growth

CapMan Plc | Annual Report 2008

CapMan 20 Years

Contents

The illustrations used in the Annual Report are based on a selection from CapMan's 20-year history.

Photos on pages: 4, 10–11, 13, 37 and 41: CapMan's photo archives
Photos on pages: 10–11 and 23: CapMan's current and exited portfolio companies
Photos on pages: 3–4, 10–11, 13, 23–34 and 41: Heikki Tuuli, Studio Heikki Tuuli

CapMan is one of the leading alternative asset managers in the Nordic countries and Russia.

Our mission is to create superior financial returns.

Active ownership is the cornerstone of our investment activities.

CapMan www.capman.com
CapMan is one of the leading alternative asset managers in the Nordic countries and Russia, and manages capital of €3.4 billion invested in its funds by institutional investors. CapMan has six investment areas (CapMan Buyout, CapMan Technology, CapMan Life Science, CapMan Russia, CapMan Public Market, and CapMan Real Estate), each of which has its own dedicated investment team and funds. CapMan employs altogether over 140 professionals in Helsinki, Stockholm, Copenhagen, Oslo and Moscow. The company was established in 1989, and its B shares have been listed on the Helsinki Stock Exchange since 2001.

Buyout

- Capital under management in buyout and mezzanine funds amounted to €1,160.3 million on 31 December 2008
- 24 investment professionals
- 27 portfolio companies

Technology

- Capital under management in technology funds amounted to €294.6 million on 31 December 2008
- 11 investment professionals
- 24 portfolio companies

Life Science

- Capital under management in life science funds amounted to €88.0 million on 31 December 2008
- 4 investment professionals
- 12 portfolio companies

Russia

- Capital under management in CapMan Russia fund amounted to €118.1 million on 31 December 2008
- 10 investment professionals
- 2 portfolio companies

Public Market

- Capital under management in CapMan Public Market fund amounted to €106.0 million on 31 December 2008
- 6 investment professionals

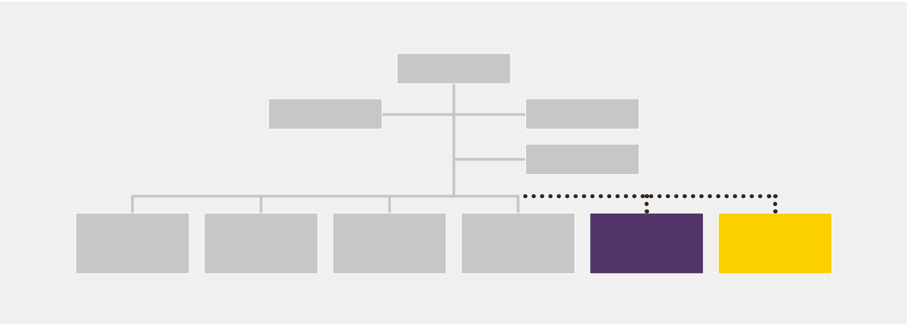
Real Estate

- Capital under management in real estate funds amounted to €1,640.5 million on 31 December 2008
- 46 professionals in real estate investing and consulting
- 57 real estate investment targets

+56%

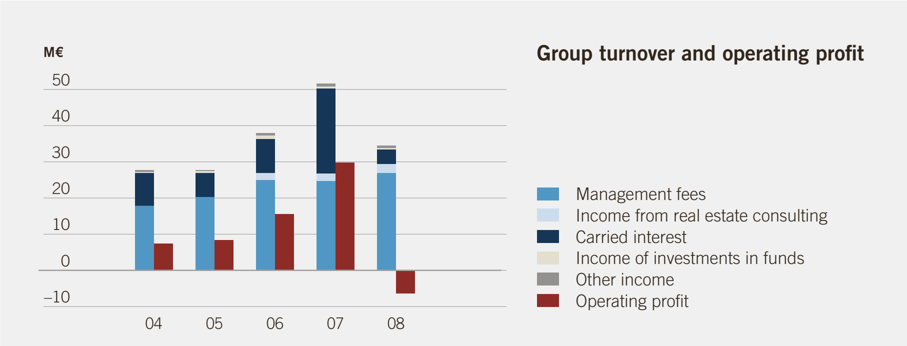
Continued strong growth in capital under management

- Capital under management grew during 2008 by 56% to €3,407.5 million.
- We succeeded in fundraising in the second half of the year too, despite the challenging fundraising climate.
- New funds established in 2008 were CapMan Hotels RE, CapMan Russia, CapMan Public Market and CapMan Buyout IX.



We expanded our operations in line with our strategy into two new investment areas

- CapMan Russia investment area was established in May 2008 through the Norum acquisition. Norum, now CapMan Russia, is one of the most experienced private equity teams in the Russian market.
- CapMan Public Market, a fund that invests in listed Nordic companies was established in July 2008. The investment area utilises private equity value creation tools in public markets.



Group turnover and operating profit

General market situation reflected in Group's result

- Our management company business developed favourably, and operating profit excluding the profit impact of own fund investments totalled €7.1 million.
- The exit market slowed down during the year and carried interest income from funds declined clearly from year 2007.
- The general market situation was reflected in the fair values of our own fund investments. Fair values decreased particularly in the fourth quarter, pushing the full-year result for 2008 into loss.

CEO'S REVIEW

For CapMan, 2008 was a year of mixed feelings. We achieved our strategic goals and our management company business was profitable. Conversely, the net loss for the financial year caused by negative changes in the fair value of fund investments was a great disappointment. Overall the past 18 months has seen a drastic change in the market environment. Although the core of success in private equity is active ownership, the financial crisis clearly impacted our operations.

The establishment of two new investment areas, CapMan Russia and CapMan Public Market, and the expansion of real estate operations to hotel properties were important successes in 2008. The Norum acquisition made concrete our plans to expand into Russia, where the country's emerging private equity market holds considerable growth potential. The CapMan Russia team has more than a decade's experience in Russian private equity, placing us in a good position to support also our Nordic portfolio companies' projects in Russia.

Our second new investment area, CapMan Public Market, started operating in July. Our belief in the viability of our Public Market concept, creating value in listed markets utilising private equity style ownership, has gained even further strength. Listed companies have a clear need for goal-oriented and active ownership, and increasingly also a need to strengthen their capital structure. We expect that CapMan Public Market will make its first investments in spring 2009. This market also has strong growth potential.

