetings
Karri Kaitue	Chairman of the Board since 7 August 2013. Vice Chairman of the Board during 20 March – 7 August 2013. Member of the Board since 2012. Born 1964, LL. Lic. Main occupation: Board professional. Chairman of the Nomination Committee and Remuneration Committee, member of the Audit Committee. Independent of the company and significant shareholders.	0	9/9	Audit Committee: 5/5 Nomination Committee: 2/2 Remuneration Committee: 3/3
Nora Kerppola	Vice Chairman of the Board since 7 August 2013. Member of the Board since 2011. Born 1964, MBA. Main occupation: CEO of Nordic Investment Group Oy. Chairman of the Audit Committee, Chairman of the Remuneration Committee until 19 March 2014. Independent of the company and significant shareholders.	Class B shares: 10,000	9/9	Audit Committee: 5/5
Koen Dejonckheere	Member of the Board since 2010. Born 1969, MBA, M.Sc. (Eng.). Main occupation: CEO of Gimv NV. Member of the Nomination Committee and the Remuneration Committee. Independent of the company and significant shareholders.	0	6/9	Nomination Committee: 2/2 Remuneration Committee: 2/3
Claes de Neergaard	Member of the Board since 2011. Born 1949, M.Sc. (Econ.). Main occupation: Board professional. Member of the Remuneration Committee. Independent of the company and significant shareholders.	0	9/9	Remuneration Committee: 3/3
Ari Tolppanen	Member of the Board since 2013. Born 1953, M.Sc. (Eng.). Main occupation: Senior Partner at CapMan. Member of the Nomination Committee. Non-independent Board member.	Class A shares: 2,192,296 Class B shares: 4,832,498	9/9	Nomination Committee: 2/2

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 2015, CapMan's CEO was Senior Partner Heikki Westerlund (born 1966, M.Sc. (Econ.)). His shares and share-based rights and those of the corporations over which he exercises control are presented in the table on page 20.

MANAGEMENT GROUP

The main tasks of the Management Group consist of (i) coordination of team strategy, fundraising, resources as well as marketing and brand issues, (ii) implementation of decisions by the Board and the CEO/ Management Group, (iii) giving input by providing information for the decision making and participate in discussion, and (iv) spreading information within the teams as agreed in the Management Group. The composition of the Management Group, responsibilities and the shares and share-based rights of the members of the Management Group and of the corporations over which he/she exercises control are presented in the table on page 20.

MANAGEMENT GROUP IN 2015

Name	Responsibilities	Personal information	Shares and share-based rights of each member and corporations over which he/she exercises control as of 31 Dec 2015
Heikki Westerlund	CEO	Born: 1966 Education: M.Sc. (Econ.)	Class A shares: 1,253,896 Class B shares: 1,718,260 2013A options: 400,000 2013B options: 400,000 2013C options: 400,000
Jerome Bouix	Senior Partner, Head of Fund Advisory	Born: 1971 Education: M.Sc. (Econ.)	Class A shares: 31,250 2013A options: 200,000 2013B options: 200,000 2013C options: 200,000
Niko Haavisto	CFO	Born: 1972 Education: M. Sc. (Business)	2013A options: 200,000 2013B options: 200,000 2013C options: 200,000
Mika Matikainen	Senior Partner, Head of CapMan Real Estate	Born: 1975 Education: M. Sc. (Econ), M.Soc.Sc	Class B shares: 45,000
Hans Christian Dall Nygård	Senior Partner, Head of CapMan Russia	Born: 1968 Education: M. Sc. (Econ), MBA, CEFA	Class A shares: 31,250
Markus Sjöholm	Senior Partner, Head of CapMan Buyout	Born: 1971 Education: M. Sc. (Econ), LL.M.	Class A shares: 31,250 Class B shares: 250,000

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

GENERAL DESCRIPTION OF THE FINANCIAL REPORTING PROCESS

CapMan's business model is based on having a local presence in Finland, Sweden and Russia, and operating the organisation across national borders. CapMan's subsidiaries in seven 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 group accounting 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) as adopted by the EU.

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 different functions. Management and accounting department possess appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

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.

In the annual strategy process, the identified risks are reviewed, the risk management control activities are audited and effects of potential new identified risks on the strategy are evaluated.

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 www.capman.com/capman-group/governance/disclosure.

THE ORGANISATION OF INTERNAL CONTROLS AND 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 Audit Committee and the Board.

The group accounting performs monthly consistency checks of income statement and balance sheet for subsidiaries and business areas. The group accounting team also conducts management fee and cost analysis, quarterly fair value change checks, impairment and cash flow checks as well as control of IFRS changes. The Audit Committee and the Board regularly review group-level financial reports, including comparison of actual figures with prior periods and budgets, other forecasts, monthly cash flow estimates and covenant levels. In addition, the Audit Committee monitors in more detail, among others, the reporting process (including the management's discretionary evaluations), risk management, internal control and audit.

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

OTHER INFORMATION

INSIDER ADMINISTRATION

CapMan complies with the guidelines for insiders issued by NASDAQ Helsinki that came into force on 1 July 2013. CapMan has supplemented the general guidelines with its own set of internal insider guidelines, which are stricter in some areas. The Group's General Counsel is responsible for insider issues.

According to the definition of public insiders specified in the Securities Market Act, CapMan's public insiders are the members of the Board of Directors, the CEO, the members of the Management Group, and the Auditors including the Lead Auditor. In addition, the permanent company-specific insider register includes at least the CEO's Executive Assistant, the CFO, certain members of the Accounting team, the Monitoring team, the Communications team, certain members of the Fund Advisory team, Legal Counsels, Insider Assistant and IT team. The public and company-specific insider registers for CapMan are held by Euroclear Finland Ltd. Separate non-public project-specific insider registers are held for material projects as defined in insider regulations. A list of CapMan's public insiders and their holdings of shares and stock options is updated monthly in the table below.

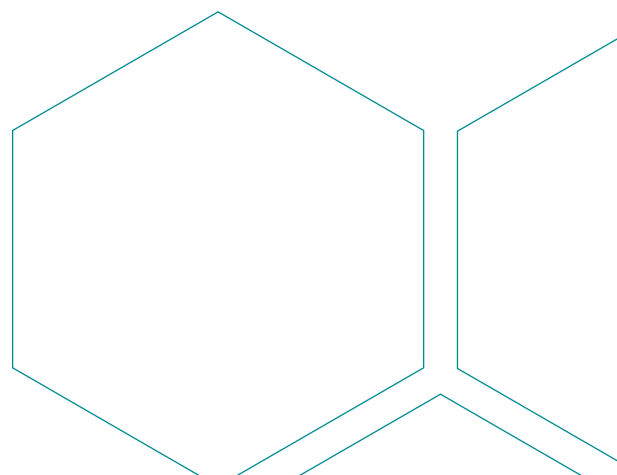
Employees belonging to the Group's public or company-specific insider registers are not permitted to trade the company shares or stock options without the permission of the person responsible for insider issues. Trading by the personnel is completely forbidden in the 30-day period prior to publication of the company's financial results.

AUDIT FEES

In 2015, the audit fees paid to the auditor amounted to 227,700 euros and the fees related to other non-audit related services amounted to 171,200 euros.

INTERNAL AUDIT

CapMan has not organised internal audit as a separate function.



Board of Directors



KARRI KAITUE

Chairman of the Board

Independent Member of the Board

Born 1964

Education LL. Lic.

Board of Directors since 2012

Board committees

Remuneration Committee (Chairman),
Nomination Committee (Chairman),
Audit Committee (Member)

Main occupation

CEO of Ekokem Corporation

Key Board memberships

Finnish University for Arts (Chairman),
Finnpilot Pilotage Oy, Kemianteollisuus ry,
CapMan Plc (Chairman)

Key employment history

Karri Kaitue worked as Deputy Chief Executive Officer of Outokumpu Group during 2005–2011. He was a member of the Outokumpu Group Executive Committee during 2002–2011, of which the last six years he was the Vice Chairman. His responsibilities at Outokumpu included among others Tornio Works, Group strategy, business development and M&A. He joined Outokumpu Group in 1990. Further, Kaitue worked as Chairman of the Boards of Destia Oy during 2009–2014 and Cleantech Industries Global NV during 2014–2015.



NORA KERPPOLA

Vice Chairman of the Board

Independent Member of the Board

Born 1964

Education MBA

Board of Directors since 2011

Board committees

Audit Committee (Chairman)

Main occupation

Managing Director of Nordic Investments Oy

Key Board memberships

CapMan Plc (Vice Chairman), Creditinfo Lánstraust hf,
Creditinfo Group hf, Krediidinfo AS, Sunduka Oy

Key employment history

Nora Kerppola has over 20 years of experience in private equity industry in Europe and North America. She has been a partner at GMT Communications in London and a partner at Weiss, Peck & Greer Private Equity (now Robeco) in New York. Previously, Kerppola worked at Investor International (U.S), a subsidiary of Investor AB and affiliated with the Wallenberg family of Sweden. Kerppola started her career in the corporate finance department of Credit Suisse First Boston.



KOEN DEJONCKHEERE

Member of the Board

Independent Member of the Board

Born 1969

Education MBA, M. Sc. (Eng.)

Board of Directors since 2010

Board committees

Nomination Committee (Member)

Remuneration Committee (Member)

Main occupation

CEO of Gimv NV

Key Board memberships

CapMan Plc, Hospital Group AZ Delta, Belgian Venturing Association, Home invest GVV (listed), Roularta NV (listed), Member of the Executive Committee of Belgian Employers' Association (VBO), Director of the Board of Flemish Employers' Association (VOKA), non-executive Director Enternext SA, Chairman of the Belgian Association of Listed Companies (FEB), Board member of EuropeanIssuers aisbl.

Key employment history

Dejonckheere has been the CEO of the European private equity and venture capital investment company Gimv NV since 2008. Prior to that, he was Managing Director and Head of Corporate Finance at KBC Securities, where he made major contributions to the European expansion of the corporate finance activities. He has also worked for the venture capital fund NeSBIC Groep (now part of Fortis Group), buyout company Halder, Price Waterhouse Corporate Finance Europe, and the former BBL (now part of ING). Dejonckheere has extensive experience as a dealmaker in investment banking and private equity in Belgium and abroad.



CLAES DE NEERGAARD

Member of the Board

Independent Member of the Board

Born 1949

Education M.Sc. (Econ.)

Board of Directors since 2011

Board committees

Remuneration Committee (Member)

Main occupation

Board professional and consultant

Key Board memberships

CapMan Plc

Key employment history

Previously de Neergaard has worked as CEO of The Swedish Industrial Development Fund (Industrifonden), Vice-President at the European Investment Bank, Executive Director at the European Bank for Reconstruction and Development and CEO of Nordbanken Luxembourg SA. He has a long track record of Board assignments in the financial, industrial and property sectors including Chairman of the Nordic Investment Bank, the Third AP-fund and CONNECT Sverige. In addition, he has been First Deputy Chairman of the Swedish Export Credits Guarantee Board and Deputy Chairman of Hemsö AB.



ARI TOLPPANEN

Member of the Board

Non-independent of both the company and its significant shareholders

Born 1953

Education M.Sc. (Eng.)

Board of Directors since 2013

Board committees

Nomination Committee (Member)

Main occupation

Senior Partner of CapMan Plc

Has worked at CapMan since 1989

Key Board memberships

CapMan Plc, Kämp Group Oy (Chairman),

Esperi Care Group Oy, Bright Group Oy

Key employment history

Ari Tolppanen has 25 years of experience in private equity. Tolppanen is one of the founders of CapMan and acted as the CEO of CapMan during 1989–2005. He was also the Chairman of the European Venture Capital Association (EVCA) in 2000–2001. During 2005–2010, Tolppanen was the Chairman of CapMan Plc's Board of Directors. Previously, Tolppanen was the CEO of Huurre Oy and before that the CEO of Nordfilm Oy.

Management group



HEIKKI WESTERLUND

CEO, CapMan Plc, Senior Partner

Born 1966

Education M.Sc. (Econ.)

In Management Group since 2005–2010, 2013

Key Board memberships Norvestia Plc (Chairman), Walki Group Oy, Orion Corporation

Key employment history

Heikki is CEO and Senior Partner at CapMan. He was CapMan's Chairman of the Board 1 June 2010–7 August 2013 and CapMan's CEO 1 April 2005–31 May 2010. Heikki joined CapMan in 1994 and has headed CapMan's Technology and Buyout teams. Prior to CapMan he worked for the Finnish Innovation Fund, Sitra.



JEROME BOUIX

Managing Partner, Scala Fund Advisory

Born 1971

Education M.Sc. (Econ.)

In Management Group since 2007

Key Board memberships -

Career history

Jerome is Managing Partner at Scala Advisory. During his 16 years at CapMan, he has headed CapMan's fundraising and business development and raised multiple generations of buyout, venture capital, growth capital, real estate, credit and activist funds.

In addition, he has also headed a 30-strong team responsible for various back office functions including reporting, legal, compliance, IR and communications. Jerome has served four years in the board of directors of EVCA. Before joining CapMan Jerome worked at the Finnish Ministry of Trade and Industry, Merrill Lynch, Danske Bank and Nordic Investment Bank.



HANS CHRISTIAN DALL NYGÅRD

Head of CapMan Russia, Senior Partner

Born 1968

Education M.Sc. (Econ.), MBA, CEFA

In Management Group since 2009

Key Board memberships ROK-1

Career history

Hans Christian is responsible for all the investment activity and management of the CapMan Russia team. Prior to joining CapMan Hans Christian worked at Norum for 12 years, most recently as Managing Director. CapMan acquired Norum in 2008.



NIKO HAAVISTO

CFO

Born 1972

Education M. Sc. (Business)

In Management Group since 2010

Key Board memberships Norvestia Plc

Career history

Niko has been CapMan's CFO since 2010. Prior to joining CapMan Niko worked for Oriola-KD Corporation as Director of Financial Control and Planning. Before that he worked as financial controller at GE Healthcare Finland and as Authorised Public Auditor at PricewaterhouseCoopers.



MIKA MATIKAINEN

Head of CapMan Real Estate, Senior Partner

Born 1975

Education M.Sc. (Econ.), M.Soc.Sc

In Management Group since 2010

Key Board memberships –

Mika joined CapMan in 2006, one year after the inception on CapMan Real Estate, with a focus on property investments in Finland. He also had an active role in setting up the CapMan Hotels Real Estate fund including the acquisition of its seed portfolio of 39 hotels in 2008. He became the head of CapMan Real Estate and a management group member of CapMan Plc in 2010. Since taking over leadership of CapMan's real estate operations, Mika has been responsible for the expansion of CapMan Real Estate from a local Finnish fund manager into a pan-Nordic operator. Prior to CapMan, he worked for UBS Investment Bank in London.



MARKUS SJÖHOLM

Head of CapMan Buyout, Senior Partner

Born 1971

Education M.Sc. (Econ.), LL.M

In Management Group since 2014

Key Board memberships Esperi Care Oy (Chairman), InfoCare, Kämp-Group Oy, Oral Hammaslääkärit Plc, Pohjolan Design-Talo Oy

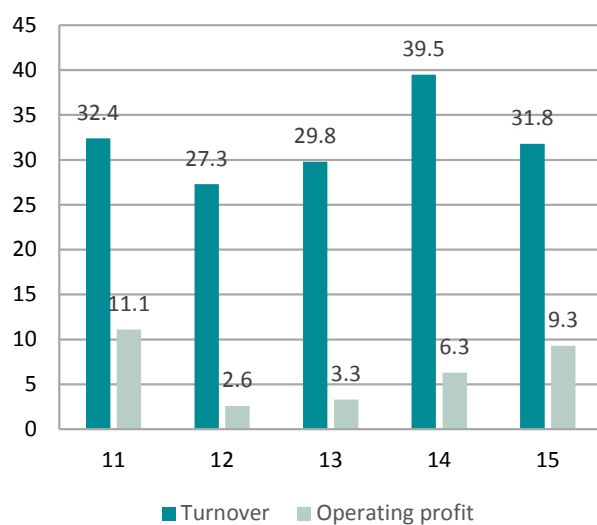
Career history

Markus has been Head of CapMan Buyout since 2014 and member of the Buyout investment team since 1996. He has been instrumental in a number of CapMan Buyout investments, and a key contributor to CapMan Buyout's position as a leading Nordic mid-cap investor.