We expanded our real estate operations to include investments in hotel properties, acquiring altogether 39 hotels in conjunction with establishing the €845 million CapMan Hotels RE fund. The fund is characterised by having a stable and predictable cash flow from a few large hotel operators. Fundraising for the CapMan Buyout IX fund started in early autumn, and the first closing held in December was an outstanding success despite the challenging fundraising climate.

An important factor in evaluating the health of our business is to pay attention to our management company business, which is sound and profitable. Management fees and income from real estate consulting cover operating expenses. Nevertheless we cannot, of course, be content with the loss in 2008. In particular, the negative changes in the fair value of our own fund investments contributed to the poor overall result, and the deteriorating market situation depressed carried interest income. Our own fund investments and potential future carried interest still hold great upside. It is regrettable for shareholders that the expansion of operations and the strong growth in capital under management have not yet been reflected in profits and the share price. Our share should continue to be evaluated over a time span of at least two to three years.

A part of our strategy has been to invest in our own funds to support growth. In future we will pursue growth from our existing business portfolio, and large add-on commitments to funds will not be needed. In 2008 we continued to follow our strategy and made commitments to our own new funds, which combined with postponed exits was reflected in CapMan Plc's financial position. When formulating the strategy of own fund investments, our forecasts for cash flows receivable from funds investing in portfolio companies, both in carried interest and in realised returns from earlier fund investments, have been higher than the actual cash flows received in 2007 and 2008. Market volatility also derailed the Access acquisition agreed in July, which would have introduced substantially more funds for financing fresh investment commitments and growth. To improve our financial position, we issued a hybrid bond in December to finance fund investments. The bond issue will also strengthen our equity ratio and our capacity to operate through even a prolonged recession.

Public discussion about private equity in early 2009 has focused on analyses of how well companies owned by private equity investors, and indeed the whole private equity industry, will survive the current crisis. The impact of the recession will undoubtedly be felt also in the operations of private equity backed companies. CapMan has some 60 portfolio companies, and it is not unlikely that some of them will face difficult decisions relating to, for instance, restructuring and cutting down workforce. If so, we want to make such difficult ownership-related decisions in collaboration with the management and employees, and in a way that safeguards the long-term viability of our portfolio companies. The good cooperation with Nordic banks, which we have enjoyed for some decades now, is also important to us.

For many of our portfolio companies, the prevailing market situation will also present opportunities. The next few years will see restructuring in many sectors, which will force companies to seek new operating models and improve their cost efficiency to remain competitive. As an active owner, CapMan is in a position to act as a consolidator of interesting sectors and to support its portfolio companies in making acquisitions and managing change.

We believe that 2009 will continue to be a difficult year for the whole alternative asset class, but we are strongly convinced that the industry will prosper in the long term. The industry's growth over the last few years was fuelled by institutions' larger allocations, the ready availability of bank financing, and the corporate sector's steadily growing results, and as a consequence, higher valuation levels and returns. In the longer term, however, growth will be based on the unique ownership concept, i.e. the ability to successfully take companies through the different stages of growth. Those players whose value creation is based on genuine value-adding work will best survive the current market situation. CapMan has successfully taken active ownership practices into real estate investment and, more recently, listed markets.

In 2009 CapMan will celebrate its 20th anniversary. During the twenty year-history CapMan has itself undergone several stages of growth. Originally CapMan was a small company owned by institutions. In 1993 its employees made an MBO, and in 2001 CapMan became a listed company. Today CapMan is truly international in terms of its operations and ownership, which still possesses a strong entrepreneurial element through key personnel's significant holdings in the Company. We have experienced different business cycles and market situations, from which we have gained the expertise needed to develop both CapMan and our investments.

As CEO my main goals in 2009 are to safeguard CapMan's growth potential by enhancing the competitiveness of our existing investment areas, and to strengthen our ability to take full benefit out of the operational platform created.

I would like to thank fund investors, the management and employees of portfolio companies, shareholders and CapMan's personnel for their cooperation in 2008 and for their commitment to our common goals.

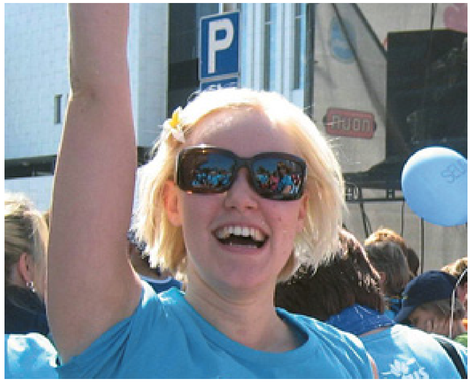
Heikki Westerlund
CEO, Senior Partner

Mission

Our mission is to create superior financial returns. We act as a high quality service provider by investing capital in companies, properties or other targets within private equity and the alternative asset class. The lasting value of these investments is created by growth, change and active ownership.

Vision

Our vision is to be the preferred private equity and alternative assets partner for institutional investors globally and entrepreneurs locally.



Cornerstones of CapMan's strategy

Active ownership
- Value creation in our portfolio companies and properties
- Local presence and networks
- Partnership model in investment operations

Institutional approach
- Effective fundraising and investor communications
- Aligned fund structures and fund agreements
- High quality reporting
- Diligent investment processes
- Continuous monitoring

Own fund investments
- Fund investments from own balance sheet further align CapMan's interests with investors
- CapMan will invest in its future funds 2–10% of their original capital depending on the fund's demand and CapMan's own investment capacity

STRATEGY AND OBJECTIVES

Exploiting growth opportunities in the alternative asset class

CapMan is an alternative asset manager and manages capital raised from institutional investors in its funds. The cornerstones of the company's strategy are active ownership in all of its operations, institutional approach that enables growth, and direct investments in funds managed by the Group.

Russia and Public Market new growth areas

In 2008 CapMan finalised two strategic projects, and in doing so expanded its operations into Russia through the Norum acquisition, and into investments in listed markets through the establishment of the new Public Market fund. In both of these markets CapMan can exploit its existing management company and investment expertise, and also increase the value of investments through active ownership. In addition, both markets offer substantial growth potential in capital under management.

CapMan's earlier growth has also been based on launching new fund products and on geographical expansion of operations. Buyout investments have been a part of CapMan's portfolio since 1989, mezzanine and technology investments since 1995, life science investments since 2002, and real estate investments since 2005. CapMan's current portfolio thus includes altogether seven fund products. The company expanded in the Nordic countries in 2001 to 2004, establishing offices in Copenhagen, Stockholm and Oslo.

CapMan's objective over the next few years is to fully exploit the current business portfolio and to continue its growth through the existing investment areas.

Strategy founded on active ownership

Active ownership is one of CapMan's values. It means not only actively developing investments but also actively shouldering responsibility in all of CapMan's operations.

Alongside active ownership and a broad portfolio of fund products, CapMan's local presence in all the Nordic countries as well as in Russia distinguishes it from its competitors. A local presence combined with CapMan's recognised brand produces synergies in investment operations as well as at the fund investor interface in fundraising and reporting.

Organisational structure underpins strategy

CapMan's three service teams – Investor Services, Group Finances and Accounting, IT and HR and Office Services – support partnership-style investment teams and provide fund investors and other stakeholders with first-class fundraising, reporting, performance monitoring and administrative services. The organisational structure allows our investment professionals to fully concentrate on the fund's investment operations and developing the value of investments. It also enables easy introduction of new fund products to our portfolio.

Aligned interests with fund investors

The third cornerstone of CapMan's growth strategy is investments from our own balance sheet in funds managed by the Group. CapMan is a significant investor in the funds it manages, and the Company's aim is to invest in its future funds 2–10% of their original capital depending on the fund's demand and CapMan's own investment capacity. Typically, 50% of the direct investments in our own funds are financed with debt financing. CapMan is exploring possibilities for incorporating its direct fund investments. This would clarify the difference between management company business and investment operations. CapMan is also exploring opportunities for including third party investors in the possible new vehicle to be formed.

Keys to future success

CapMan's success in future will continue to be founded on growth, high quality service, dedicated and professional staff and a leading position as an alternative asset manager in the Nordic countries and Russia.

Objectives as a listed company

- To grow the value and liquidity of CapMan's share.
- To develop CapMan as a public company while preserving the partnership model in investment activities.
- To increase the Group's profitability through successful investment activities, growing the amount of capital under management and developing new fund products for institutional investors.
- To enhance the wellbeing of staff and CapMan's reputation as an employer to ensure continuing personnel motivation, expertise and dedication.

Objectives as a management company

- To be a management company with a broad product portfolio, offering first-class customer service.
- To offer fund investors superior financial returns.
- To internationalise and diversify our fund investor base.

Objectives as an investor and value creator

- To ensure a good proprietary deal flow in all countries of operation through a strong local presence.
- To provide a good framework for value creation in the Nordic countries and Russia.
- To maintain high track record in all investment areas.
- To achieve market leadership in selected investment areas.

Priorities for 2009

- To succeed in funds' ongoing fundraising processes.
- To ensure stable development of investments in the challenging market climate.
- To exploit the opportunities presented by the market situation in CapMan's operations.
- To strengthen the Group's financial position.
- To further develop our organisation and to fully utilise internal services and processes.

CAPMAN'S BUSINESS

Long-term business, long-term trust

CapMan's operations consist of raising new funds and the funds' investment activities. The Company's income derives principally from management fees from the funds, carried interest income from funds generating carried interest and returns on direct fund investments. The CapMan Plc B shares have been listed on the Helsinki Exchange since 2001.

Two business areas, six investment teams
CapMan has two business areas: CapMan Private Equity, which manages private equity funds that invest in portfolio companies, and CapMan Real Estate, which manages funds that invest in real estate and also provides real estate consulting. The funds investing in portfolio companies focus on five investment areas: middle market buyouts (CapMan Buyout), investments in expansion and later stage technology companies (CapMan Technology), life science investments in companies specialising in medical technology and health care services (CapMan Life Science), investments in mid-sized companies based in Russia (CapMan Russia) and investments in significant minority stakes in listed mid-cap companies (CapMan Public Market). CapMan Russia's investment focus is in Russia, while CapMan Real Estate focuses mainly on Finland and the other teams on the Nordic countries.

Prerequisites for business
A prerequisite for CapMan's business is successful fundraising. The precondition for fundraising is that returns on capital invested fulfil the fund investors' return targets. Continuity of operations in the long-term depends on successful investment activities, which are related to successful value creation in the investment targets and realisation of value increase through exit.

The success of fundraising and investment activities depends largely on the expertise of employees responsible for these areas as well as the high quality of reporting, control and administrative processes.

Analysing CapMan
CapMan's main components of income are described on the next page. Of the income components, management fees can be forecast with relative accuracy, as funds' operating periods are long and management fee percentages have been agreed for the whole period. The timing of carried interest and returns on fund investments is more sporadic.

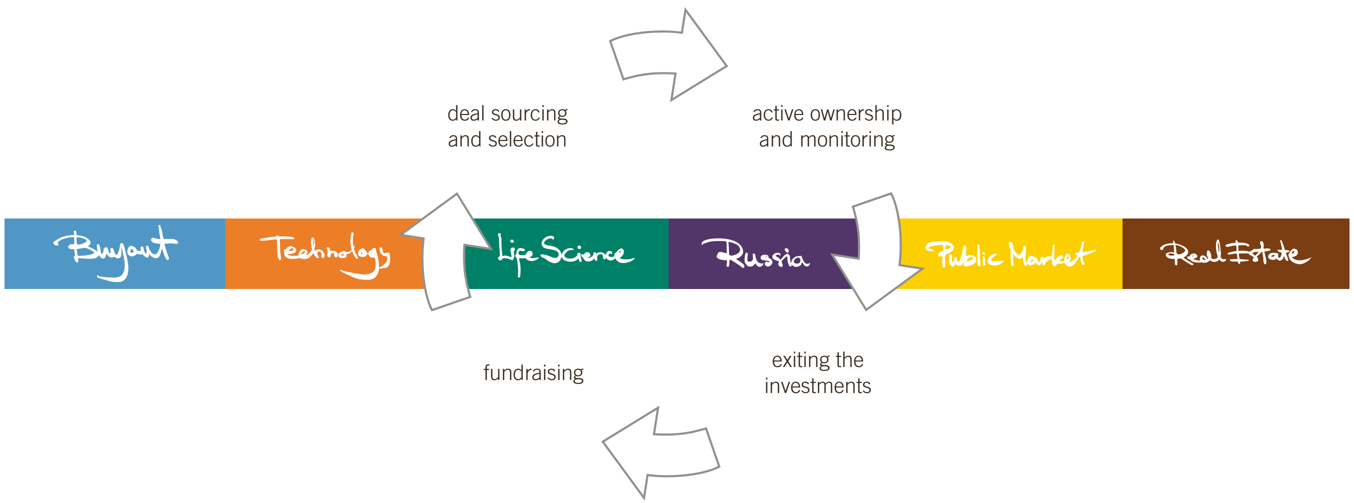
How to analyse carried interest potential depends on which stage of its life cycle a fund is in. The development of individual portfolio companies should only be monitored when examining funds that are already generating carried interest, and through which the impact of individual investments on carried interest can be evaluated. When examining funds that are not yet generating carried interest, the overall development of funds' portfolios should be monitored instead of individual portfolio companies. Attention should be paid to the ratio of paid-in capital and distributed cash flow to investors as well as to the current portfolio at fair value. Each fund typically contains 10 to 15 investments and therefore a fund's success is not dependent on the success or failure of an individual investment. When a fund is in carry, CapMan receives carried interest on all the fund's cash flows.