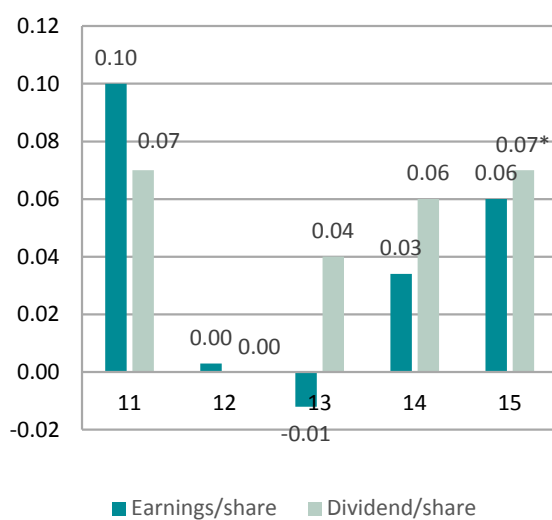
Key Figures 2015

KEY FIGURES – CAPMAN GROUP

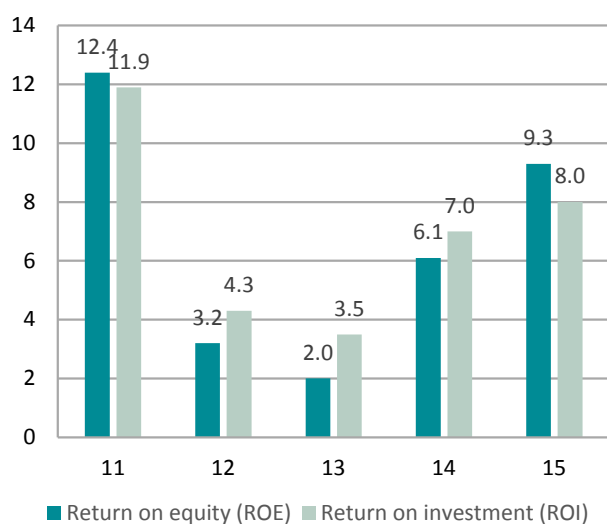
Group turnover and operating profit, M€



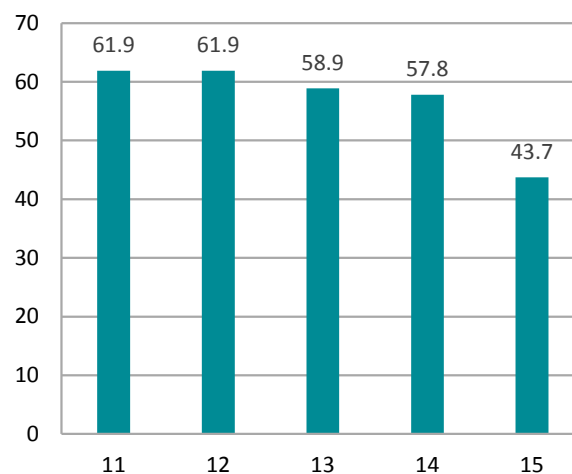
Earnings/share and dividend/share, €



ROI and ROE, %



Equity ratio, %



Key Performance Indicators for CapMan Group

M€	2011	2012	2013	2014	2015
Turnover	32.4	27.3	29.8	39.5	31.8
Fees	28.3	25.5	26.9	28.7	27.4
Carried interest	3.1	1.8	2.9	10.8	4.4
Income from real estate consulting	1.0	0.0	0.0	0.0	0.0
Other operating income	0.6	0.2	0.0	0.2	0.3
Operating expenses	-34.9	-30.3	-27.9	-30.2	-28.0
Fair value gains/losses of investments	12.8	5.3	1.2	-3.2	5.2
Operating profit	11.1	2.6	3.3	6.3	9.3
Financial income and expenses	0.6	0.1	-0.7	-1.4	-2.9
Share of the income of investments accounted for using the equity method	2.1	0.6	-0.6	0.0	0.1
Profit before taxes	13.7	3.3	2.0	4.9	6.5
Profit for the financial year	11.1	2.7	1.5	4.0	6.1
Return on equity (ROE), %	12.4	3.2	2.0	6.1	9.3
Return on investment (ROI), %	11.9	4.3	3.5	7.0	8.0
Equity ratio, %	61.9	61.9	58.9	57.8	43.7
Net gearing, %	14.4	32.2	22.3	5.0	72.9
Dividend paid *)	5.9	0.0	3.4	5.2	6.0
Personnel (at year-end)	122	109	103	106	101

*) Proposal of the Board of Directors to the Annual General Meeting for year 2015.

Key Ratios Per Share

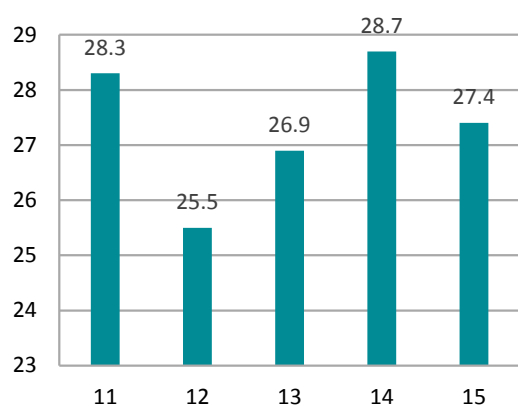
	2011	2012	2013	2014	2015
Earnings/share, cents	10.1	0.3	-1.2	3.4	5.9
Diluted, cents	10.1	0.3	-1.2	3.4	5.8
Shareholders' equity/share, cents	104.7	93.9	77.0	76.1	75.5
Dividend/share, cents *)	7.0	0.0	4.0	6.0	7.0
Dividend/earnings, % *)	70.0	0.0	0.0	176.5	118.6
Average share issue adjusted number of shares during the financial year ('000)	84,255	84,255	84,269	86,164	86,291
Share issue adjusted number of shares at year-end ('000)	84,282	84,282	85,267	86,317	86,317
Number of shares outstanding ('000)	84,255	84,255	85,240	86,291	86,291
Own shares ('000)	26	26	26	26	26

*) Proposal of the Board of Directors to the Annual General Meeting for year 2015.

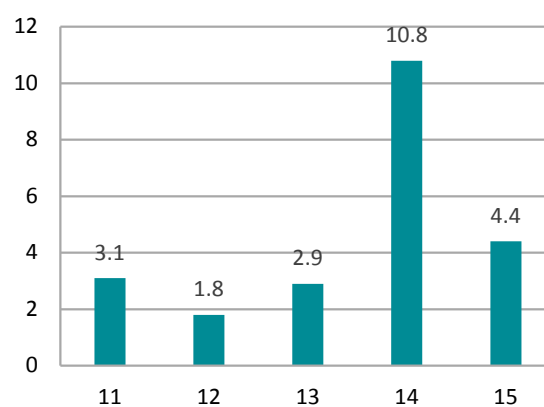
In line with IFRS standards, the MEUR 15 (2011-2012: MEUR 29, 2013-2014; MEUR 15) hybrid bond has been included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the financial year has been deducted when calculating earnings per share.

MANAGEMENT COMPANY AND SERVICE BUSINESS

Fees, M€



Carried interest income, M€



Management Company and Service business result

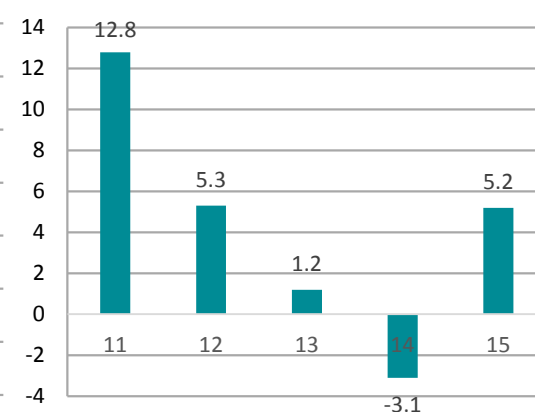
M€	2015	2014
Turnover	31.8	39.5
Fees	27.4	28.7
Carried interest income	4.4	10.8
Operating profit	4.1	10.4
Profit	3.3	8.4

INVESTMENT BUSINESS

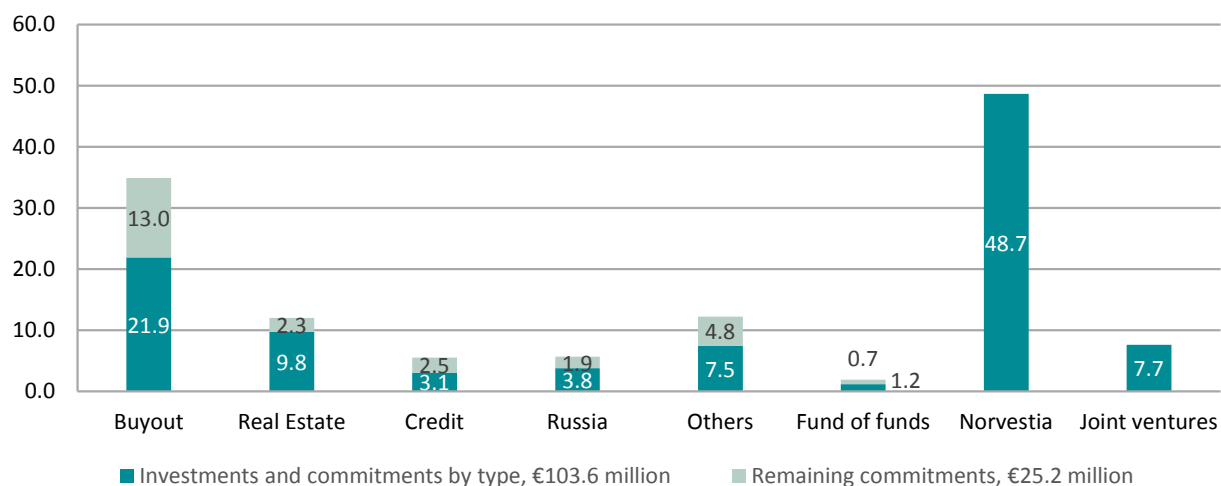
Investments and commitments, M€



Profit impact from own investments, M€



Investments and commitments by type, M€



Investment business result

M€	2015	2014
Fair value change of investments	5.2	-4.1
Operating profit/loss	5.2	-4.1
Profit/loss	2.8	-4.4

Report of the Board of Directors 2015

Business operations

CapMan Group is a private equity fund manager operating in the Nordic countries and Russia. The Group operates through two segments: a Management Company and Services business (previously Management Company business) and an Investment business (previously Fund Investment business).

In its Management Company and Services business, CapMan manages private equity funds that invest in Nordic and Russian mainly unlisted companies and Nordic real estate. CapMan raises capital for the funds from Nordic and international investors. In addition, CapMan offers Fund Advisory (Scala Fund Advisory) and Fund Management services to external funds and purchasing services (CaPS) to companies in Finland and Sweden. The Management Company and Services business has two main sources of income: fees and carried interest from funds. The fees include management fees related to CapMan's position as a fund management company and fees from CapMan's service business.

Through its Investment business, CapMan invests from its own balance sheet in the private equity asset class (funds and other investments). CapMan's largest individual investment is its 28.7% stake in Norvestia. Income in this business is generated by increases in the fair value of investments and realised returns. The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's adjusted net asset value (NAV) as communicated in Norvestia's stock exchange releases. CapMan makes no adjustments to Norvestia's reported figures.

Group turnover and result in 2015

The Group's turnover totalled MEUR 31.8 (2014: MEUR 39.5). The decrease in turnover was mainly

attributed to lower carried interest income compared to the previous year. Operating expenses totalled MEUR 28.0 (MEUR 30.2) and included MEUR 0.7 of non-recurring expenses mainly related to the acquisition of shares in Norvestia (there were approx. MEUR 0.8 in non-recurring expenses in 2014 mainly related to the closing of CapMan's Oslo office). Expenses for the year period also included approx. MEUR 2.1 of bonus provisions (MEUR 1.7) for the personnel based on CapMan's short term compensation scheme.

The Group recorded an operating profit of MEUR 9.3 (MEUR 6.3), which represented a 47% increase from the previous year.

Financial income and expenses amounted to MEUR -2.9 (MEUR -1.4). Profit before taxes was MEUR 6.4 (MEUR 4.9) and profit after taxes was MEUR 6.1 (MEUR 4.0). The Group's comprehensive result was MEUR 6.0 (MEUR 4.0). Earnings per share were 5.9 cents (3.4 cents) and the diluted earnings per share were 5.8 cents (3.4 cents) after deducting the (net of tax) interest on the hybrid bond for the year.

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 and Services business

Turnover generated by the Management Company and Services business during 2015 totalled MEUR 31.8 (MEUR 39.5). Fees totalled MEUR 27.4 (MEUR 28.7). The decrease in fees was mainly due to less capital under management compared to last year due to exits completed in 2015. Fees recorded also include fees generated by CapMan's purchasing scheme (CaPS), Scala Fund Advisory and other services.

Carried interest income for the review period totalled MEUR 4.4 (MEUR 10.8) and was mainly due to recognised revenue received from the CapMan Equity VII A, B and Sweden funds and Finnmezzanine III A and B funds following the exit from Symbio and Silex Microsystems as well as the repayment of a vendor loan that was granted to Inflight Service in conjunction with the exit in 2010.

The operating profit of the Management Company and Services business was MEUR 4.1 (MEUR 10.4). The profit for 2015 was MEUR 3.3 (MEUR 8.4). The status of the funds managed by CapMan is presented in more detail in the Financial Statements Bulletin on the company's website at <http://www.capman.com/capman-group/earnings-model-and-financials/result>.

Investment business

Total fair value changes of investments in 2015 were MEUR 5.2 (MEUR -3.2 in 2014). Fair value changes of fund investments were MEUR 0.2 (MEUR -3.1) representing a 0.3% increase in value (4.3% decrease in 2014). The overall change in the fair value of fund investments was due to the slightly positive development in several portfolio companies offset by a write down. The aggregate fair value of fund investments as of 31 December 2015 was MEUR 47.2 (31 December 2014: MEUR 55.3). The decrease was mainly due to significant exits completed in 2015. CapMan's share of the change in the net asset value of its associated company Norvestia was MEUR 4.4. The positive fair value development was mainly due to the development in Norvestia's growth equity investments. The fair value of CapMan's investment in Norvestia was MEUR 48.7 on 31 December 2015. The fair value change of Maneq investments was MEUR 0.6 (MEUR -0.1).

Operating profit for the Investment business was MEUR 5.2 (MEUR -4.1) and profit for 2015 was MEUR 2.8 (MEUR -4.4). The Investment business includes the results of Maneq companies remaining in CapMan's portfolio and CapMan's share of the change in net asset value of associated company Norvestia.

CapMan invested a total of MEUR 4.4 (MEUR 9.7) in its funds in 2015. Investments were mostly allocated to the CapMan Buyout X, CapMan Mezzanine V, CapMan Russia II and CapMan Nordic Real Estate

funds. CapMan received distributions from funds totalling MEUR 10.7 (MEUR 12.1). The majority of the distributions came from the CapMan Buyout VIII, CapMan Equity VII, CapMan Real Estate I, CapMan Nordic Real Estate and CapMan Public Market funds due to exits completed in 2015.

The amount of remaining commitments that have not yet been called totalled MEUR 25.2 as of 31 December 2015 (31 December 2014: MEUR 30.3). CapMan estimates that MEUR 10-15 of the remaining commitments will be called in the next 4 years, particularly due to unused investment capacity of the older funds. The aggregate fair value of existing fund investments and remaining commitments was MEUR 72.4 (MEUR 85.5). CapMan invests 1-5% of the original capital in the new funds that it manages, depending on fund size.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), where fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Real estate assets are valued in accordance with the value appraisals of external experts, as detailed in Appendix 1. The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's adjusted NAV as communicated in Norvestia's stock exchange releases. CapMan makes no adjustments to Norvestia's reported figures.

Investments at fair value and remaining investment capacity by investment area are presented in the Notes to the Financial Statements in [Section 31. Financial risk management g\) Determining fair values](#) and [Section 28. Commitments and contingent liabilities](#).

Balance sheet and financial position as of 31 December 2015

CapMan's balance sheet totalled MEUR 149.6 as of 31 December 2015 (31 December 2014: MEUR 113.9). The expansion of the balance sheet was due to the acquisition of shares in Norvestia. Non-current assets amounted to MEUR 121.1 (MEUR 79.0), of which goodwill totalled MEUR 6.2 (MEUR 6.2).

As of 31 December 2015, fund investments booked at fair value totalled MEUR 47.2 (MEUR 55.3). The adjusted NAV of Norvestia was MEUR 169.9 on 31 December 2015, of which the book value on CapMan's balance sheet was MEUR 48.7 based on CapMan's 28.7% ownership. The fair value of investments in joint ventures was MEUR 7.7 (MEUR 9.0) and consisted mainly of CapMan's investment in Maneq Investments Luxembourg. Long-term receivables amounted to MEUR 6.1 (MEUR 3.3).

Current assets amounted to MEUR 28.5 (MEUR 34.9). Liquid assets (cash in hand and at banks, plus other

financial assets at fair value through profit and loss) amounted to MEUR 21.9 (MEUR 29.0).

CapMan's interest-bearing net debt amounted to MEUR 47.5 (MEUR 3.3). In October, CapMan issued a MEUR 30 fixed-rate unsecured bond for institutional investors. The proceeds from the bond issue were used mainly for the refinancing of the senior bank loan, which was obtained for the acquisition of shares in Norvestia in May.

CapMan's total interest bearing debt as of 31 December 2015 is outlined in the below table.