Changes in fair value of CapMan's own fund investments should also be monitored at the fund level. As the proportion of investments made from CapMan's balance sheet grows, valuation changes of an individual investment will have a greater impact on CapMan's result, either through fair value changes or through realised returns.

Long-term business
CapMan funds typically have a 10-year life cycle and most investment targets are held for 4 to 6 years. CapMan's objective is to invest steadily across economic cycles, but market fluctuations nevertheless affect the number of investments and exits.

The long-term nature of funds and investment activities also has an impact on CapMan Plc's financial development. More carried interest is likely to be generated during good exit years than during poor ones. Different sources of income and funds in different stages of their life cycles, however, even out fluctuations in CapMan's income.

Investment areas' operations



Main sources of income

Management fees

Management fees paid by the funds are typically determined during the investment period by the original fund size and thereafter on the basis of the remaining portfolio at acquisition cost. Annual management fees for equity funds are typically 1.5–2.5% of the funds' total commitments and for mezzanine funds 1.25–1.5%. Real estate funds typically have lower management fees than equity and mezzanine funds.

CapMan's objective is that management fees and income from real estate consulting cover the Group's operating expenses.

Carried interest

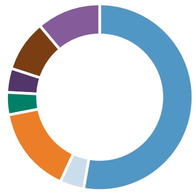
As a management company, CapMan receives carried interest after the fund has returned its paid-in capital and annual preferential return stated in fund agreements (usually 7–8% p.a.) to investors. CapMan's share of carried interest (a fund's cash flow through exits from its investee targets) is typically 20–25% for funds established before 2004. A share of carried interest received from funds established in or after 2004 is distributed to the members of the investment team responsible for the fund's investment activities, so CapMan's share of carried interest is typically 10–15% for these funds. Carried interest income is explained in more detail on pages 16–18.

There may be volatile yearly fluctuations in carried interest income according to whether exits are made by funds that are generating carried interest.

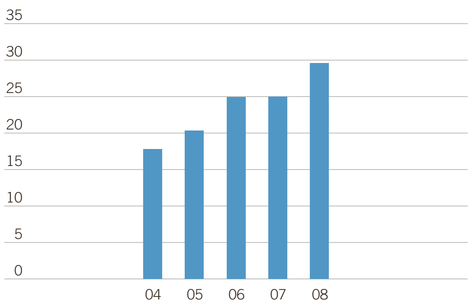
Returns on direct fund investments

CapMan Plc has been a substantial investor in the funds managed by the Group since 2002. The Group's objective is to invest in its future funds 2–10% of their original capital depending on the fund's demand and CapMan's own investment capacity. Part of the investments is financed with debt financing, with the aim of boosting return on equity. Another goal of own fund investments is to even out fluctuations, as returns on fund investments are reflected in the result faster than carried interest. The profit impact of investments is seen via realised returns as well as via fair value changes.

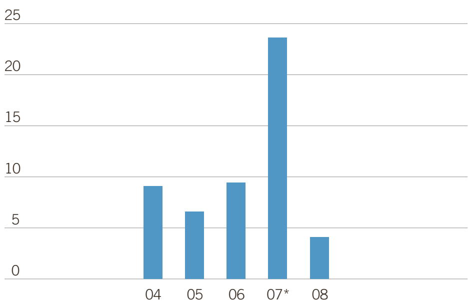
CapMan Plc's direct fund investments at fair value as at 31 December 2008, €53.1 million



Management fees have increased as a result of growth in capital under management

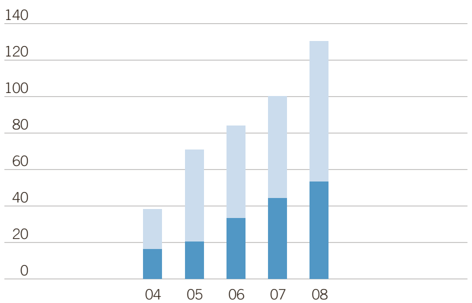


Carried interest income may fluctuate in different years

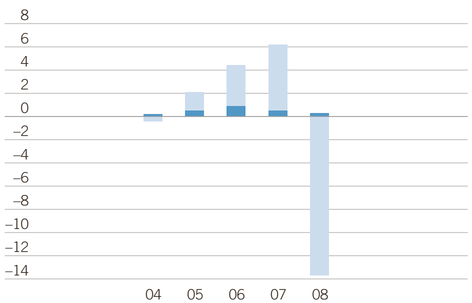


** Minority interest for 2007 was €7.6 million.*

Increasing fund investments and commitments from CapMan's balance sheet…



…are reflected in total income from own investments



GROUP FINANCIAL OBJECTIVES AND KEY FIGURES

Financial objectives

Growth

- Average capital growth of funds under management at least 15% p.a.

Profitability

- Return on equity over 25% p.a.
- Equity fund performance over 15% net IRR p.a.

Capital structure

- Finance approximately 50% of CapMan Plc's investments in its own funds with debt financing.
- Equity ratio at least 50%.

Dividend policy

- Payout ratio at least 50% of net profit.

Actual 2008

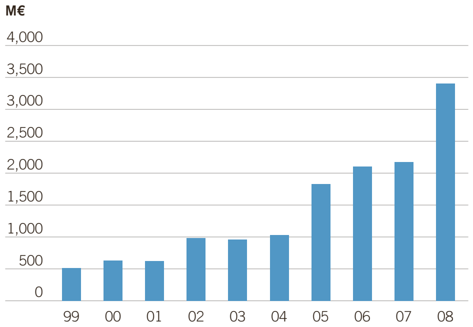
- Growth in capital under management 56%.

- Return on equity –11.8%.
- Historic returns to investors from operational and terminated equity funds are presented on page 19.

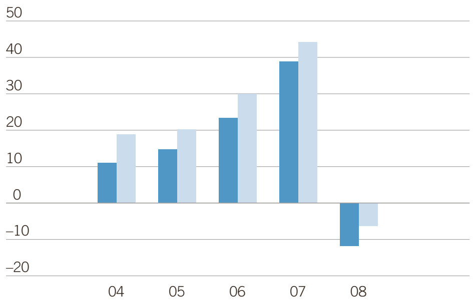
- Equity ratio 50.3%.
- Net gearing 30.0%.

- Owing to the loss made in 2008 and the uncertainty attached to the current market situation, CapMan Plc's Board of Directors proposes to the AGM that no dividend be paid for 2008.

Significant capital growth in funds under management

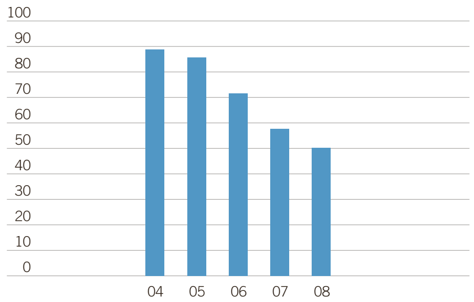


ROE and ROI, %

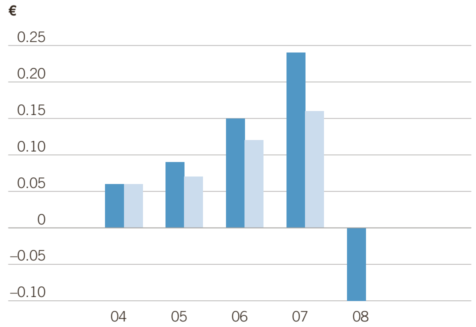


Return on equity (ROE), %
Return on investment (ROI), %

Equity ratio, %



Earnings/share and dividend/share



Earnings/share
Dividend/share

Key figures for CapMan Group 2004–2008

M€	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007	IFRS 2008
Turnover	27.7	28.7	38.0	51.6	**37.1**
Management fees	17.8	20.3	24.9	24.6	**29.6**
Carried interest	9.1	6.6	9.4	23.6	**4.1**
Income from fund investments	0.2	0.5	0.9	0.5	**0.3**
Income from real estate consulting*		0.9	2.0	2.1	**2.4**
Other income	0.6	0.4	0.8	0.8	**0.7**
Other operating income**	0.1	0.1	0.7	0.2	**0.1**
Operating expenses	–18.9	–21.9	–26.6	–27.7	**–29.8**
Fair value gains/losses of investments	–0.4	1.6	3.5	5.7	**–13.7**
Operating profit/loss	7.4	8.4	15.6	29.8	**–6.3**
Financial income and expenses	0.5	0.8	0.4	1.1	**–2.0**
Share of associated companies' result	0.4	0.3	1.3	1.9	**–2.4**
Profit/loss for the financial year	4.9	7	12.4	24.2	**–8.1**
Return on equity (ROE), %	11.1	14.8	23.4	38.9	**–11.8**
Return on investment (ROI), %	18.9	20.2	29.9	44.2	**–6.3**
Equity ratio, %	88.8	85.8	71.6	57.6	**50.3**
Dividend paid***	4.5	5.3	9.3	12.8	**0.0**
Personnel (at year-end)	74	87	98	110	**141**

* *Income for the period July–December 2005.*
** *Capital gain from sale of Access Capital Partners shares (12.5% of shares) in 2006 amounts to €0.6 million.*
*** *Board of Directors' proposal to Annual General Meeting for 2009.*

A theoretical example of a private equity fund's cash flows

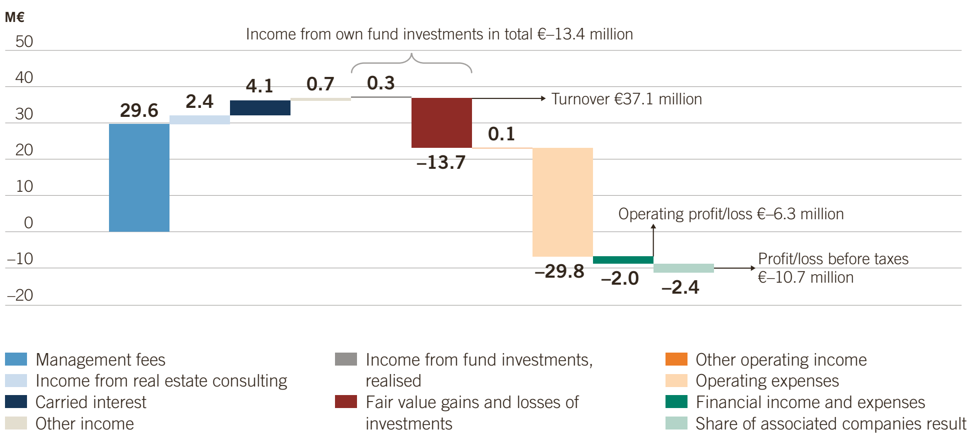
Basic assumptions about the example fund

- The fund's size is €100 million.
- The fund makes 10 investments, each of €10 million, at 6-month intervals. The first investment is made 6 months after the fund's establishment.
- The value of each investment grows by a factor of 2.5 over a 4-year holding period.
- The fund's management fee (2% p.a.) is based on the fund's size (€100 million) during the investment period (e.g. 4.5 years), and thereafter on the remaining portfolio at acquisition cost.
- The fund's hurdle rate is 8% and the management company's share of carried interest is 20%.