	Debt amount 31 December 2015	Matures latest	Annual interest	Debt amount 31 December 2014
Bank financing	MEUR 15	Q2 2017		MEUR 7
Senior bond (issued in 2013)	MEUR 15	Q4 2017	5.5%	MEUR 15
Multi-issuer bond (issued in 2014)	MEUR 10	Q2 2019	1.85%	MEUR 10
Senior bond (issued in 2015)	MEUR 30	Q4 2019	4.2%	
Long-term credit facility (available)	(MEUR 15)			(MEUR 15)
(Hybrid bond*)	(MEUR 15)	No maturity	8.0%	MEUR 15

*) In line with IFRS standards, the hybrid bond is classified as equity. The interest on the hybrid bond is deducted from equity as interest is paid, which is annually. The hybrid bond has no maturity, but CapMan has the right to redeem it four years after the issue date and the option to redeem it earlier, under certain terms and conditions, two years after the issue date. The hybrid bond was issued on 11 December 2013.

CapMan Plc's bank loans include financing covenants, which are conditional on the company's equity ratio and the ratio of interest-bearing bank loans to fund investments on the balance sheet. CapMan honoured all covenants as of 31 December 2015.

Trade and other payables totalled MEUR 13.1 (MEUR 13.7).

The Group's cash flow from operations totalled MEUR 0.6 for 2015 (MEUR 11.7). 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 -39.6 (MEUR 2.1) and includes, inter alia, the investment in Norvestia and fund

investments and repaid capital received by the Group. Cash flow before financing totalled MEUR -39.0 (MEUR 13.8), while cash flow from financing was MEUR 32.0 (MEUR -2.1) and included the bond issued to repay the bank financing used for the investment in Norvestia.

Key figures 31 December 2015

CapMan's equity ratio was 43.7% as of 31 December 2015 (31 December 2014: 57.8%), its return on equity 9.3% (6.1%), and its return on investment 8.0% (7.0%). The target levels for the company's equity ratio and return on equity are 45–60% and over 20%, respectively.

	31.12.15	31.12.14
Earnings per share, cents*	5.9	3.4
Diluted, cents*	5.8	3.4
Shareholders' equity / share, cents *	75.5	76.1
Share issue adjusted number of shares	86,290,467	86,163,919
Number of shares at the end of period	86,316,766	86,316,766
Number of shares outstanding	86,290,467	86,290,467
Company's possession of its own shares, end of period	26,299	26,299
Return on equity, %	9.3	6.1
Return on investment, %	8.0	7.0
Equity ratio,%	43.7	57.8
Net gearing,%	72.9	5.0

*) In line with IFRS standards, the MEUR 15 (31 December 2014: MEUR 15) hybrid bond has been included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the review period has been deducted when calculating earnings per share.

Board's proposal for distribution of profit

CapMan Plc's policy is to distribute at least 60% of earnings per share as dividends. CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 16 March 2016 that a dividend of EUR 0.07 per share will be paid to shareholders, equivalent to a total of approx. MEUR 6.0. A dividend of EUR 0.06 per share, totalling MEUR 5.2, was paid for 2014. CapMan Plc's distributable assets amounted to MEUR 39.3 on 31 December 2015 (MEUR 34.2 on 31 December 2014).

Capital under management as of 31 December 2015, fundraising status and service business during the year

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.

Capital under management was MEUR 2,805.3 as of 31 December 2015 (31 December 2014: MEUR 2,955.7). The amount decreased due to exits completed in 2015. Of the total capital under management, MEUR 1,341.1 (MEUR 1,466.3) was held in funds making investments in portfolio

companies and MEUR 1,464.2 (MEUR 1,489.4) in real estate funds.

CapMan's newest Credit fund targets first closing in the first half of 2016.

CapMan's Fund Advisory team became Scala Fund Advisory in early 2016. Scala offers private equity fundraising and advisory services for private equity fund managers and institutional investors globally. Scala has several external mandates, which have generated advisory fees in 2015. Scala is an independent partnership part of CapMan Group.

CaPS develops its member companies' purchasing activities. The purchasing scheme has continued growing in 2015 and the member companies employ a total of 50,000 people with a combined turnover of BEUR 10. We expect the fees generated by CaPS to continue growing through geographic expansion as well as new members and purchasing categories.

CapMan has also stated monetising services related to fund management. The stringent regulatory environment creates possibilities for established companies like CapMan with sufficient know-how and resources to offer services related to among others fund establishment, fund management and valuation to smaller players in the industry.

CapMan's various service offerings have significant growth potential and are expected to increase CapMan's fee income in the long term.

CapMan Plc's Board of Directors and Management Group

The members of CapMan Plc's Board of Directors as of the end of 2015 were Karri Kaitue (Chairman), Nora Kerppola (Vice Chairman), Koen Dejonckheere, Claes de Neergaard and Ari Tolppanen.

The members of CapMan Plc's Management Group as of the end of 2014 were CEO Heikki Westerlund, CFO Niko Haavisto, Head of Business Development and IR Jerome Bouix, Head of CapMan Buyout Markus Sjöholm, Head of CapMan Russia Hans Christian Dall Nygård and Head of CapMan Real Estate Mika Matikainen.

Authorisations given to the Board by the AGM

The AGM authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's B shares. The number of B shares concerned shall not exceed 8,000,000, and the authorisation shall remain in force until the end of the following AGM and 30 June 2016 at the latest. The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 15,000,000 B shares and the authorization shall remain in force until the end of the following AGM and 30 June 2016 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 18 March 2015.

Personnel

CapMan employed a total of 101 people as of 31 December 2015 (31 December 2014: 106), of whom 67 (68) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Notes to the Financial Statements in [Section 4. Employee benefit expenses](#).

Shares and share capital

There were no changes in CapMan Plc's share capital in 2015. Share capital totalled EUR 771,586.98 as of 31 December 2015. The number of B shares was 80,566,766 and that of A shares 5,750,000 as of 31 December 2015.

B shares entitle holders to one vote per share and A shares to 10 votes per share. A shares entitled holders to 41.65% of the company's voting rights and B shares to 58.35%. 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 shareholding

The number of CapMan Plc shareholders decreased by 2% from 2014 and totalled 6,660 as of 31 December 2015 (31 December 2014: 6,816).

CapMan did not issue any flagging related to transactions during the financial year.

As of 31 December 2015, the members of the Board of Directors and the CEO held a total of 10,006,950 A and B shares either directly or through companies they control, representing 11.59% of CapMan Plc's shares and 29.71% of voting rights. The Chairman of the Board of Directors and the CEO also held a total of 1,200,000 2013A, 2013B and 2013C options as of the end of the year, entitling them to subscribe to an equivalent number of B shares, representing 1.4% of CapMan Plc's shares and 0.9% 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 2015, 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. The market value of own shares held by CapMan was

EUR 26,299 as of 31 December 2015 (31 December 2014: EUR 21,828). No changes occurred in the number of own shares held by CapMan Plc during the review period.

Compensation schemes

CapMan's compensation scheme consists of short-term and long-term compensation schemes.

The short-term scheme covers all CapMan employees and its central objective is earnings per share, for which the Board of Directors has set a minimum target. Short-term bonuses for investment teams are based on the result of the Management Company business for their respective investment partnership, and the minimum level of earnings per share provides the basis for receiving bonuses.

The long-term scheme consists of carried interest payable to investment teams and stock option programmes for CapMan's key personnel. The carried interest payable to investment teams is based on the success of investments made in the corresponding funds. This arrangement is in line with international industry practice. At the end of the reporting period, CapMan Plc had one stock option programme – Option Programme 2013 – in place as part of its incentive and commitment arrangements for key personnel. The Board of Directors decides annually on the distribution of stock options to the key personnel employed or recruited by the Group.

The maximum number of stock options issued under Option Programme 2013 will be 4,230,000, which will carry an entitlement to subscribe to a maximum of 4,230,000 new B shares. The programme is divided into A, B, and C series, each of which covers a maximum of 1,410,000 option entitlements. The share subscription price of the 2013A options is EUR 0.82 (the trade volume-weighted average quotation of the share during 1 April–31 May 2013 with an addition of 10%), that of the 2013B options is EUR 1.10 (the trade volume-weighted average quotation of the share during 1 April–31 May 2014 with an addition of 10%), and that of the 2013C options is EUR 1.12 (the trade volume-weighted average quotation of the share during 1 April–31 May 2015 with an addition of 10%). The subscription period for 2013A options will begin on 1 May 2016, that for 2013B options on 1 May 2017, and that for 2013C

options on 1 May 2018. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. A total of 1,225,000 stock option entitlements under the Option Programme 2013A, a total of 1,208,334 stock option entitlements under the Option Programme 2013B and a total of 1,257,291 stock option entitlements under the Option Programme 2013C had been allocated by 31 December 2015.

The terms of the option programmes can be found on CapMan's website at www.capman.com/capman-group/shares-and-shareholders/stock-option-programs.

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 Financial Statements in [Section 29. Share-based payments](#).

Trading and market capitalisation

CapMan Plc's B shares closed at EUR 1.00 on 31 December 2015 (31 December 2014: EUR 0.83). The trade-weighted average price during the year was EUR 1.00 (EUR 1.04). The highest price paid was EUR 1.09 (EUR 1.23) and the lowest EUR 0.83 (EUR 0.80). The number of CapMan Plc B shares traded totalled 13.7 million (19.6 million), valued at MEUR 13.8 (MEUR 20.4).

The market capitalisation of CapMan Plc B shares as of 31 December 2015 was MEUR 80.6 (31 December 2014: MEUR 66.5). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 86.3 (MEUR 71.2).

Decisions taken by the Annual General Meeting for 2015 and organising meeting held by the Board of Directors

The decisions have been described in detail in two stock exchange releases published on 18 March 2015.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2016

CapMan Group's Financial Statements and the Report of the Board of Directors for 2015 will be published as part of the company's Annual Report for 2015 in February 2016 during week 8. CapMan Plc's 2016 Annual General Meeting will be held on Wednesday 16 March 2016 at 10:00 am in Helsinki. The Notice to the Annual General Meeting and other proposals of the Board of Directors to the Annual General Meeting are published by 24 February the latest. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on [CapMan's website](#) by 24 February 2016 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 Annual Report for 2015 during week 8 and will be available on the [company's website](#) by 24 February 2016 at the latest.

Other significant events in 2015

The CapMan Mezzanine V fund completed a mezzanine investment in Lumene in December, which resulted in the fund transferring to the value creation and exit phase.

In September, CapMan's former portfolio company Inflight Service repaid a vendor loan that had been granted by the exiting funds managed by CapMan. The result impact of the repayment for CapMan's result for 2015 was MEUR 1.2 in carried interest income (net). The impact on CapMan's cash flow was MEUR 1.9.

Funds managed by CapMan completed the sale of their ownership in Cederroth Intressenter AB in August. The transaction contributed MEUR 8 to CapMan Group's 2015 cash flow.

In July, funds managed by CapMan sold their holdings in Silex Microsystems AB, an independent MEMS (Micro Electro Mechanical Systems) foundry. The transaction had a positive impact on CapMan Group's result for the second quarter of 2015

through a total of approx. MEUR 1.5 in carried interest income (net) and fair value changes. The cash flow contribution of the transaction was MEUR 2.

In May, CapMan announced its acquisition of 4.4 million shares in Norvestia Plc from Kaupthing h.f. The acquired shares represent a total of 28.7% of all shares and votes outstanding in Norvestia. Norvestia became an associated company of CapMan as a result of the transaction.

In March, CapMan updated its financial objectives. CapMan's target for return on equity is over 20% p.a. (previously over 20% p.a.) and the target for equity ratio is 45–60% (previously at least 60%). According to CapMan's new dividend policy, the dividend pay-out ratio is at least 60% of the earnings per share (previously at least 50% of net profit).

In January, funds managed by CapMan announced the sale of their holding in Symbio S.A., a provider of outsourced product development services. The transaction had a positive impact on CapMan Group's result for 2015 through approx. MEUR 1 of carried interest income from the exiting funds. The transaction contributed some EUR 1.2 million to CapMan Group's 2015 cash flow.

Events after the end of the financial year

All portfolio companies of CapMan Public Market fund have been sold as of January. CapMan receives carried interest income of MEUR 1.2 from the fund in 2016.

CapMan's Fund Advisory team became Scala Fund Advisory in January 2016. Scala offers private equity advisory services globally to private equity fund managers and institutional investors in the asset class. Scala is an independent partnership of CapMan.

Significant risks and short-term uncertainties

Economic development in CapMan's key markets and structural changes in industries central to CapMan's portfolio companies may affect CapMan's operations by delaying exits and reducing the fair value of the Group's fund investments. Fluctuations in exchange rates could also affect the valuation of CapMan's portfolio companies.

The stock market development and the valuation of growth equity investments affect CapMan's valuation of its associated company Norvestia.

The market situation may also impact fundraising conditions by reducing fund investors' willingness and ability to make new commitments to CapMan's funds. Fundraising markets are expected to remain crowded over the short term. A successful fundraising effort will impact the total amount of capital under management, hence resulting in new management fees.

The projections related to the profitability of the Management Company and Services business involve uncertainty especially related to the timing of exits. Due to limitations in forecasting the timing of carried interest and the change in fair value developments, providing financial guidance remains challenging over the short term. The timing of fees from fund advisory activities are difficult to predict due to the nature of the business.

The CapMan Real Estate I fund transferred into carry in 2007. Of the MEUR 27.4 carried interest paid in 2007, part 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. The remaining accrual of MEUR 5.2 in CapMan's balance sheet, including the minority owners' share, is estimated to be adequate to cover the possible return of carried interest, given that the exit plans materialise.

The company's financing agreements include financing covenants, which, if breached, may result in increased financing costs for the company or stipulate partial or full repayment of outstanding bank loans.

The EU's regulatory initiatives (e.g. Basel III and Solvency II) may limit the ability of European banks and insurance companies to invest in private equity funds, and could therefore impact CapMan's fundraising activity. The increased complexity of the regulatory environment pertaining to Alternative Investment Funds and their managers, and the

heavier reporting obligations may lead to higher expenses related to fund management.

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 31. Financial risk management](#), and in the company's Corporate Governance Statement.

Business environment

There is widespread interest in alternative investments and the capital allocated to the asset class has increased significantly in the last few years.¹ The low interest rate environment and uncertainty pertaining to the cyclicity of the stock market drive investors to look for alternative returns. Generous distributions from private equity funds compared to capital calls enable new private equity investments for institutional investors and encourage additional growth of the asset class in the medium term.

The global fundraising for private equity funds has remained strong and the competition for capital between funds is intense. The year 2015 saw the establishment of larger, but fewer, funds compared to previous years. Fundraising activity in Europe has slowed down somewhat, reflecting large pools of dry powder available in the market.²

The holding periods of Buyout funds have shortened in 2015 after six years of lengthening. Shorter holding periods are a testament to good exit conditions³ and there was a record number of private equity-backed IPOs in the Nordic countries in 2015.⁴ M&A activity slowed down in the Nordic countries in the second half of the year as market volatility increased.⁵ The competition for interesting acquisition targets is intense and the ability to add value is increasingly important. Growth investment through minority stakes has become increasingly popular. Denmark and Sweden are the most popular Nordic regions to invest in.

The transaction volume in the Swedish property market totalled EUR 13.4 billion, which is 7% less than what was recorded in 2014. In Denmark real

¹ Preqin Private Equity Spotlight December 2015

² Preqin Fundraising Update 2015

³ Preqin Private Equity Spotlight December 2015

⁴ ArgentumNordic Private Equity Report H1 2015

⁵ Unquote Annual Buyout Review 2015

estate turnover amounted to EUR 4.3 billion in 2015 corresponding a 5% year-over-year increase. The total value of transactions in the Finnish property market increased by 50% from 2014 amounting to EUR 5.5 billion in 2015.⁶

Although the transaction activity in the Swedish property market declined from the previous year, the 2015 volume was still well above the long-term average of approximately EUR 10 billion and yields remained on a record low level. In addition, the amount of portfolio transactions increased for the sixth year in a row mirroring the state of the Swedish investment market. The market activity remained robust also in Denmark, and yields compressed further in the prime property segment. The price growth and investment activity in Denmark can be largely attributed to the increased investment appetite from foreign investors who have acquired sizable assets and portfolios in recent quarters. Due to the challenging macro-economic situation in Finland, capital flows targeted mainly prime assets in the capital region. Also well-located secondary properties featuring defensive characteristics gained some traction among investors, but the demand for pure value-add properties is still very limited.⁷

In Sweden the macro economy is performing relatively well and prime rents grew firmly through 2015 reaching a record high level at the year-end. The CBD vacancy was almost non-existent supporting the positive rent development. The occupier demand continued strong also in secondary locations causing rents to increase from the previous year. In Denmark both office and retail rents increased modestly in 2015 supported by the gradually improving Danish economy. Also residential rents and prices continued on the growth path demonstrating the strong market fundamentals of the Greater Copenhagen residential market. The no-growth environment has affected the occupancy market in Finland. Office rents dropped slightly in the CBD year-over-year while in the secondary locations rents remained largely unchanged, but vacancy rates increased. While the

office sector has been hurt by the lack of growth industries and many lay-offs materialized both in the private and public sector, the retail sector continues to be negatively affected by low consumer confidence, increased unemployment, and low wage growth.⁸

Regulation in the banking sector and limited access to financing has increased interest in alternative debt financing for mid-sized enterprises and the demand for alternative debt is growing in Europe.⁹ Commitments to alternative debt funds investing in Europe reached record levels in 2015.¹⁰

After a significant downturn in the first half of 2015, the Russian economy has demonstrated some signs of stabilisation. A broad-based pick-up in the economic activity is unlikely in the coming months as the country's GDP is expected to contract further in 2016.¹¹ The economic situation has not yet had a material impact on CapMan Russia's portfolio companies apart from the fluctuation in euro-rouble exchange rate and the team is actively exploring attractive investment opportunities by taking advantage of the decreased competition in the market and attractive valuations, among others. Non-strategic sectors serving Russia's expanding middle class such as IT, B2B services, and healthcare that are the investment focus of CapMan Russia are still expected to continue their growth.