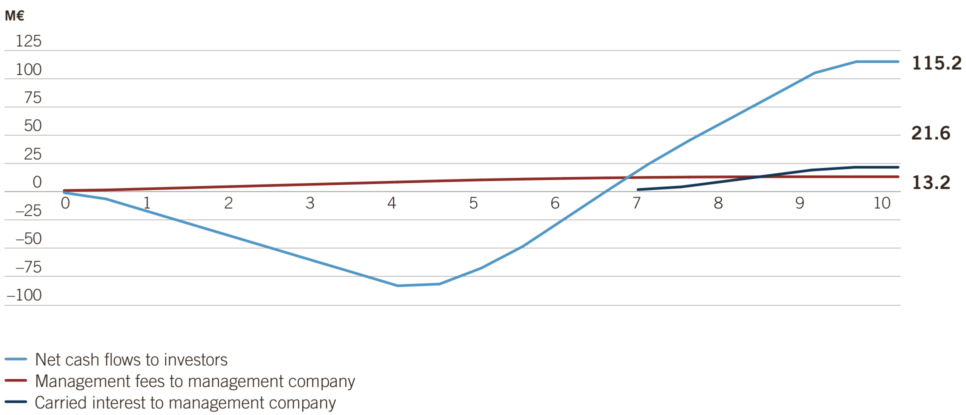
Based on these assumptions

- The fund's gross multiple is 2.5.
- Net multiple to investors is 2.2.
- Net IRR to investors is 20% p.a.
- The fund transfers to carry in its seventh year.
- Carried interest received by the management company amounts to €21.6 million.
- Management fees received by the management company amount to €13.2 million.

Components of income and operating costs in 2008



Cumulative cash flows during a fund's life cycle



CAPMAN 20 YEARS

Pioneer in private equity

In 20 years CapMan has established its position as one of the leading alternative asset managers in the Nordic countries and Russia.

CapMan was established at the end of the 1980s at the same time when the private equity industry was emerging in other Nordic countries also. The Company's operations started to grow strongly in the mid-1990s, since when new funds have been established almost every single year. Growing customer demand and increasing internationalisation in the investor base, combined with the need for active and long-term ownership, has fuelled this growth.

CapMan was among the first companies in the industry to become listed, on 2 April 2001. Listing enabled CapMan to expand into other Nordic countries during 2001 to 2004.

Over the past two decades, private equity has consolidated its position in the financing of M&A and growth. In recent years, private equity real estate funds have gained an established position in the allocations of institutional investors that invest in real estate. Long-term prospects for the industry are promising. CapMan's values High Ethics, Dedication and Active Ownership, combined with the expertise of CapMan personnel responsible for management and investment activities, form the keys to CapMan's success also in the future.

CapMan Days has been arranged for the entire Group every year since 2002. The Nordic teams then were headed by Lennart Jacobsson (left), Jan Lundahl (centre) and Heikki Westerlund (right).

Ari Tolppanen, CapMan's longstanding CEO and current Chairman of CapMan Plc's Board at a stakeholder event in Stockholm in May 2003.

ScanJour is one of CapMan's latest investments in Denmark.

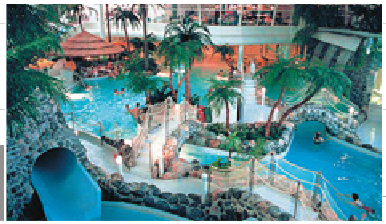
Growth in capital under management

Domestic presence 1989–2001

MBO

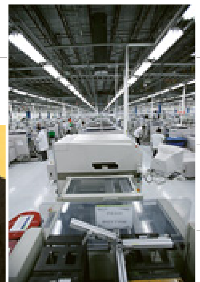
CapMan

CapMan was established.

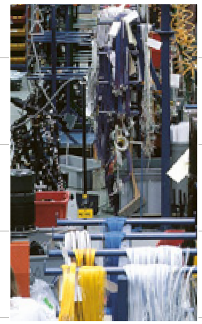


Finnventure Fund I was established in 1999. The first investment was in Finnish Kuusamo Tropic spa hotel.

CapMan's management carried out a Management Buyout. Photo of CapMan's Senior Partners from 1999.



Elcoteq was one of CapMan's first mezzanine investments.



PK Cables was one of the many IPOs CapMan made in the late 1990s.

Buyout →

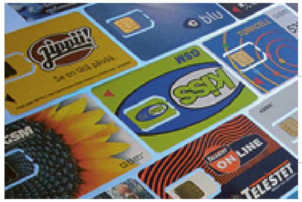
Mezzanine →

Technology →

1989 1990 1991 1992 1993 1994 1995 1996 1997 1998

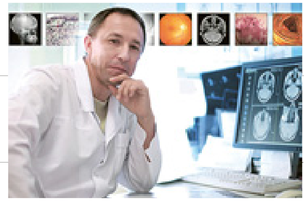
Nordic presence 2001–2007

Expansion to Russia 2008



The exit from Setec in 2005 return the original investment by over six to investors in CapMan funds.

Limited Partners Day for fund investors was arranged in Stockholm in 2007. Sweden's former Prime Minister Göran Persson was the key note speaker at the event.



CapMan's Nordic presence and networks have been widely utilised in the Mawell investment made in 2007.

Cargo Partner, a portfolio company since 2008, is an example of investments in consolidating industries.

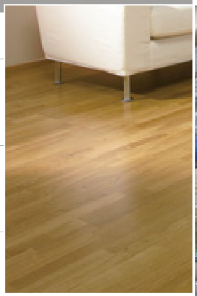
M€: 3,500 · 3,250 · 3,000 · 2,750 · 2,500 · 2,250 · 2,000 · 1,750 · 1,500 · 1,250 · 1,000 · 750 · 500 · 250 · 0

1999

access capital partners

CapMan participated in establishing associated company Access Capital Partners.

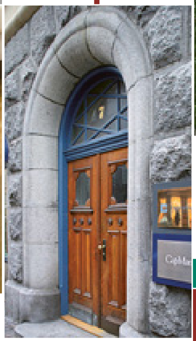
2000



One of CapMan's most active investment years, with investments in companies such as Karelia Corporation.

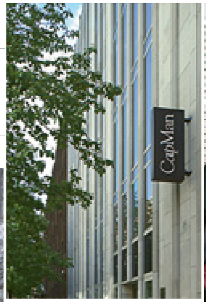
2001

LISTING



CapMan Plc was listed. Expansion into Denmark.

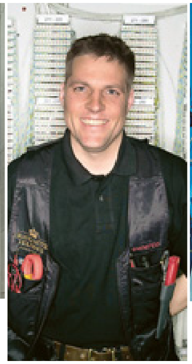
2002



Operations expanded into Sweden. The first Nordic fund, CapMan Equity VII, was established.

Life Science →

2003



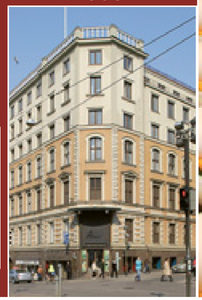
Synerco was one of CapMan's first buyout investments in Sweden.

2004

CapMan expanded into Norway. Sale of Eltel Networks – one of CapMan's most successful exits in the 2000s.

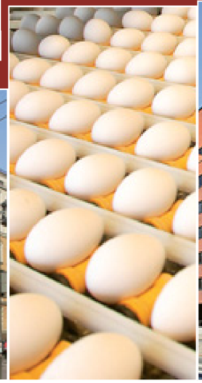
2005

Real Estate →



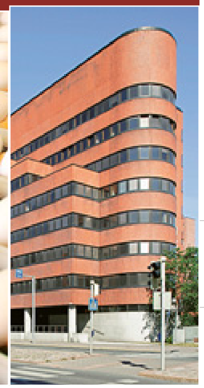
In response to growing customer demand, CapMan expands into private equity real estate funds.

2006



CapMan's most active year for exits, including the sale of Nordkalk Corporation. Investments in Norway in Cardinal Foods (photo), among others.

2007

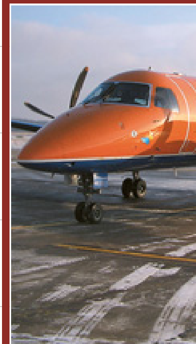


Highly successful exit from CapMan Real Estate I fund's portfolio.

2008

Russia →

Public Market →



CapMan established a €845 million hotel fund. Expansion into Russia and into investments in listed markets. Region Avia Airlines was CapMan's first investment in Russia.

20 years

INVESTMENT APPROACH

Investing in growth

CapMan's principal aim is value creation in its investment targets. In practice, this means increasing the value of investments through growth, improved profitability and stronger strategic position.

Value creation is based on active ownership

CapMan's objective is to create lasting and long-term added value through growth, change and active ownership. CapMan is always a decision-making owner of its portfolio companies, with real possibility to influence their development. Portfolio companies' executives are always involved as owners, and play a key role in the company's development.

CapMan's investment professionals are actively involved in defining the company's strategy, analysing potential acquisitions, and in implementing M&A and international expansion. They work in close cooperation with the company's Board, management and other owners and monitor and react to changes in the company's financial status, risk management and business environment. In their daily work the investment professionals utilise their previous experience in management, industry and financing.

Value creation in real estate funds is based on a well-structured portfolio as well as on active development of single properties and real estate development targets through property management, building, new service concepts and active leasing methods. The extensive consulting expertise of the Real Estate team is utilised in the value creation.

Value increase is realised through exits from investment targets, typically 4 to 6 years from the time of initial investment.

Complementary competence

The investment areas' common private equity value creation toolbox is important in developing portfolio companies. In addition to shared tools, the investment teams have complementary sector-specific competence, in-depth knowledge of technologies and treatment methods, and geographical experience in the Nordic countries and Russia.

The broad-based competence of different investment teams has been exploited in, for instance, syndicated investments in the technology and healthcare sectors.

Unique local presence

CapMan is the only private equity investor with investment teams and offices in all the Nordic capitals as well as Moscow. A local presence and local contact networks spread information about potential investments to all the teams, and allow a comprehensive comparison of portfolio companies' value creation potential on a wide geographical level before any investment decisions are made.

The investment teams' extensive network includes representatives, entrepreneurs and other partners of various industries in all operating countries, and provides resources for operative management and boardwork.

CapMan Advisor Network

The expertise of CapMan's investment professionals is complemented by CapMan Advisor Network, which comprises business leaders with long careers. Senior Advisors work full-time in CapMan's offices to promote the aims of CapMan, its portfolio companies and its real estate investments. Industrial Advisors participate part-time in CapMan's operations. The main duties of the Advisors are to generate new deal flow across different industries and countries, to assist in analysing industries, and to promote value creation in portfolio companies and real estate. They also assist in identifying suitable acquisition targets, business partners and market opportunities for the portfolio companies, as well as suitable owners in the exit stages. CapMan adopted the Advisor concept in the late 1990s.

CapMan's role in real estate investments

Property development targets

- Active owner that creates value through market and profit analyses, functional planning, planning of business ideas as well as through control of planning, project management and construction management.

Commercial properties

- Active owner that creates value through property management, new service concepts and active leasing operations.

Hotel properties

- Responsible for the property's development, repair and expansion projects, and leasing agreements.
- Works in cooperation with tenants.

The impact of different value creation drivers on value increase in realised buyout exits*

** Indexed average proportion of each value creation driver. Based on 32 partially realised and fully realised investments from equity funds. Calculations simplified to some extent.*

CapMan's role in portfolio companies

Ownership

- Active owner that sets clear goals for company development.
- Respects management's operative responsibility.
- Always represented on the Board of Directors, appointing Board members to match the company's development stage.
- Holds a majority shareholding or an influential minority interest.

Development

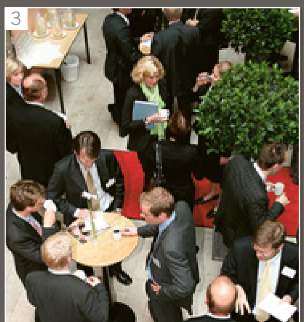
- Focus on long-term development and carefully defined value creation drivers.
- Develops the company's strategic goals and supports management in their implementation.
- Actively involved in senior management recruitment and in implementation of the company's internationalisation and consolidation development processes, M&A and exits.

Networks

- Assists in arranging external financing.
- Designs and implements management incentive schemes.
- Opens up an extensive international contact network to the portfolio company.
- Provides a well-known partner and brand to promote value creation in portfolio companies.