Outlook for 2016

CapMan has updated its guidance policy. In line with the new policy, CapMan typically provides general descriptive statements related to the general outlook of its business and its sources of income in lieu of estimates. CapMan's full disclosure policy is available here: <http://www.capman.com/capman-group/governance/disclosure>.

The Management Company and Services business is profitable before carried interest income and any possible non-recurring expenses related to acquisitions or larger development projects. CapMan expects fees from services to continue growing and

⁶ CBRE Investment Market View Q4 2015 / KTI

⁷ CBRE Investment Market View Q4 2015 / KTI / CapMan Real Estate

⁸ Newsec (Datscha), KTI, Sadolin & Albaek December 2015

⁹ Preqin Private Debt Outlook Q4 2015

¹⁰ Preqin Fundraising Update 2015

¹¹ Focus Economics January 2016

to constitute a larger share of overall fee income in 2016 compared to 2015.

A significant component contributing to CapMan's result is carried interest income. CapMan receives carried interest income from funds as a result of a completed exit in the event that the fund already is in carry or will enter carry due to the exit. The current portfolio holds several investments, which are in exit process, although the exact timing of such exits may fluctuate.

The fair value development of CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors

outside of CapMan's control influence fair value development in addition to company and real estate specific development, and the fair value development of the overall portfolio depends on the interplay of these factors. For a future outlook on Norvestia, CapMan refers to the assessment published by Norvestia in its own reports. As a consequence, CapMan refrains from providing projections related to the fair value development of its investments.

CapMan Plc

Board of Directors

Group Statement of Comprehensive Income (IFRS)

€ ('000)	Note	1.1.-31.12.2015	1.1.-31.12.2014
Turnover	2	31,767	39,475
Other operating income	3	314	226
Employee benefit expenses	4	-17,066	-17,804
Depreciation	5	-322	-394
Other operating expenses	6	-10,574	-11,975
Fair value gains/losses of investments	7	5,152	-3,211
Operating profit		9,271	6,317
Finance income	9	121	417
Finance costs	9	-2,996	-1,829
Share of the income of investments accounted for using the equity method	10	53	40
Profit before taxes		6,449	4,945
Income taxes	11	-395	-980
Profit for the financial year		6,054	3,965
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation difference		-41	11
Total comprehensive income		6,013	3,976
Profit attributable to:			
Equity holders of the Company		6,054	3,965
Total comprehensive income attributable to:			
Equity holders of the Company		6,013	3,976
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	5.9	3.4
Earnings per share (diluted), cents	12	5.8	3.4

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

€ ('000)	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Tangible assets	13	189	236
Goodwill	14	6,204	6,204
Other intangible assets	15	487	756
Investments accounted for using the equity method	16	95	42
Investments at fair value through profit and loss	17		
Investments in funds		47,249	55,258
Other financial assets		48,784	121
Investments in joint ventures		7,651	9,014
Receivables	18	6,062	3,250
Deferred tax assets	19	4,400	4,097
		121,121	78,978
Current assets			
Trade and other receivables	20	6,637	5,959
Other financial assets at fair value	21	306	319
Cash and bank	22	21,576	28,650
		28,519	34,928
Total assets		149,640	113,906
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders			
	23		
Share capital		772	772
Share premium account		38,968	38,968
Other reserves		27,397	27,175
Translation difference		96	137
Retained earnings		-2,048	-1,485
Total equity		65,185	65,567
Non-current liabilities			
Deferred tax liabilities	19	1,958	1,976
Interest-bearing loans and borrowings	24	69,389	27,247
		71,347	29,223
Current liabilities			
Trade and other payables	25	13,108	13,734
Interest-bearing loans and borrowings	26	0	5,000
Current income tax liabilities		0	382
		13,108	19,116
Total liabilities		84,455	48,339
Total equity and liabilities		149,640	113,906

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

€ ('000)	Attributable to the equity holders of the Company						
	Note	Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total
Equity on 1 January 2014		772	38,968	26,107	126	-1,112	64,861
Profit for the year						3,965	3,965
Other comprehensive income for the year							
Translation differences					11		11
Total comprehensive					11	3,965	3,976
Share issues				934			934
Options				134		44	178
Dividends						-3,452	-3,452
Hybrid bond, interest (net of tax)						-960	-960
Total contributions by and distributions to owners of the parent, recognised directly in equity				1,068		-4,368	-3,300
Other changes						30	30
Equity on 31 December 2014	23	772	38,968	27,175	137	-1,485	65,567
Profit for the year						6,054	6,054
Other comprehensive income for the year							
Translation differences					-41		-41
Total comprehensive					-41	6,054	6,013
Options				222		25	247
Dividends						-5,177	-5,177
Hybrid bond, interest (net of tax)						-960	-960
Total contributions by and distributions to owners of the parent, recognised directly in equity				222		-6,112	-5,890
Other changes						-505	-505
Equity on 31 December 2015	23	772	38,968	27,397	96	-2,048	65,185

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

€ ('000)	Note	1.1.-31.12.2015	1.1.-31.12.2014
Cash flow from operations			
Profit for the financial year		6,054	3,965
Adjustments on cash flow statement	7	2,996	9,439
Change in working capital:			
Change in current non-interest-bearing receivables		-1,383	-663
Change in current trade payables and other non-interest-bearing liabilities		-1,926	2,392
Interest paid		-4,317	-2,843
Interest received		0	176
Taxes paid		-852	-784
Cash flow from operations		572	11,682
Cash flow from investing activities			
Investments in tangible and intangible assets		-6	-62
Investments at fair value through profit and loss		-37,771	2,615
Long-term loan receivables granted		-2,095	-2,569
Receivables from long-term receivables		12	1,938
Dividends received		27	167
Interest received		222	0
Cash flow from investing activities		-39,611	2,089
Cash flow from financing activities			
Share issue		0	934
Proceeds from borrowings	24	63,900	9,989
Repayment of long-term loan		-26,758	-9,596
Dividends paid		-5,177	-3,452
Cash flow from financing activities		31,965	-2,125
Change in cash and cash equivalents		-7,074	11,646
Cash and cash equivalents at start of year		28,650	17,004
Cash and cash equivalents at end of year	22	21,576	28,650

The Notes are an integral part of the Financial Statements.

Notes to the Consolidated Financial Statements

GROUP INFORMATION

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

The parent company of the Group is CapMan Plc and is domiciled in Helsinki, with a registered office address at 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 2015 have been approved for publication by CapMan Plc's Board of Directors on 3 February 2016. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements for 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as applied in the European Union. The appendices to the Consolidated Financial Statements have been prepared in accordance with Finnish accounting standards as and where they supplement IFRS requirements.

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

The Consolidated Financial Statements have been prepared under the historical cost convention, with the exception of available-for-sale financial assets and financial assets and financial liabilities and derivative instruments through profit or loss, which have valued at fair value.

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

Forthcoming requirements of IFRS Standards, interpretations and amendments

IFRS 9, Financial instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. The Group will assess the impact of the standard.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The Group will assess the impact of the standard.

There are no other IFRSs or IFRIC interpretations already published but not yet effective that would be expected to have a material impact on the Group's financial statements.

Consolidation principles

As CapMan has determined it meets the definition of an investment entity, its subsidiaries are classified either as operating subsidiaries, that are considered to be an extension of the Parent's operations, and as such, they are consolidated or investment entity subsidiaries, that are fair valued through profit and loss. The types of subsidiaries and their treatment in CapMan's consolidated accounts are as follows:

- Subsidiaries, that provide fund management services (fund managers) are considered to be an extension of the Parent's business and as such, they are consolidated ;
- Subsidiaries, that provide fund management services (fund managers) and which also hold direct investments in the funds are consolidated and the investments in the funds are fair valued through profit and loss;
- Subsidiaries, that provide fund investment advisory services (advisors) are considered to be an extension of the Parent's business and as such, they are consolidated;
- Investment entity subsidiaries (CapMan Fund Investments SICAV-SIF), through which CapMan makes its own investments, are fair valued through profit and loss.

Significant judgment applied by management in the preparation of the consolidated financial statements – investment entity basis

Management has determined that CapMan qualifies as an investment entity as defined by IFRS 10 through the fulfillment of the investment entity criteria. CapMan's business purpose is to obtain capital from investors to its closed-end private equity funds and to provide investment management services to those funds to gain both capital appreciation and investment income. Further,

CapMan obtains funds from many external investors for investment purposes. Documented exit strategies exist for each fund's portfolio investments. Each fund's portfolio investments and the real estate investments are fair valued and such fair value information is provided both to the fund investors on reporting date and also for CapMan's internal management reporting purposes. In addition, management has assessed that the following characteristics further support investment entity categorization: CapMan holds several investments itself in the funds, investments in the funds are held by several investors, the investors are not related parties and the investments are held mostly in form of equity.

Significant judgment applied by management in the preparation of the consolidated financial statements – control over funds

One of the most significant judgments management made in preparing the Company's consolidated financial statements under the new guidance was the determination that Company does not have control over the funds under its management. Control is presumed to exist when a parent has power over the investee, has exposure to variable returns from the fund and is able to use its power to affect the level of returns.

CapMan manages the funds against management fee received from the investors on the basis of the investment management mandate negotiated with the investors and it also makes direct investments in the funds under its management. Accordingly, it was required to determine, whether it is acting primarily as a principal or as an agent in exercising its power over the funds.

In the investment management mandate the investors have set detailed instructions in all circumstances relating to the management of the fund limiting the actual influence of the general partner at very low. CapMan's direct investment (typically between of 1% to 5%) in the funds and thus the share of the variability of the returns compared with the other investors is relatively small. As an investor in the fund CapMan has no representation nor voting rights as it has been specifically excluded in the investment management mandate

Therefore, management has concluded that despite it from formal perspective exercises power over the funds by controlling the general partner of the fund, its actual operational ability is limited in the investment management mandate in a manner that the general partner is considers to act as an agent. Furthermore CapMan's exposure to variable returns from the fund and its power to affect the level of returns is very low for the reasons described above. Thus, CapMan has determined that it does not does not have control over the funds under its management

Subsidiaries

Intra-Group share ownership has been eliminated using the purchase method. All intercompany transactions are eliminated in the Consolidated Financial Statements. Profit and loss, together with all other comprehensive income-related items, are booked to the owners of the parent company or owners not holding a controlling interest in the companies concerned. Non-controlling interests are presented in the Consolidated Balance Sheet under equity separately from equity attributable to the owners of the parent company.

Subsidiaries and businesses acquired during the year are consolidated from the date on which the Group acquires a controlling interest, and in the case of companies and businesses divested by the Group during the financial year up to the date on which CapMan's controlling interest expires.

Associates

An associated company is an entity in which the Group has significant influence but does not hold a controlling interest. This is generally defined as existing when the Group holds, either directly or indirectly, more than 20% of a company's voting rights. Associated companies have been consolidated in accordance with the equity method. Under this, the investment in an associated company 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 value. If the Group's share of the loss incurred by an associated company exceeds the book value of its investment, the investment is booked at zero in the balance sheet, and losses exceeding book value are not combined

unless the Group is committed to meeting the obligations of the company concerned. The Group's share of the profit recorded by an associated company during the financial year in accordance with its holding in the company is presented as a separate item in the income statement after operating profit.

Joint venture

CapMan has assessed the nature of its investment in Maneq Luxembourg S.a.r.l. and classified it as joint venture since based on contractual agreement, CapMan has right to net assets of the arrangement. In addition to the equity investment, CapMan holds a loan receivable from the company. As an investment entity CapMan measures its investment in the joint venture at fair value through profit and loss. In the balance sheet, the investment is presented as part of Investments at fair value through profit and loss as a separate line item "Investments in joint ventures". Changes in the fair value of the investment are recognized in the group statement of comprehensive income in line item "Fair value changes of investments".

Segment reporting

Operating segments are reported in accordance with internal reporting presented to senior management. The latter is responsible for allocating resources to operating segments and evaluating their performance and is defined as the Group's Management Group, which is responsible for taking strategic decisions affecting CapMan.

Translation differences

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 on 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 that use a functional currency other than 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, which are:

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

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

Intangible assets

Goodwill

Goodwill acquired in a business merger is booked as the sum paid for a holding, the holding held by owners with a non-controlling interest, and the holding previously owned that, when combined, exceeds the fair value of the net assets of the acquisition. Write-offs are not made against goodwill, and possible impairment of goodwill is tested annually. Goodwill is measured as the original acquisition cost less accumulated impairment. The goodwill acquired during a merger is booked against the units or groups of units responsible for

generating the cash flow used for testing impairment. Every unit or group of units for which goodwill is booked represents the lowest level of the organisation at which goodwill is monitored internally for management purposes. Goodwill is monitored at operating segment level.

Other 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 if it is probable that the future economic benefits attributable to the asset will flow to the Group.

Agreements and trademarks acquired in business mergers are booked at fair value at the time of acquisition. As they have a limited life, they are booked in the balance sheet at acquisition cost minus accumulated write-offs. IT systems are expensed on the basis of the costs associated with acquiring and installing the software concerned. Depreciation is spread across the financial life of the relevant software licences. Impairment is tested whenever there is an indication that the book value of intangible assets may exceed the recoverable amount of these assets.

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 their value may be impaired on each balance sheet date. If such indication is found to 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. 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 an 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 cannot exceed 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 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 are 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 the Group. Financial assets are classified as short-term if they have been acquired for trading purposes or fall due within 12 months.

Fair value through profit and loss class comprises of financial assets that are acquired as held for trading or classified as fair value through profit and loss at initial recognition. This class includes fund investments, other investments and investments in joint ventures.

Fund investments of the group, that are managed and performance of which is monitored based on fair values, are classified in the category. Fair value information is provided quarterly to Company's management and to other investors in the investment funds management by CapMan. The valuation of CapMan's funds' investment is based on International Private Equity and Venture Capital Valuation Guidelines (IPEVG).

Other investments comprise mainly the investment in CapMan's associate company Norvestia Oyj. Since CapMan is an investment entity, it has chosen to fair value its investments in associates and joint ventures instead of applying the equity method in them and therefore measures the investment in Norvestia Oyj at fair value through profit and loss. The fair value of the Norvestia investment is based on the adjusted NAV reported by Norvestia Oyj. CapMan makes no adjustments to Norvestia's reported figures.

The investments in joint ventures mainly consists of investment in Maneq Luxembourg S.a.r.l. As an investment entity, CapMan measures its investments at fair value through profit and loss. The investment is made through several separate instruments and their values are co-dependent. The investment is based on discounted cash flows, nevertheless so that any potential value increase is booked only when it is realized.

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

months after the end of the reporting period. These are classified as non-current assets.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities largely consist of loans from financial institutions and interest options used for hedging the interest rates of the Group's interest-bearing debts. Financial liabilities are initially recognised at fair value. Transaction costs are reported in the initial book value of the financial liability. Financial liabilities are subsequently carried at amortized cost using the effective interest method. Financial liabilities are reported in non-current and current liabilities.

Equity

At the end of the year 2013 CapMan issued a €15 million hybrid bond and redeemed its €29 million hybrid bond, which was issued on December 2008.

The hybrid bond has been treated as equity in the Group's financial statements under IFRS. The hybrid bond has no maturity, but CapMan has the right to call it four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions. The interest on the hybrid bond is deducted from equity as interest is paid, which is annually.

Dividend payment

Dividend payment covers the dividend decided on by the Annual General Meeting. The dividend proposed to the Annual General Meeting by the Board of Directors is not subtracted from distributable funds until approved by the Annual General Meeting.

Leases

All 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. The CapMan Group does not act as a lessor.

Provisions

Provisions are recognised in the balance sheet when the Group has a current 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.

The Group's provisions are evaluated on the closing date and are adjusted to match the best estimate of their size on the day in question. Changes are booked in the same entry in the income statement as the original provision.

Employee benefits

Pension obligations

The defined contribution pension plan is a pension plan in accordance with the local regulations and practices of its business domiciles. Payments made to these plans are charged to the income statement in the financial period to which they relate. Pension cover has been arranged through insurance policies provided by external pension institutions.

Share-based payments

The fair value of stock options is assessed on the date they are granted and are expensed in equal instalments in the income statement over the vesting period of the rights concerned. An evaluation of how many options will generate an entitlement to shares is made at the end of every reporting period. Fair value is determined using the Black-Scholes pricing model. The terms of the stock option programs are presented in [Section 29. Share-based payments](#).

Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits from business activities 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 funds have exited a portfolio company (closing). An exit has been closed when approval has been received from the relevant 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 whether revenue recognition criteria have been fulfilled. Clawback risk relates to a situation when, in conjunction with the liquidation of a fund, it is recognised that the General Partner has received more carried interest than agreed in the fund agreement. These situations can occur, for example, if there are 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.

Fees

As a fund manager, CapMan receives management fees during a fund's entire period of operations. This fee is typically based on the fund's original size during its investment period, which is usually five years. Thereafter the fee is typically based on the acquisition cost of the fund's remaining portfolio.

Annual management fees are usually 0.5-2.0% of a fund's total commitments, depending whether the fund is a real estate fund, a mezzanine fund, or an equity fund. In the case of real estate funds, management fees are also paid on committed debt capital. The average management fee percentage paid by CapMan-managed funds is approx. 1%.

CapMan services business includes fund advisory and fund management services to external funds and fees from CapMan Purchasing services (CaPS). Sales

of services are recognized in the accounting period services are rendered.

Carried interest income

Carried interest refers to the distribution of the profits of a successful private equity fund among fund investors and the fund manager responsible for the fund's investment activities. In practice, carried interest means a share of a fund's cash flow received by the fund manager after the fund has transferred to carry.

The recipients of carried interest in the private equity industry are typically the investment professionals responsible for a fund's investment activities. In CapMan's case, carried interest is split between CapMan Plc and funds' investment teams. The table of funds published in CapMan's interim reports details CapMan Plc's share of a fund's cash flow if it is in carry.

CapMan applies a principle where funds transfer to carry and carried interest income are based on realised cash flows, not on a calculated and as yet unrealised return. As the level of carried interest income varies, depending on the timing of exits and the stage at which funds are in their life cycle, predicting future levels of carried interest is difficult.

To transfer to carry, a fund must return its paid-in capital to investors and pay a preferential annual return on this. The preferential annual return is known as a hurdle rate, which is regularly set at 8% IRR p.a. When a fund has transferred to carry, the remainder of its cash flows is distributed between investors and the fund manager. Investors typically receive 80% of the cash flows and the fund manager 20%. When a fund is generating carried interest, the fund manager receives carried interest income from all of the fund's cash flows, even if an exit is made at below the original acquisition cost.

Potential repayment risk to the funds (clawback)

Potential repayment risk to the funds (clawback) is estimated by management at balance sheet date in the consolidated financial statements and quarterly results. The management estimate includes significant estimates relating to investment exit timing, exit probability and realizable fair value. The Clawback is measured estimating a weighted average

of all possible outcomes (the "expected value" method). The clawback is an adjustment to the related revenue recognized and is presented in short-term accruals in the consolidated balance sheet.

Income taxes

Tax expenses in the consolidated income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes are booked in the income statement unless they relate to other areas of comprehensive income or directly to items booked as equity. In these cases, taxes are booked to either other comprehensive income or directly to equity. 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 enacted by the balance sheet date and that are expected to apply when the related deferred tax is realised.

One-off items

In the analysis on financial performance, items that are material either because of their size or their nature, or that are non-recurring are considered one-off items. Such items are e.g. impairment losses, restructuring expenses or severance pay, and major capital gains and losses on disposals.

Use of estimates

The preparation of the financial statements in conformity with IFRS standards requires Group

management to make estimates and assumptions in applying CapMan's 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 a substantial impact on the Group's operating result. Estimates and assumptions have been used in assessing the impairment of goodwill, the fair value of fund investments, the impairment testing of intangible and tangible assets, in determining useful economic lives, and in reporting deferred taxes, among others.

Valuation of fund investments

The determination of the 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 an 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.

Fair value measurement of other investments

Other investments comprise mainly of investment in CapMan's associate company, Norvestia Oyj. The investment in the associate company is measured at fair value through profit and loss, since CapMan has been classified as an investment entity as defined in IFRS 10. The fair value of the Norvestia investment in CapMan's group balance sheet is based on the

adjusted NAV as communicated in Norvestia's stock exchange releases. Management has used judgement in assessing that the adjusted NAV reported by Norvestia Oyj represents the best available estimate of the fair value of Norvestia Oyj.

Fair value measurement of the investment in the joint venture

The investments in joint ventures mainly consists of investment in Maneq Luxembourg S.a.r.l. As an investment entity, CapMan measures its investments at fair value through profit and loss. The investment is based on discounted cash flows, nevertheless so that any potential value increase is booked only when it is realized. There is no functional secondary market where the value increase based on the change in discount rates would be possible to realise for these types of investment. The investment is made through several separate instruments and their values are co-dependent. Therefore the investment has been valued as one entity. Since the fair value is not based on the quoted market value of the investment, management has used its judgement also in assessing the future cash inflows and other main variables of the valuation.

Valuation of goodwill

Impairment testing for goodwill is performed annually. The most significant management assumptions related to the recoverable amount of an asset are linked to the timing and size of new funds to be established and the accrual of potential carried interest income. The management fees received by funds are based on agreements and, for a fund's operational period of approximately ten years, yields can be predicted quite reliably. Estimates and assumptions include new funds established as part of CapMan's ongoing operations. A new fund is established at the end of an 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 and service business and Investments business.

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.

Income from the Management company and service business is derived from fees and carried interest received from funds. The fees include management fees related to CapMan's position as a fund

management company and fees from CapMan's service business comprising purchasing scheme (CaPS), fundraising advisory services and other services related to fund management.

The Investments business comprises fund investments made from CapMan's balance sheet, investments in Maneq funds and investments in associated companies. Income from the Investment business is derived from realised returns on fund investments and changes in the fair value of investments. Income from the associated companies is based on the fair value change in the companies

Operating segments

2015 € ('000)	Management company and service business			Investments	Total
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	22,933	8,834	31,767	0	31,767
Operating profit/loss	3,487	632	4,119	5,152	9,271
Profit/loss for the financial year	2,790	506	3,296	2,758	6,054
Assets	6,729	206	6,935	114,186	121,121
Total assets includes:					
Investments accounted for using the equity method	0	0	0	95	95
Investments in joint ventures	0	0	0	7,651	7,651

2014 € ('000)	Management company and service business			Investments	Total
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	28,104	11,371	39,475	0	39,475
Operating profit/loss	7,230	3,209	10,439	-4,122	6,317
Profit/loss for the financial year	5,792	2,569	8,361	-4,396	3,965
Assets	6,551	766	7,317	71,661	78,978
Total assets includes:					
Investments accounted for using the equity method	0	0	0	42	42
Investments in joint ventures	0	0	0	9,014	9,014

3. OTHER OPERATING INCOME

€ ('000)	2015	2014
Other items	314	226
Total	314	226

4. EMPLOYEE BENEFIT EXPENSES

€ ('000)	2015	2014
Salaries and wages	14,777	15,271
Pension expenses - defined contribution plans	1,710	2,285
Pension expenses - defined benefit plans	0	-299
Share-based compensation expenses	247	178
Other personnel expenses	332	369
Total	17,066	17,804

Remuneration of the management is presented in [Table 30. 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 29. Share-based payments](#).

Personnel	2015	2014
By country		
Finland	67	68
Sweden	20	23
Norway	0	1
Russia	10	10
Luxembourg	1	1
United Kingdom	3	3
In total	101	106
By team		
CapMan Private Equity	32	40
CapMan Real Estate	31	28
CapMan Platform	38	38
In total	101	106
Average number of people employed	103	106

5. DEPRECIATION

€ ('000)	2015	2014
Depreciation by asset type		
Intangible assets		
Other intangible assets	269	334
Total	269	334
Tangible assets		
Machinery and equipment	53	60
Total	53	60
Total depreciation	322	394

6. OTHER OPERATING EXPENSES

€ ('000)	2015	2014
Included in other operating expenses:		
Other personnel expenses	424	1,493
Office expenses	2,509	2,986
Travelling and entertainment	916	907
External services	4,952	4,944
Other operating expenses	1,773	1,645
Total	10,574	11,975
Audit fees		
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit fees	228	259
Tax advices	105	12
Other fees and services	74	26
Total	407	297

7. ADJUSTMENTS ON CASH FLOW STATEMENT

€ ('000)	2015	2014
Personnel expenses	247	178
Depreciation	322	394
Unrealized fair value gains/losses of investments	-790	6,431
Finance income and costs	2,875	1,496
Share of the income of investments accounted for using the equity method	-53	-40
Taxes	395	980
Total	2,996	9,439

8. FAIR VALUE GAINS/LOSSES OF INVESTMENTS

€ ('000)	2015	2014
Investments at fair value through profit and loss		
Investments in funds	814	-3,127
Other financial assets	4,394	0
Investments in joint ventures	-56	-84
Total	5,152	-3,211

9. FINANCE INCOME AND COSTS

€ ('000)	2015	2014
Finance income		
Interest income, loan receivables	103	209
Interest income, deposits	0	65
Other interest income	0	15
Exchange gains	18	128
Total	121	417
Finance costs		
Interest expenses/loans	-2,064	-1,377
Other interest and finance expenses	-838	-337
Exchange losses	-94	-115
Total	-2,996	-1,829

10. SHARE OF THE INCOME OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

€ ('000)	2015	2014
Associates	53	40
Total	53	40

11. INCOME TAXES

€ ('000)	2015	2014
Current income tax	449	562
Taxes for previous years	27	27
Deferred taxes		
Temporary differences	-81	391
Total	395	980

Income tax reconciliation

€ ('000)	2015	2014
Profit before taxes	6,449	4,945
Tax calculated at the domestic corporation tax rate of 20%	1,290	989
Effect of different tax rates outside Finland	-63	41
Tax exempt income	-1,062	-1,178
Non-deductible expenses	97	39
Deferred income tax asset of tax losses	82	853
Effect of consolidation	10	209
Taxes for previous years	41	27
Income taxes in the Group Income Statement	395	980

After completing a tax audit 2010-2011 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 has appealed the decision and submitted a request for rectification. The claim from the tax authorities is approximately MEUR 1.0 is reported in the balance sheet, other receivables. The case is as yet unresolved.

12. 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.

	2015	2014
Attributable to the equity holders of the Company, € ('000)	6,054	3,965
Interest expense on hybrid bond (net of tax)	-960	-1,010
Profit/loss used determine diluted earnings per share	5,094	2,955
Weighted average number of shares ('000)	86,317	86,164
Own shares ('000)	-26	-26
Weighted average number of shares ('000)	86,291	86,138
Effect of options ('000)	1,225	0
Weighted average number of shares adjusted for the effect of dilution ('000)	87,516	86,138
Earnings per share (basic), cents	5.9	3.4
Earnings per share (diluted), cents	5.8	3.4

13. TANGIBLE ASSETS

€ ('000)	2015	2014
Machinery and equipment		
Acquisition cost at 1 January	1,960	1,942
Additions	6	18
Acquisition cost at 31 December	1,966	1,960
Accumulated depreciation at 1 January	-1,844	-1,780
Accumulated depreciation in changes	-1	-4
Depreciation for the financial year	-52	-60
Accumulated depreciation at 31 December	-1,897	-1,844
Book value on 31 December	69	116
Other tangible assets		
Acquisition cost at 1 January	120	120
Book value on 31 December	120	120
Tangible assets total	189	236

14. GOODWILL

€ ('000)	2015	2014
Acquisition cost at 1 January	13,169	13,169
Acquisition cost at 31 December	13,169	13,169
Accumulated impairment at 1 January	-6,965	-6,965
Accumulated impairment at 31 December	-6,965	-6,965
Book value on 31 December	6,204	6,204

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 2015.

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 16.7 % (2014; 17.7 %). There is no significant country risk attached to these cash flows, as they relate to management fees received from international investors.

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.

15. OTHER INTANGIBLE ASSETS

€ ('000)	2015	2014
Acquisition cost at 1 January	5,218	5,174
Additions	0	44
Acquisition cost at 31 December	5,218	5,218
Accumulated depreciation at 1 January	-4,462	-4,127
Depreciation for the financial year	-269	-334
Translation difference	0	-1
Accumulated depreciation at 31 December	-4,731	-4,462
Book value on 31 December	487	756

Other intangible assets include the management fee agreement of €0.4 million regarding the purchase of Norum.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

€ ('000)	2015	2014
Associates	42	42
Additions / Disposals	53	0
Total	95	42

Nature of investments in associates

2015 €('000)		Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd	Jersey	48	8	188	161	33.33%
Baltic SME Management B.V.	The Netherlands	2	33	0	-9	33.33%
Total		50	41	188	152	

2014 €('000)		Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd	Jersey	7	7	160	128	33.33%
Baltic SME Management B.V.	The Netherlands	2	24	0	-13	33.33%
Total		9	31	160	115	

17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments in funds

€ ('000)	2015	2014
Investments in funds at 1 January	55,258	64,122
Additions	4,355	9,689
Disposals	-10,745	-12,149
Fair value gains/losses of investments	-1,619	-6,404
Investments in funds at 31 December	47,249	55,258
Investments in funds by investment area at the end of period	2015	2014
Buyout	21,921	30,584
Credit	3,061	2,344
Russia	3,799	3,955
Real Estate	9,751	8,000
Other investment areas	7,509	8,315
Funds of funds	1,208	2,060
Total	47,249	55,258

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of 32 045 thousands euros.

Other financial assets

€ ('000)	2015	2014
Other investments at 1 January	121	94
Additions	44,335	27
Disposals	-66	0
Fair value gains/losses of investments	4,394	0
Other investments at 31 December	48,784	121

Additions of the period include Norvestia's shares at fair value MEUR 48.7. CapMan's share represents 28.7% of Norvestia's total shares. The fair value change of the associated company is booked in CapMan's income statement based on the change in Norvestia's reported adjusted NAV / share. The associated company has been fair valued through profit and loss because CapMan has been qualified as an investment entity by IFRS 10.

Investments in joint ventures

€ ('000)	2015	2014
Investments in joint ventures at 1 January	9014	9,583
Disposals	-1307	0
Fair value gains/losses of investments	-56	-569
Investments in joint ventures at 31 December	7,651	9,014

Nature of investments in joint ventures

2015 €('000)		Assets	Liabilities	Turnover	Profit/loss	Ownership %
Maneq Investments Luxembourg S.a.r.l.	Luxembourg	9,040	4,094	0	735	18.18%
Maneq 2002 AB	Sweden	91	1	18	23	35.00%
Maneq 2004 AB	Sweden	222	4	12	26	41.90%
Yewtree Holding AB	Sweden	655	4	267	433	35.00%

2014 €('000)		Assets	Liabilities	Turnover	Profit/loss	Ownership %
Maneq Investments Luxembourg S.a.r.l.	Luxembourg	18,567	13,079	0	25	18.18%
Maneq 2002 AB	Sweden	149	1	0	-34	35.00%
Maneq 2004 AB	Sweden	196	1	3	-1	41.90%
Yewtree Holding AB	Sweden	363	2	0	3	35.00%

The Group's share of the Maneq funds is approx. MEUR 7.7, including the loan MEUR 5.6, at fair value as of 31 December 2015.

The owners of Maneq Investments Luxembourg S.a.r.l have agreements relating to the distribution of the assets and minority rights in decision making.

Team members of CapMan investment teams and other personnel have the option to invest in portfolio companies alongside CapMan via Maneq funds. CapMan has not established the new Maneq-funds after the year 2011.

CapMan has changed the presentation of investments in joint ventures. Joint ventures are accounted for in the Balance sheet as Investments at fair value through profit and loss (previously Investments accounted for using the equity method). In the Income statement investments in joint ventures are accounted for as Fair value changes of investments (previously Share of the income of investments accounted for using the equity method). The financials for the comparable period have been revised accordingly to account for the changes in presentation.

The valuation principles are presented in [Note 31. Financial risk management g\) Determining fair values](#).

18. RECEIVABLES - NON-CURRENT

€ ('000)	2015	2014
Other loan receivables	5,195	2,997
Accrued income	867	253
Total	6,062	3,250

Other loan receivables include receivables from Norum Russia Co-Investment Ltd €1.4 million, receivables from NEP Priedvidza S.a.r.l. €2.9 million, receivables from NRE Cream Oy €0.8 million and receivables from CapMan Russia Team Guernsey Ltd €0.1 million.

Accrued income includes the Placement Agent fee of €0.9 million associated with fundraising for CapMan's funds. The fee is amortised over five years.

Non-current receivables have a fair value equal to their book value.

19. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes during 2015

€ ('000):	31/12/2014	Charged to Income Statement	Charged in equity	31/12/2015
Deferred tax assets				
Accrued differences	1,257	63	0	1,320
Interest expense on hybrid bond	2,840	0	240	3,080
Total	4,097	63	240	4,400
Deferred tax liabilities				
Accrued differences	1,976	-18	0	1,958
Total	1,976	-18	0	1,958

Changes in deferred taxes during 2014

€ ('000):	31/12/2013	Charged to Income Statement	Charged in equity	31/12/2014
Deferred tax assets				
Accrued differences	1,307	-124	74	1,257
Fair value gains/losses of investments	72	0	-72	0
Employee benefits	132	0	-132	0
Interest expense on hybrid bond	2,600	0	240	2,840
Total	4,111	-124	110	4,097
Deferred tax liabilities				
Accrued differences	1,772	267	-63	1,976
Employee benefits	48	0	-48	0
Total	1,820	267	-111	1,976

20. TRADE AND OTHER RECEIVABLES

€ ('000)	2015	2014
Trade receivables	1,620	785
Loan receivables	62	175
Accrued income	2,291	2,519
Other receivables	2,664	2,480
Total	6,637	5,959

The Group has had no bad debts.

Accrued income includes mainly accrual items.

Other receivables include mainly VAT receivables and the receivables from the funds.

Trade and other receivables by currency at end of year

('000)	Amount in foreign currency	Amount in euros	proportion
EUR		5,483	83%
NOK	134	14	0%
SEK	10,205	1,111	17%
GBP	21	29	0%

21. OTHER FINANCIAL ASSETS AT FAIR VALUE

€ ('000)	2015	2014
Other financial assets at fair value	306	319
Total	306	319

Other financial assets at fair value includes shares in external investment fund companies €0.3 million.

22. CASH AND BANK

€ ('000)	2015	2014
Bank accounts	21,576	28,650
Total	21,576	28,650

Cash and bank includes bank accounts.

23. SHARE CAPITAL AND SHARES

	Number of A shares ('000)	Number of B shares ('000)	Total('000)
Movements in the number of shares:			
At 31 December 2013	5,750	79,517	85,267
Share issue	0	1,050	1,050
At 31 December 2014	5,750	80,567	86,317
At 31 December 2015	5,750	80,567	86,317

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 ordinary shares is A 156,000,000 and B 156,000,000.

All issued shares are fully paid.

	Share capital € ('000)	Share premium account € ('000)	Other reserves € ('000)	Total € ('000)
At 31 December 2013	772	38,968	26,107	65,847
Share issue	0	0	934	934
Options	0	0	134	134
At 31 December 2014	772	38,968	27,175	66,915
Options	0	0	222	222
At 31 December 2015	772	38,968	27,397	67,137

Other reserves

Unrestricted equity reserve include granted stock option subscription rights.

The stock option programs are presented in [Table 29. Share-based payments](#).

The hybrid bond is treated as equity in the Group's financial statements under IFRS. The interest on the hybrid bond is deducted from equity as interest is paid.

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

The Board of Directors will propose to the Annual General Meeting to be held on 16 March 2016 that a dividend of EUR 0.07 per share will be paid to shareholders, equivalent to a total of approx. MEUR 6.0.

A dividend of EUR 0.06 per share, total MEUR 5.2, was paid for the year 2014. The dividend was paid to the shareholders on 1 April 2015.

Redemption obligation clause

A shareholder whose share of the entire share capital or the voting rights of the Company reaches or exceeds 33.3 % or 50 % 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 2015 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 2015

Shareholding	Number of holdings	%	Number of shares	%	Number of votes	%
1 – 100	1,046	15.71%	50,178	0.06%	50,178	0.04%
101 – 1 000	2,829	42.48%	1,553,356	1.80%	1,553,356	1.13%
1 001 – 10 000	2,382	35.77%	8,379,792	9.71%	8,379,792	6.07%
10 001 – 100 000	346	5.20%	8,762,127	10.15%	9,605,877	6.96%
100 001 -	57	0.86%	67,552,604	78.26%	118,458,854	85.80%
Total	6,660	100.00%	86,298,057	99.98%	138,048,057	100.00%
Nominee registered	8		11,853,653		11,853,653	
On the book-entry register joint account			18,709	0.02%	18,709	0.01%
Total shares outstanding			86,316,766		138,066,766	

Sector	Number of holdings	%	Number of shares	%	Number of votes	%
Corporations	295	4.43%	31,045,448	35.97%	82,514,198	59.76%
Financial and insurance corporations	17	0.26%	14,275,372	16.54%	14,275,372	10.34%
Public sector institutions	7	0.11%	15,583,823	18.05%	15,583,823	11.29%
Households	6,293	94.49%	21,323,387	24.70%	21,323,387	15.44%
Non-profit organisations	28	0.42%	3,406,856	3.95%	3,406,856	2.47%
European Union	16	0.24%	660,838	0.77%	942,088	0.68%
Other countries and international organisations	4	0.06%	2,333	0.00%	2,333	0.00%
Total	6,660	100.00%	86,298,057	99.98%	138,048,057	99.99%
Nominee registered	8		11,853,653	13.73%	11,853,653	8.59%
On the book-entry register joint account			18,709	0.02%	18,709	0.01%
Total shares outstanding			86,316,766	100.00%	138,066,766	100.00%

Source: Finnish Central Securities Depository Ltd, as at 31 December 2015. Figures are based on the total number of shares 86,316,766 and total number of shareholders 6,660. 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. Largest A share shareholders are presented in the CapMan's largest shareholders as at 31 December 2015 table. CapMan Plc had 26,299 B shares as at 31 December 2015.

CapMan's largest shareholders as at 31 December 2015

	Number of A shares	Number of B share	Total number of shares	Proportion of shares %,	Number of votes	Proportion of votes, %
Ilmarinen Mutual Pension Insurance Company		7,178,500	7,178,500	8.32%	7,178,500	5.20%
OY Inventiainvest AB (Ari Tolppanen**)	2,192,296	4,832,498	7,024,794	8.14%	26,755,458	19.38%
Winsome Oy + Tuomo Raasio*	863,447	2,920,873	3,784,320	4.38%	11,555,343	8.37%
Winsome Oy	863,447	2,867,129	3,730,576	4.32%	11,501,599	8.33%
Tuomo Raasio*		53,744	53,744	0.06%	53,744	0.04%
Varma Mutual Pension Insurance Company		3,675,215	3,675,215	4.26%	3,675,215	2.66%
Joensuun Kauppa Ja Kone Oy		3,536,530	3,536,530	4.10%	3,536,530	2.56%
Vesasco Oy		3,275,158	3,275,158	3.79%	3,275,158	2.37%
Stiftelsen för Åbo Akademi		3,000,000	3,000,000	3.48%	3,000,000	2.17%
Heiwes Oy + Heikki Westerlund**	1,253,896	1,718,260	2,972,156	3.44%	14,257,220	10.33%
Heiwes Oy	1,253,896	1,440,584	2,694,480	3.12%	13,979,544	10.13%
Heikki Westerlund		277,676	277,676	0.32%	277,676	0.20%
Geldegall Oy** + Mom Invest Oy** + Olli Liitola*	1,144,984	1,367,103	2,512,087	2.91%	12,816,943	9.28%
Geldegall Oy	1,144,984	633,359	1,778,343	2.06%	12,083,199	8.75%
Mom Invest Oy		733,744	733,744	0.85%	733,744	0.53%
State Pension Fund		2,500,000	2,500,000	2.90%	2,500,000	1.81%
Sijoitusrahasto Taaleritehdas Arvo Markka Osake		1,861,019	1,861,019	2.16%	1,861,019	1.35%
Sijoitusrahasto Taaleritehdas Mikro Markka		1,467,294	1,467,294	1.70%	1,467,294	1.06%
Eläkekassa Verso		1,150,000	1,150,000	1.27%	1,150,000	0.83%
Guarneri Oy + Petri Saavalainen*	201,627	809,302	1,010,929	1.17%	2,825,572	2.05%
Guarneri Oy	201,627	494,414	696,041	0.81%	2,510,684	1.82%
Petri Saavalainen		314,888	314,888	0.36%	314,888	0.23%
Apteekkien Eläkekassa		1,000,000	1,000,000	1.16%	1,000,000	0.72%
Icecapital Pankkiiriliike Oy		903,124	903,124	1.05%	903,124	0.65%
Pakarinen Janne		597,111	597,111	0.70%	597,111	0.43%
Mandatum Life		591,000	591,000	0.65%	591,000	0.43%
Nordea Henkivakuutus Suomi Oy		500,000	500,000	0.60%	500,000	0.36%
Stadigh Kari Henrik		476,959	476,959	0.55%	476,959	0.35%
Total	5,656,250	43,359,946	49,016,196	56.79%	99,922,446	72.37%
Nominee registered***		11,853,653	11,853,653	13.73%	11,853,653	8.59%
Shareholdings of management and employees****	5,750,000	12,403,362	18,276,555	21.03%	69,903,362	50.63%

CapMan did not receive any flagging notifications during 2015. An up-date information of all flagging notifications can be found at www.capman.com.

* Employed by CapMan.

** CapMan employee who exercises controlling power in the aforementioned company but who does not own CapMan shares directly.

*** Includes 8,431,978 shares held by Gimv NV as per flagging notice on 30 December 2013.

**** Shareholders among the 190 largest shareholders of the Company.

24. INTEREST-BEARING LOANS AND BORROWINGS – NON CURRENT

€ ('000)	2015	2014
Bank loans	15,000	2,258
Senior bond	44,400	15,000
Multi-issuer bond	9,989	9,989
Total	69,389	27,247

The interest of the bank loan is paid quarterly.

The senior bond, MEUR 15 will have an annual coupon rate of 5.5% and it matures in December 2017.

CapMan issued a MEUR 30 fixed-rate unsecured senior bond to institutional investors. The bond will mature in four years on 15.10.2019. The fixed coupon interest rate of the bond is 4.2% per annum.

The multi-issuer bond, MEUR 10 guaranteed by Garantia Insurance Company Ltd, has an annual coupon rate of 1.85% and it matures in June 2019.

The difference between fair value and book value of the loans do not materially differ due to the fact that CapMan credit risk has remained unchanged after issuing the loans.

25. TRADE AND OTHER PAYABLES - CURRENT

€ ('000)	2015	2014
Trade payables	576	219
Advance payments received	447	467
Accrued expenses	11,494	12,523
Other liabilities	591	525
Total	13,108	13,734

The maturity of trade payables is normal terms of trade and don't include overdue payments.

Accrued expenses include accrued salaries and the social benefit expenses, and a clawback reserve of €5.2 million (2014; €5.2 million) (including the share of the non-controlling interests). The clawback reserve relates to the exit in 2007 from Real Estate I Fund.

Trade and other liabilities by currency at end of year

('000)	Amount in foreign currency	Amount in euros	Proportion
EUR		11,763	90%
NOK	561	58	0%
SEK	11,565	1,259	10%
GBP	21	28	0%

26. INTEREST-BEARING LOANS AND BORROWINGS - CURRENT

€ ('000)	2015	2014
Bank loans	0	5,000
Total	0	5,000

27. FINANCIAL ASSETS AND LIABILITIES

Financial assets

2015	Note	Balance sheet value	Fair value
Investments at fair value through profit and loss			
Investments in funds	17	47,249	47,249
Other financial assets	17	48,784	48,784
Investments in joint ventures	17	7,651	7,651
Loan receivables	18	6,062	6,062
Trade and other receivables	20	6,637	6,637
Other financial assets at fair value	21	306	306
Cash and bank	22	21,576	21,576
Total		138,265	138,265

2014	Note	Balance sheet value	Fair value
Investments at fair value through profit and loss			
Investments in funds	17	55,258	55,258
Other financial assets	17	121	121
Investments in joint ventures	17	9,014	9,014
Loan receivables	18	3,250	3,250
Trade and other receivables	20	5,959	5,959
Other financial assets at fair value	21	319	319
Cash and bank	22	28,650	28,650
Total		102,571	102,571

Financial liabilities

2015	Note	Balance sheet value	Fair value
Liabilities	24	69,389	69,389
Trade and other liabilities	25	12,661	12,661
Total		82,050	82,050

2014	Note	Balance sheet value	Fair value
Liabilities	24	32,247	32,247
Trade and other liabilities	25	13,649	13,649
Total		45,896	45,896

Trade and liabilities excluding prepayments MEUR 0.4 (2014: MEUR 0.5)

28. COMMITMENTS AND CONTINGENT LIABILITIES

Leasing agreements - CapMan Group as lessee

€('000)	2015	2014
Other hire purchase commitments		
Within one year	1,620	1,709
After one but not more than five years	398	1,814
Total	2,018	3,523

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

Securities and other contingent liabilities

€('000)	2015	2014
Contingencies for own commitment		
Mortgage bonds	60,000	60,000
Pledged deposit for own commitment	35,108	2
Remaining commitments to funds by investment area		
Buyout	13,018	14,632
Credit	2,487	3,716
Russia	1,921	2,288
Real Estate	2,272	3,723
Other investment areas	4,751	4,725
Funds of funds	746	1,166
Total	25,195	30,250

CapMan estimates that only MEUR 10-15 of the remaining commitments will be called in 4 years, particularly due to unused investment capacity of the older funds.

29. SHARE-BASED PAYMENTS

CapMan Plc had one stock option program at the end of 2015, the stock option program 2013.

Stock options are used to commit key individuals/executives to the company and reinforce the alignment of interests of key individuals/executives and CapMan shareholders.

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 2013			
	Stock option 2013A	Stock option 2013B	Stock option 2013C
Stock options, number	1,410,000	1,410,000	1,410,000
Entitlement to subscribe for B shares	1,410,000	1,410,000	1,410,000
Share subscription period begins	01/05/2016	01/05/2017	01/05/2018
Share subscription period ends	30/04/2018	30/04/2019	30/04/2020
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq Helsinki 1.4.-31.5.2013 with an addition of ten (10) per cent less dividends i.e. €0.82	Trade volume weighted average price of the B share on the Nasdaq Helsinki 1.4.-31.5.2014 with an addition of ten (10) per cent less dividends i.e. €1.10	Trade volume weighted average price of the B share on the Nasdaq Helsinki 1.4.-31.5.2015 with an addition of ten (10) per cent less dividends i.e. €1.12
Information applied in the Black&Scholes model	Stock option 2013A	Stock option 2013B	Stock option 2013C
Expected volatility	22.2 %	21.9 %	23.5 %
Risk-free interest	-0.2 %	-0.1 %	0.0 %

Shares and stock options

	Issued stock options	Distributed stock options 31/12/2015	Subscribed stock options 31/12/2015	Remaining stock options 31/12/2015	Remaining distributed stock options 31/12/2015	Shares 31.12.2015 of shares %	of votes %	Stock options 31.12.2015 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					6.7 %	41.6 %				
B shares	80,566,766					93.3 %	58.4 %				
2013A options	1,410,000	1,225,000		1,410,000	1,225,000			1.4 %	0.9 %	1.6 %	1.0 %
2013B options	1,410,000	1,208,334		1,410,000	1,208,334			1.4 %	0.9 %	1.6 %	1.0 %
2013C options	1,410,000	1,257,291		1,410,000	1,257,292			1.4 %	0.9 %	1.6 %	1.0 %

30. RELATED PARTY DISCLOSURES

Group companies		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Plc, parent company	Finland		
CapMan Capital Management Oy	Finland	100%	100%
CapMan Sweden AB	Sweden	100%	100%
CapMan AB	Sweden	100%	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%
CapMan RE I GP 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%
CapMan Public Market Manager S.A.	Luxembourg	100%	100%
CapMan Private Equity Advisors Limited	Cyprus	100%	100%
CapMan (Guernsey) Russia GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Investment Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout IX GP Limited	Guernsey	100%	100%
CapMan Fund Investments SICAV-SIF	Luxembourg	100%	100%
CapMan Mezzanine V Manager S.A.	Luxembourg	100%	100%
CapMan (Guernsey) Buyout X GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Russia II GP Limited	Guernsey	100%	100%
Maneq 2012 AB	Sweden	100%	100%
CapMan Nordic Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Buyout X GP Oy	Finland	100%	100%
CapMan Endowment GP Oy	Finland	100%	100%
CapMan Collection Oy	Finland	100%	100%
CapMan Real Estate UK Limited	United Kingdom	100%	
Nest Capital 2015 GP Oy	Finland	100%	100%
Dividum AB	Sweden	100%	

Investments accounted for using the equity method are presented in [Table 16. Investments accounted for using the equity method.](#)

The investments in joint ventures are presented in [Table 17. Investments at fair value through profit and loss.](#)

Commitments to related parties

€ ('000)	2015	2014
Commitments to Maneq funds	4,075	4,090

Management remuneration

€ ('000)	2015	2014
Salaries and other short-term employee benefits	1,557	2,170
Other long-term benefits	319	444
Share-based payments	12	122
Total	1,888	2,736
Remuneration and fees		
CEO		
Heikki Westerlund	405	374
Members of the Board		
Claes de Neergaard	35	35
Koen Dejonckheere *	0	0
Karri Kaitue	58	56
Nora Kerppola	45	43
Ari Tolppanen	120	187

* Mr. Dejonckheere has informed the company that he prefers not to accept board compensation.

Pension costs

€ ('000)	2015	2014	2015	2014
	Pension costs		Additional pension costs	
CEO				
Heikki Westerlund	75	69	38	38

Management remuneration includes members of the board, CEO and management group.

The CEO has a mutual notice period of six months and he will be entitled to a severance fee of 12 months' salary, if his employment is terminated by the company.

The CEO and Management Group members are covered by additional payment-based pension insurance. The retirement age of the CEO is determined to the Finnish legislation.

In 2015 the Management Group members were granted 800 000 stock options (2014; 800 000). The stock options granted to the management are subject to the same terms as for stock options granted to employees.

31. 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 loan 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 fulfilled.

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 cash flow from management fees received and 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.

The CapMan Real Estate I fund transferred into carry in 2007. Of the MEUR 27.4 carried interest paid in 2007, some MEUR 6.4 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. CapMan's share of the entered carried interest was approx. MEUR 13.5 and the share of minority owners was approx. MEUR 7.5. However, in light of the current market situation, it is considered unlikely that any further carried interest would be paid from the CapMan Real Estate I fund. Based on the fund's revised outlook, MEUR 1.2 of the reserved MEUR 6.4 was recognised as revenue in the end of 2014. The MEUR 1.2 did not include the minority owners' share. The remaining provision of MEUR 5.2, in CapMan's balance sheet, including the minority owners' share, is estimated to be adequate to cover the possible return of carried interest.

CapMan has made commitments to the funds it manages. As at 31 December 2015 the undrawn commitments to the funds amount to €25.2 (€30.3 million) and the financing capacity available (cash and third party financing facilities) amount to €36.6 million (€43.7 million).

In October 2015, CapMan issued a MEUR 30 fixed-rate unsecured senior bond to institutional investors. The bond will mature in four years on 15.10.2019 and is callable before maturity. The fixed coupon interest rate of the bond is 4.2% per annum. The interest of the bond will be paid annually.

Furthermore, CapMan Plc's MEUR 30 debt securities consist of a MEUR 15 senior bond and a MEUR 15 hybrid bond.

As of 31 December 2015, CapMan Plc had access to MEUR 15 (MEUR 7.3) of bank financing, and in addition had a MEUR 15 unused long-term credit facility available.

Maturity analysis 31 December 2015

€ ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Bonds			30,000	39,389
Bank loan			15,000	
Accounts payable	576			
Interests, bonds		3,470	8,760	
Interests, bank loan		375	560	
Commitments to funds	1,500	4,500	12,000	7,195
Commitments to Maneq -funds			4,075	
Clawback			5,212	

Maturity analysis 31 December 2014

€ ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Bonds			30,000	9,989
Bank loan		5,000	2,258	
Accounts payable	219			
Interests, bonds		2,240	4,670	94
Interests, bank loan	50	110	30	
Interest trade swap	39	40		
Commitments to funds	1,000	5,500	13,000	10,750
Commitments to Maneq -funds			4,090	
Clawback		5,212		

Interest rate swap, nominal value MEUR 17,5, expired in June 2015.

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 senior bond will have an annual coupon rate of 5.5%. The annual coupon rate of the hybrid loan is 8.0%. The annual coupon rate of the multi-issuer bond is 1.85%. The new senior bond will have an annual coupon rate of 4.2%. The interest of the bonds will be paid annually.

Loans according to interest rate

€ ('000)	2015	2014
Floating rate	15,000	2,258
Fixed rate	54,389	24,989
Total	69,389	27,247

The effect on profit after tax

€ ('000)	Change in interest rates		
	+1 %	-1 %	+2 %
Floating rate	120	-120	240

c) Credit risk

Group's credit risks relate to the sales and other receivables, and from which the maximum loss is the book value of the said receivables. There are no collaterals relating to the receivables.

In June 2013, CapMan transferred its ownership in 2005-2011 Maneq funds (including equity and loan receivables) to a Luxembourg company founded by CapMan and sold part of that company for a cash consideration of MEUR 14. After the transaction, the Group's share of the Maneq funds is approx. MEUR 7.7 at fair value as of 31 December 2015. The Group's holdings in Maneq funds are shown in the balance sheet as investments in joint ventures. Following the transaction, CapMan has a loan receivable from the Luxembourg company, but the risk profile of this receivable is like that of an equity investment.

d) Currency risk

CapMan has subsidiaries outside of the Eurozone, and their equity is exposed to movements in foreign currency exchange rates. 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) Capital management

Group's aim is to have an efficient capital structure that allows the company to manage its ongoing obligations and that the business has the prerequisites for operating normally. The Return on equity (ROE) and the Equity ratio are the means for monitoring capital structure.

The long-term targets and dividend policy of the Group have been confirmed by the Board of Directors of CapMan Corporation. The targets are based on profitability (ROE) and balance sheet. The target for Return on equity is over 20% p.a. and Equity ratio of at least 45-60%. CapMan's target is to payout dividend at least 60% of net profit. The company's financial position and cash flows shall be taken into consideration when determining the annual dividend payout ratio.

In June 2014, CapMan Plc participated in a multi-issuer bond of MEUR 70, with MEUR 10 share.

Furhermore, CapMan Plc's MEUR 30 debt securities consist of a MEUR 15 senior bond and a MEUR 15 hybrid bond.

In October 2015, CapMan issued a MEUR 30 fixed-rate unsecured senior bond to institutional investors. The proceeds from the bond issue has been used mainly for refinancing of the senior bank loan, which was obtained for the acquisition of shares in Norvestia Plc in May 2015.

CapMan Plc's bank loans include financing covenants, which are conditional on the company's equity ratio and the ratio of interest-bearing bank loans to fund investments on the balance sheet.

€ ('000)	2015	2014
Interest-bearing loans	69,389	32,247
Cash and cash equivalents	-21,882	-28,969
Net debt	47,507	3,278
Equity	65,185	65,567
Net gearing	72.9 %	5.0 %
Return on equity	9.3 %	6.1 %
Equity ratio	43.7 %	57.8 %

f) Price risk of the investments in funds

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.

Other investments

Norvestia's fair value is based on the adjusted NAV as communicated by Norvestia. Norvestia's result is greatly affected by economic developments and changes in share prices both in Finland and abroad. Changes in exchange rates also impact the company's performance. General uncertainty on the capital markets increases the volatility of Norvestia's investments and therefore also increases their risk.

g) Determining fair values

The group's assets measured at fair value at 31 December 2015.

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) 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				
at Jan 1		2,993	52,265	55,258
Additions		37	4,318	4,355
Distributions		-2,433	-8,312	-10,745
Fair value gains/losses		-49	-1,570	-1,619
at the end of period		548	46,701	47,249
Other investments				
at Jan 1			121	121
Additions			44,335	44,335
Disposals			-66	-66
Fair value gains/losses			4,394	4,394
at the end of period			48,784	48,784
Investments in joint ventures				
at Jan 1			9,014	9,014
Disposals			-1,307	-1,307
Fair value gains/losses			-56	-56
at the end of period			7,651	7,651

Fund investments in Level 2 are investments in the CapMan Public Market fund.

All other fund investments are included in Level 3. Other investments reported under Level 3 include Norvestia's shares. Investments in joint ventures reported in Level 3 include investments in Maneq Investments Luxembourg.

There were no transfers from one level to another during the year.

The group's assets measured at fair value at 31 December 2014.

€ ('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
Investments in funds				
at Jan 1		5,296	58,826	64,122
Additions		51	9,638	9,689
Distributions		-2,579	-9,570	-12,149
Fair value gains/losses		225	-6,629	-6,404
at the end of period		2,993	52,265	55,258
Other investments				
at Jan 1			121	121
at the end of period			121	121
Investments in joint ventures				
at Jan 1			9,583	9,583
Fair value gains/losses			-569	-569
at the end of period			9,014	9,014

Fund investments in Level 2 are investments in the CapMan Public Market fund.

All other fund investments are included in Level 3. Investments in joint ventures reported in Level 3 include investments in Maneq Investments Luxembourg.

There were no transfers from one level to another during the year.

Sensitivity analysis of Level 3 investments at 31 December 2015

Investment area	Fair value MEUR 31.12.2015	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity (MEUR) to a +/- 10% change in input value
Norvestia	48.7	Net assets (amended NAV based on Norvestia's stock exchange releases)	NA*	NA*	NA*
Buyout	21.9	Peer group	Peer group earnings multiples	EV/EBITDA 2015 8.6x	+/-4.1
			Discount to peer group multiples	21%	-1.2 / +1.1
Real Estate	9.8	Valuation by an independent valuer	NA*	NA*	NA*
Investments in joint ventures	7.7	Discounted cash flows	Discount rate	15%	-0.3 / value increase based on a change in the discount rate is not booked
Russia	3.8	Peer group	Peer group earnings multiples	EV/EBITDA 2015 11.6x	+/- 0.3
			Discount to peer group multiples	36%	-/+ 0.2
Credit	3.1	Discounted cash flows	Discount rate; market rate and risk premium	11%	- 0.1 / value increase based on a change in the discount rate is not booked
Other investment areas	5.5	Peer group	Peer group earnings multiples	EV/EBITDA 2015 10.9x	+/- 0.4
			Discount to peer group multiples	32%	-/+ 0.2

Sensitivity analysis of Level 3 investments at 31 December 2014

Investment area	Fair value MEUR 31.12.2014	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity (MEUR) to a +/- 10% change in input value
Buyout	29.8	Peer group	Peer group earnings multiples	EV/EBITDA 2014 8.3x	+3.4/-3.5
			Discount to peer group multiples	22%	-0.9 / +1.0
		Discounted cash flows	Discount rate, WACC	11%	-/+0.6
Real Estate	8.0	Valuation by an independent valuer, using discounted cash flows method	Discount rate for cash flows	8%	NA*
			Discount rate for terminal value	8%	
Investments in joint ventures	9.0	Discounted cash flows	Discount rate	25%	-0.4 / value increase based on a change in the discount rate is not booked
Russia	4.0	Peer group	Peer group earnings multiples	EV/EBITDA 2014 10.3x	+/- 0.3
			Discount to peer group multiples	33%	-/+ 0.2
Credit	2.3	Discounted cash flows	Discount rate; market rate and risk premium	13%	- 0.1 / value increase based on a change in the discount rate is not booked
Other investment areas	6.1	Peer group	Peer group earnings multiples	EV/EBITDA 2014 10.2x	+0.6/-0.5
			Discount to peer group multiples	29%	-0.3/+0.2

CapMan has made some investments also in funds that are not managed by CapMan Group companies. The fair values of these investments in CapMan's balance sheet are based on the valuations by the respective fund managers. No separate sensitivity analysis is prepared by CapMan for these investments.

The changes in the peer group earnings multiples and the peer group discounts are typically opposite to each other. Therefore, if the peer group multiples increase, a higher discount is typically applied. Because of this, a change in the peer group multiples may not in full be reflected in the fair values of the fund investments.

The foreign exchange rates at the time of valuation have been applied in determining the fair values. Changes in the rates of Norwegian krone or Swedish krona would, in CapMan's estimate, have no significant direct impact on the fair values calculated by peer group multiples. A change in the exchange rate for the Russian rouble have had an impact and they have been taken into account in the valuation of the Russia funds.

The valuation of CapMan funds' investment is based on international valuation guidelines that are widely used and accepted within the industry and among investors. CapMan always aims at valuing funds' investments at their actual value. Fair value is the best estimate of the price that would be received by selling an asset in an orderly transaction between market participants on the measurement date.

Determining the fair value of fund investments for funds investing in portfolio companies is carried out using International Private Equity and Venture Capital Valuation Guidelines (IPEVG). In estimating fair value for an investment, CapMan applies a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the investment in the context of the total investment portfolio. In doing this, current market data and several inputs, including the price at which an 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, are evaluated and combined with market participant assumptions. In selecting the appropriate valuation technique for each particular investment, consideration of those specific terms of the investment that may impact its fair value is required.

Different methodologies may be considered. The most applied methodologies at CapMan include the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to qualitative nature of the valuation methodologies, they are mainly based on CapMan's judgment.

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. The portfolio company valuations are reviewed in the Valuation Committee quarterly. The valuations are back tested against realised exit valuations, and the results of such back testing are reported to the Audit Committee annually.

The loan instruments held by the Credit funds are valued applying the discounted cash flows-method. However, any increase in valuation is not booked until it is realized. There is no functional secondary market for these types of investments, where a value increase driven by a change in the discount rate could be realized. The funds' investment strategy is to hold the loans until they are repaid.

Investments in real estate are valued at fair value based on appraisals made by independent external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always applied, or a combination of such methods. For the most part, the valuation methodology applied is the discounted cash flow method, which is based on significant unobservable inputs. These inputs include the following:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Property operating expenses	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's adjusted NAV as communicated in Norvestia's stock exchange releases. CapMan makes no adjustments to Norvestia's reported figures.

The value of investments in joint ventures consist almost entirely of investments in Maneq Investments Luxembourg. The investment is valued based on discounted cash flows, nevertheless so that any potential value increase is booked only when it is realised. There is no functional secondary market where the value increase based on the change in discount rates would be possible to realise for these types of investments. The investment is made through several separate instruments and their values are co-dependent. Therefore the investments has been values as one entity.

*) Because Norvestia fair value is based on the adjusted NAV as communicated by Norvestia, and the real estate properties are valued using third party valuation information, CapMan prepares no sensitivity analysis for the inputs used in these valuations. The quantitative unobservable inputs are not reasonably available to CapMan.

32. EVENTS AFTER THE CLOSING DATE

All portfolio companies of CapMan Public Market fund have been sold as of January. CapMan receives carried interest income of MEUR 1.2 from the fund in 2016.

CapMan's Fund Advisory team became Scala Fund Advisory in January 2016. Scala offers private equity advisory services globally to private equity fund managers and institutional investors in the asset class. Scala is an independent partnership of CapMan.

Parent Company Income Statement (FAS)

€	Note	1.1.-31.12.2015	1.1.-31.12.2014
Turnover	<u>1</u>	4,421,176.61	4,643,731.38
Other operating income	<u>2</u>	221,598.65	1,110,176.19
Employee benefit expenses	<u>3</u>	-4,647,361.59	-3,950,941.76
Depreciation	<u>4</u>	-126,817.55	-189,169.68
Other operating expenses	<u>5</u>	-6,030,268.55	-3,015,152.16
Operating loss		-6,161,672.43	-1,401,356.03
Finance income and costs	<u>6</u>	13,680,735.34	12,080,018.70
Profit before extraordinary items		7,519,062.91	10,678,662.67
Extraordinary items	<u>7</u>	2,520,000.00	2,500,000.00
Profit before taxes		10,039,062.91	13,178,662.67
Income taxes		0.00	0.00
Profit for the financial year		10,039,062.91	13,178,662.67

Parent Company Balance Sheet (FAS)

€	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible assets	8	80,317.76	196,981.97
Tangible assets	9	126,861.23	137,014.57
Investments	10		
Shares in subsidiaries		83,531,742.34	82,777,441.96
Investments in associated companies		46,091,703.86	1,756,486.02
Other investments		2,133,990.88	2,939,548.66
Investments total		131,757,437.08	87,473,476.64
		131,964,616.07	87,807,473.18
Current assets			
Long-term receivables	11	15,976,505.31	15,659,983.48
Short-term receivables	12	11,123,814.99	8,541,201.76
Cash and bank		14,793,637.48	22,338,631.52
		41,893,957.78	46,539,816.76
Total assets		173,858,573.85	134,347,289.94
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	13		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		8,810,890.67	8,810,890.67
Retained earnings		20,165,515.15	12,164,280.50
Profit for the financial year		10,039,062.91	13,178,662.67
		78,755,241.95	73,893,607.06
Liabilities			
Non-current liabilities	14	84,389,100.00	42,246,717.32
Current liabilities	15	10,714,231.90	18,206,965.56

	95,103,331.90	60,453,682.88
Total shareholders' equity and liabilities	173,858,573.85	134,347,289.94

Parent Company Cash Flow Statement (FAS)

€	1.1.-31.12.2015	1.1.-31.12.2014
Cash flow from operations		
Profit before extraordinary items	7,519,063	10,678,663
Finance income and costs	-13,680,735	-12,080,019
Adjustments to cash flow statement	2,126,818	-813,007
Change in net working capital		
Change in current non-interest-bearing receivables	-217,462	269,940
Change in current trade payables and other non-interest-bearing liabilities	297,592	5,553
Interest paid	-4,316,827	-3,347,690
Interest received	267,255	886,107
Dividends received	17,394,499	14,646,770
Cash flow from operations	9,390,203	10,246,317
Cash flow from investments		
Investments in tangible and intangible assets	0	-43,547
Investments in other placements	-44,341,265	-3,446,348
Long-term loan receivables granted	-2,095,193	-2,569,240
Repayment of long-term loans	1,157,009	1,938,107
Sale of interest in an associated company	0	1,025,361
Cash flow from investments	-45,279,449	-3,095,667
Cash flow from financing activities		
Share issue	0	934,300
Long-term loan receivables granted	0	-200,000
Repayment of long-term loans	736,302	433,698
Short-term loan receivables granted	3,483,577	900,000
Repayment of short-term loans	-2,840,400	-2,605,000
Long-term loan receivables granted	63,900,000	9,989,100
Repayment of loans from financial institutions	-26,757,617	-9,596,451
Dividends paid	-5,177,428	-3,451,619
Other financial assets at fair value	0	41,466
Change in group liabilities	-5,000,182	8,173,556
Cash flow from financing activities	28,344,252	4,619,050
Change in cash and cash equivalents	-7,544,994	11,769,700
Cash and cash equivalents at beginning of year	22,338,631	10,568,931
Cash and cash equivalents at end of year	14,793,637	22,338,631

Notes to the Parent Company Financial Statements (FAS)

Basis of preparation for parent company financial statements

CapMan Plc's financial statements for 2015 have been prepared in accordance with the Finnish Accounting Act.

Foreign currency translation

Transactions in foreign currencies have been recorded at the rates of exchange prevailing at the date of the transaction. Foreign currency denominated receivables and payables are recorded at the rates of exchange prevailing at the closing date of the review period.

Investments

Investments are valued at acquisition cost. If the probable future income from the investment is permanently lower than the value at acquisition cost excluding depreciation, the difference is recognised as an expense.

Receivables

Receivables comprise receivables from Group companies and associated companies, trade receivables, accrued income and other receivables. Receivables are recorded at nominal value, however no higher than at probable value. Receivables are classified as non-current assets if the maturity exceeds 12 months.

Non-current liabilities

The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under [31. Financial risk management](#).

The senior bond and the hybrid bond are recorded as the non-current liability at nominal value. The senior bond will

have a maturity of four years. The hybrid bond has no maturity, but CapMan has the right to call it four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions.

Leases

Lease payments are recognised as other expenses. The remaining commitments under each lease are provided in the Notes section under "Commitments."

Provisions

Provisions are recognised as expenses in case the parent company has an obligation that will not result in comparable income or losses that are deemed apparent.

Pensions

Statutory pension expenditures are recognised as expenses at the year of accrual. Pensions have been arranged through insurance policies of external pension institutions.

Revenue recognition

Revenue includes the sale of services to Group companies. The sale is recognised at the completion of the service.

Income taxes

Income taxes are recognised based on Finnish tax law. Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. 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.

1. TURNOVER BY AREA

€	2015	2014
Finland	2,853,959	2,801,907
Foreign	1,567,217	1,841,825
Total	4,421,176	4,643,732

2. OTHER OPERATING INCOME

€	2015	2014
Other	221,599	1,110,176
Total	221,599	1,110,176

3. PERSONNEL

€	2015	2014
Salaries and wages	3,766,369	3,277,844
Pension expenses	581,137	565,153
Other personnel expenses	299,856	107,945
Total	4,647,362	3,950,942
Salaries and other remuneration of the CEO Heikki Westerlund	404,816	374,272
Board members	173,100	164,100
Average number of employees	37	36

Management remuneration is presented in the Group Financial Statements [Table 30. Related party disclosures](#).

4. DEPRECIATION

€	2015	2014
Depreciation by asset type:		
Intangible rights	50,338	53,512
Other long-term expenditure	66,326	125,113
Machinery and equipment	10,153	10,545
Total	126,817	189,170

5. OTHER OPERATING EXPENSES

€	2015	2014
Other personnel expenses	156,042	202,396
Office expenses	1,035,746	1,003,354
Travelling and entertainment	216,585	248,644
External services	2,305,259	1,427,601
Other operating expenses	316,636	133,158
Impairment in shares of subsidiaries	2,000,000	0
Total	6,030,268	3,015,153
Audit fees PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit fees	110,328	76,672
Tax advices	62,100	11,770
Other fees and services	53,046	25,795
Total	225,474	114,237

6. FINANCE INCOME AND COSTS

€	2015	2014
Dividend income		
Group companies	17,367,489	14,480,000
Associated companies	27,010	166,770
Total	17,394,499	14,646,770
Other interest and finance income		
Group companies	155,588	171,098
Others	307,110	302,786
Total	462,698	473,884
Interest and other finance costs		
Group companies	-29,110	-62,388
Others	-4,147,353	-2,978,248
Total	-4,176,463	-3,040,636
Finance income and costs total	13,680,734	12,080,018

7. EXTRAORDINARY ITEMS

€	2015	2014
Extraordinary income		
Group contributions received	2,520,000	2,500,000

8. INTANGIBLE ASSETS

€	2015	2014
Intangible rights		
Acquisition cost at 1 January	828,188	828,188
Acquisition cost at 31 December	828,188	828,188
Accumulated depreciation at 1 January	-775,847	-722,335
Depreciation for financial year	-50,338	-53,512
Accumulated depreciation at 31 December	-826,185	-775,847
Book value on 31 December	2,003	52,341
Other long-term expenditure		
Acquisition cost at 1 January	2,360,280	2,316,733
Additions	0	43,547
Acquisition cost at 31 December	2,360,280	2,360,280
Accumulated depreciation at 1 January	-2,215,639	-2,090,526
Depreciation for financial year	-66,326	-125,113
Accumulated depreciation at 31 December	-2,281,965	-2,215,639
Book value on 31 December	78,315	144,641
Intangible rights total	80,318	196,982

9. TANGIBLE ASSETS

€	2015	2014
Machinery and equipment		
Acquisition cost at 1 January	902,094	902,094
Acquisition cost at 31 December	902,094	902,094
Accumulated depreciation at 1 January	-884,756	-874,211
Depreciation for financial year	-10,154	-10,545
Accumulated depreciation at 31 December	-894,910	-884,756
Book value on 31 December	7,184	17,338
Other tangible assets		
Acquisition cost at 1 January	119,677	119,677
Book value on 31 December	119,677	119,677
Tangible assets total	126,861	137,015

10. INVESTMENTS

€	2015	2014
Shares in subsidiaries		
Acquisition cost at 1 January	82,777,442	78,340,452
Additions	754,300	14,940,334
Disposals	0	-10,503,344
Acquisition cost at 31 December	83,531,742	82,777,442
Shares in associated companies		
Acquisition cost at 1 January	1,756,486	2,073,061
Additions	44,335,218	0
Disposals	0	-316,575
Acquisition cost at 31 December	46,091,704	1,756,486
Shares, other		
Acquisition cost at 1 January	2,939,549	3,029,033
Additions	37,611	85,242
Disposals	-843,169	-174,726
Acquisition cost at 31 December	2,133,991	2,939,549
Investments total	131,757,437	87,473,477

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, [Table 30. Related party disclosures](#).

11. LONG-TERM RECEIVABLES

€	2015	2014
Receivables from Group companies		
Loan receivables	2,378,000	3,114,302
Receivables from associated companies		
Loan receivables	8,403,452	9,548,817
Other loan receivables	5,195,053	2,996,864
Long-term receivables total	15,976,505	15,659,983

12. SHORT-TERM RECEIVABLES

€	2015	2014
Accounts receivable	295,772	320,815
Receivables from Group companies		
Accounts receivable	15,239	59,561
Loan receivables	4,635,839	2,915,839
Other receivables	3,659,819	2,894,204
Total	8,310,897	5,869,604
Receivables from associated companies		
Accrued income	69,615	146,187
Total	69,615	146,187
Loan receivables	7,851	121,034
Other receivables	1,188,708	1,132,002
Accrued income	1,250,972	951,560
Short-term receivables total	11,123,815	8,541,202

13. SHAREHOLDERS' EQUITY

€	2015	2014
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	8,810,891	7,876,591
Additions	0	934,300
Invested unrestricted shareholders' equity at 31 December	8,810,891	8,810,891
Retained earnings at 1 January	25,342,943	15,615,899
Dividend payment	-5,177,428	-3,451,619
Retained earnings at 31 December	20,165,515	12,164,280
Profit for the financial year	10,039,063	13,178,663
Shareholders' equity, total	78,755,242	73,893,607
Calculation of distributable assets		
Retained earnings	20,165,515	12,164,280
Profit for the financial year	10,339,063	13,178,663
Invested unrestricted shareholders' equity	8,810,891	8,810,891
Total	39,315,469	34,153,834

CapMan Plc's share capital is divided as follows:

	2015	2014
	Number of shares	Number of shares
Series A share (10 votes/share)	5,750,000	5,750,000
Series B share (1 vote/share)	80,566,766	80,566,766

14. NON-CURRENT LIABILITIES

€	2015	2014
Hybrid bond	15,000,000	15,000,000
Senior bond	44,400,000	15,000,000
Multi-issuer bond	9,989,100	9,989,100
Bank loans	15,000,000	2,257,617
Non-current liabilities total	84,389,100	42,246,717

15. CURRENT LIABILITIES

€	2015	2014
Accounts payable	280,320	13,297
Liabilities to Group companies		
Pohjola Bank plc; Group account	5,810,759	10,810,941
Accounts payable	0	175
Other liabilities	2,766,102	910,105
Accrued expenses	73,732	44,622
Total	8,650,593	11,765,843
Bank loans	0	5,000,000
Other liabilities	117,536	124,543
Accrued expenses	1,665,783	1,303,282
Current liabilities total	10,714,232	18,206,965

16. CONTINGENT LIABILITIES

€	2015	2014
Leasing agreements		
Operating lease commitments		
Within one year	51,447	35,970
After one but not more than five years	51,669	48,816
Total	103,116	84,786
Other hire purchase commitments		
Within one year	1,146,627	1,126,867
After one but not more than five years	95,552	1,220,772
Total	1,242,179	2,347,639
Securities and other contingent liabilities		
Contingencies for own commitment		
Mortgage bonds	60,000,000	60,000,000
Loan commitments to Maneq funds	4,075,056	4,089,989
Other contingent liabilities	35,107,868	0
Remaining commitments to funds		
Equity funds	628,102	616,766
Fund of funds	309,035	353,180
Total	937,137	969,946

Signatures to the Report of the Board of Directors and Financial Statements

Helsinki 3 February 2016

Karri Kaitue
Chairman

Koen Dejonckheere

Nora Kerppola

Claes de Neergaard

Ari Tolppanen

Heikki Westerlund
CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki 3 February 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Auditor's Report (Translation from the Finnish Original)

To the Annual General Meeting of CapMan Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of CapMan Plc for the year ended 31 December 2015. The financial statements comprise the consolidated statement of financial position, 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, 3 February 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Shares and shareholders

CapMan is one of the few listed private equity fund management companies in Europe.

CapMan Plc's B share has been listed on the Helsinki Stock Exchange since 2001. CapMan had 6,660 shareholders as of the end of 2015.

CapMan shares

CapMan has two series of shares, A and B. The company's unlisted A shares account for 41.6% of votes; while B shares, listed on the Helsinki Stock Exchange (Nasdaq Helsinki), account for 58.4% of votes. The company has total 5,750,000 of A shares and total 80,566,766 of B shares. 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 2015 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 2015: Option programme 2013. More details on the programmes can be found in [the Report of the Board of Directors](#) and the [Notes to the Financial Statements](#).

CapMan's shareholders

CapMan had 6,660 shareholders as of the end of 2015. CapMan issued no flagging notices in 2015.

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 14% of CapMan's shares as of the end of 2015. A breakdown by sector and size of holding can be found on the Notes to the Financial Statements.

Dividend policy and dividend payable for 2015

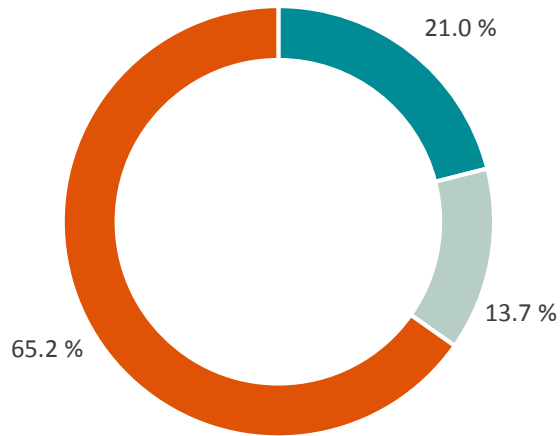
CapMan's objective is to pay at least 60% of its earnings per share in the form of a dividend. The Board of Directors will propose to the Annual General Meeting that a dividend of €0.07 per share should be paid to shareholders.

IR contacts

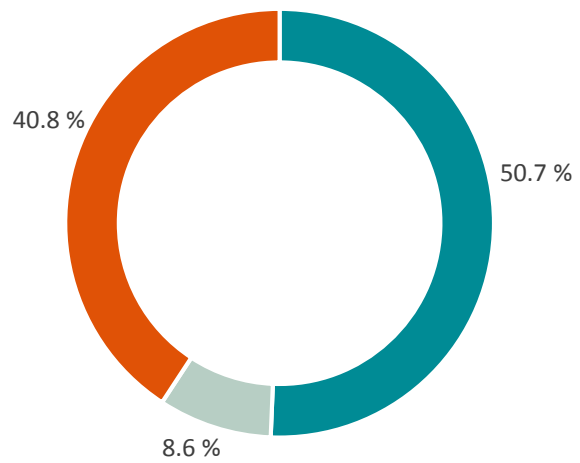
CapMan's IR contacts are the joint responsibility of the CEO, the CFO and the Communications and IR Manager. The company observes a two-week silent period prior to publication of its interim reports and financial statements, during which it does not comment on the company's financial performance or future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

Read more

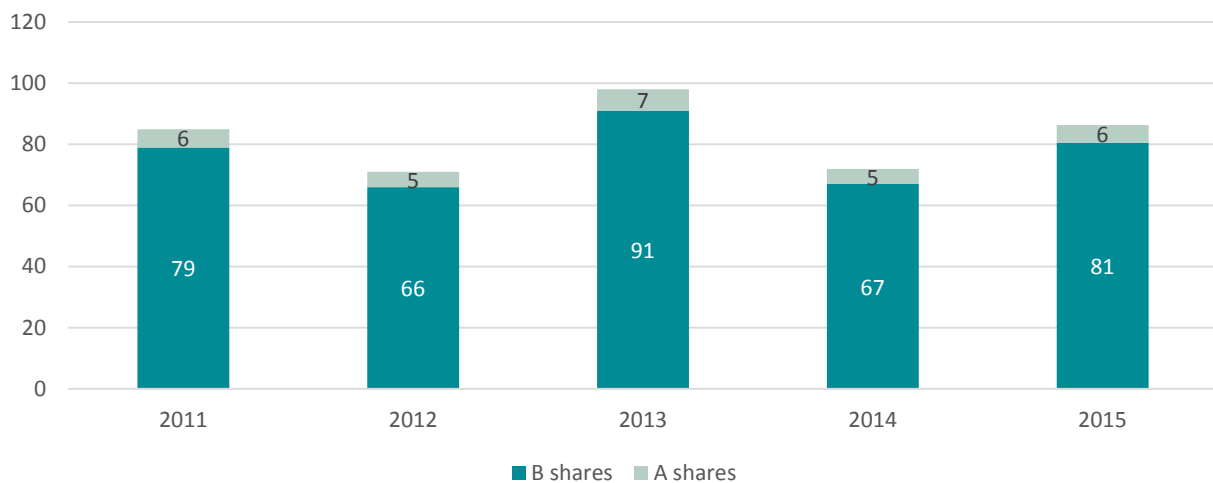
[Share-related key figures](#)
[Information for shareholders](#)

Holding rights by shareholder class

- Management and employees of CapMan
- Nominee registered shareholders and other foreign ownership (non-Finnish owners)
- Finnish institutions and households

Voting rights by shareholder class

- Management and employees of CapMan
- Nominee registered shareholders and other foreign ownership (non-Finnish owners)
- Finnish institutions and households

Market Capitalisation (€M)

■ B shares ■ A shares

Share price development and trading of B shares

	2015	2014
Share price, €		
highest	1.09	1.23
lowest	0.83	0.80
volume-weighted average	1.00	1.04
closing price, 31.12	1.00	0.83
Trading turnover		
million shares	13.7	19.6
million euros	13.8	20.4

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	80,566,766
Votes/share	1/share

CapMan A-share (unlisted)

Number of shares	5,750,000
Votes/share	10/share

CapMan 2013 A-option

Stock options, number	1,410,000
Share subscription price	0.82 EUR
Exercise period	1.5.2016 - 30.4.2018

CapMan 2013 B-option

Stock options, number	1,410,000
Share subscription price	1.10 EUR
Exercise period	1.5.2017 - 30.4.2019

CapMan 2013 C-option

Stock options, number	1,410,000
Share subscription price	1.12 EUR
Exercise period	1.5.2018 - 30.4.2020

The 2013A, 2013 B and 2013C option programmes each entitle to subscribe to 1,410,000 CapMan B shares

Information for shareholders

Annual General Meeting 2016

CapMan Plc's Annual General Meeting 2016 will be held on Wednesday, 16 March 2016 at 10:00 am EET at Hotel Kämp, Mirror Room at the address Kluuvikatu 2, Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday 4 March 2016 are entitled to attend.

Shareholders wishing to attend the AGM should inform the company by 10:00 am EET on Friday 11 March 2016 at the latest. Registration can be made by sending a written notification to the company's address (CapMan Plc/AGM, Korkeavuorenkatu 32, 00130 Helsinki) online at www.capman.com/general-meetings, by phone (Hannele Luukkainen, +358 (0)207 207 649), by email (agm@capman.com), or by fax (+358 (0)207 207 510). 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 will be paid.

CapMan Plc's financial reporting in 2016

CapMan Plc will publish three interim reports during 2016:

1 January – 31 March 2016: Wednesday, 4 May 2016
1 January – 30 June 2016: Thursday, 11 August 2016
1 January – 30 September 2016: Thursday, 3 November 2016.

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 website also includes other IR material. Anyone interested in receiving CapMan releases by email can subscribe them in the [News and materials](#) section of the website.

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 Finland's switchboard number – +358 (0)20 770 6000 – 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 CFO, and the Communications and IR Manager. 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.

Analysts following CapMan Plc

Inderes

Sauli Vilén, tel. +358 (0)44 025 8908

Pohjola Bank

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

Calculation of Key Ratios

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit / loss}}{\text{Shareholders' equity (average)}} \times 100$$

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

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

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

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

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

$$\begin{aligned} \text{Dividend per share} &= \frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}} \\ \\ \text{Dividend per earnings, \%} &= \frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100 \end{aligned}$$