For more information

➥ Investment areas on pages 24–36 and www.capman.com
➥ CapMan Advisor Network www.capman.com
➥ Case studies on pages 25, 27, 29, 31, 35 and www.capman.com




Kummallinen sana, joka voi merkitä paljon kehittyvän yrityksen rahoitukselle.

MEZZANINE

AIM TO OFFER FIRST-CLASS CUSTOMER SERVICE

1. Investor Services team of 24 professionals is responsible for fundraising, fund administration and business communications for CapMan funds. The team also serves stakeholders in CapMan Plc's share by taking care of the Group's financial communications and investor relations, monitors portfolio companies' and funds' performance and is responsible for legal matters on behalf of the funds and Group. Photo: Mari Reponen (left), Heli Rantala, Martti Timgren, Jerome Bouix, Sanna Loikkanen and Andrei Novitsky.

WIDE RANGE OF FUND PRODUCTS

2. Launching new fund products has largely contributed to CapMan's growth. CapMan Russia fund was transferred to CapMan's management in summer 2008, on finalisation of the Norum acquisition. The latest buyout fund CapMan Buyout IX was established in December 2008.

INTERNATIONAL FUND INVESTOR BASE

3. At the end of 2008, over 120 institutions had invested in CapMan funds. One third of investors is from outside Finland. Photo: Limited Partners Day in Stockholm in 2007.

PIONEER IN MEZZANINE FINANCING

4. Mezzanine financing has been included in CapMan's product portfolio since 1995. The latest mezzanine fund, CapMan Mezzanine IV was established in 2004 with €240 million fund size. Photo: Marketing material from the 1990s.

CapMan funds

€3,407.5 million	Capital under management at the end of 2008
+56%	Growth in capital under management in 2008
+4	Four new funds in 2008
20	Funds under management include 14 equity funds, 3 mezzanine funds, and 3 real estate funds

FUND INVESTORS – OUR CLIENTS

Loyal fund investors are one of CapMan's strengths

CapMan's clientele comprises institutions investing in the Group's funds. The number of fund investors has grown and internationalised along with new funds. At the end of 2008, there were over 120 investors in CapMan funds.

Our investor base is internationalising

The largest investors in CapMan funds are pension institutions, and life assurance and non-life insurance companies. In recent years an increasing number of international funds of funds have joined CapMan funds. CapMan Plc is also a substantial investor in the funds managed by the Group.

Most investors have invested in several funds. The amount of individual investment commitments has also risen over the years, alongside growth in fund sizes. At the end of 2008, the aggregate capital invested by the five largest investors was approximately €1 billion. Typically a single investor has committed at maximum 20% of the total size of the fund.

Nordic institutions are well represented in the CapMan funds. An important aim for CapMan's fundraising team is to further internationalise the existing investor base. Alongside Nordic institutions, several European and US investors have invested in the funds over the past years. The fundraising team continued to meet potential new international investors in 2008, thus laying a solid foundation for future fundraising. All in all the fundraising team met investors in more than 300 meetings during the year.

New products are based on customer demand and growth potential

Over the years CapMan has developed new types of funds to meet customer demand. Several CapMan funds have been the first funds of their type in their domestic Nordic markets. In response to customer demand and growth potential for new products, CapMan launched the CapMan Hotels RE, CapMan Russia and CapMan Public Market funds in 2008. CapMan also established its ninth buyout fund, CapMan Buyout IX. Capital amounting to more than €1 billion was raised for the new funds in 2008, and the fundraising for all of them will continue in 2009.

Allocations continue to grow in the long-term

In the more advanced private equity markets, such as in the US and UK, institutional investors allocate some 7–15% of their assets in the alternative asset class. The proportion among Nordic investors is on average 5%, but with substantial variation between countries. Several investors in the Nordic countries and Central Europe are just starting to invest in private equity.

Although many institutions have temporarily frozen new investment commitments owing to the economic crisis, in the long run investors have indicated to increase their commitments in the alternative asset class. The underlying reason for this is institutions' desire to find higher-performance investment targets to supplement their conventional share and loan portfolios.

The main subcategories of the alternative asset class are private equity, real estate and hedge funds, the first two of which are included in CapMan's product portfolio. In recent years, institutions have made their largest allocations to buyout funds, while their interest in European venture capital funds has been limited. This trend is expected to continue. Also investors' interest in the real estate sector continues to grow, and growth in real estate investment allocations is expected – particularly through funds making indirect real estate investments.

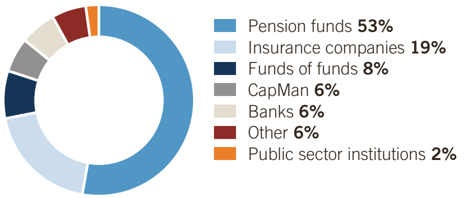
Fundraising prospects for 2009

The fundraising environment has undergone profound changes over the past few years. 2006 and 2007 were record years for European fundraising. In 2007 nearly €80 billion was raised for private equity funds. Preliminary statistics indicate that the majority of the capital raised for European private equity funds in 2008 was raised in the first half of the year. As a consequence of the financial crisis, the fundraising climate became very challenging in the second half of the year. 2009 is generally forecast to be a difficult year for fundraising, and the length of fundraising processes is expected to be prolonged.

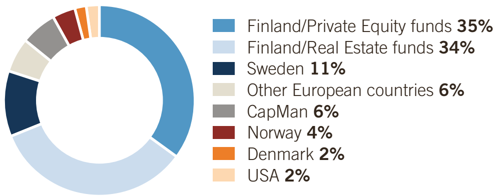
CapMan's strengths in the current market situation are the Group's proven track record, long history, wide product range, and loyal investor base.

Investors' commitments to CapMan funds since 2004*

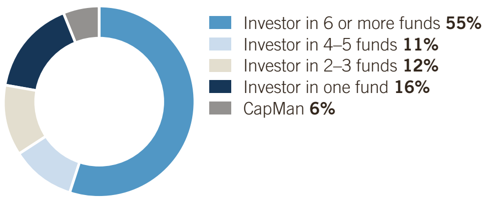
Committed capital by investor type



Committed capital by geographical area



Committed capital by customer loyalty



** Includes only the proportion of funds' equity financing, €1,958.3 million. Taking into account real estate funds' shares of liabilities, the funds' original investment capacity was €3,248.3 million as at 31 December 2008.*
More information on the CapMan funds is given on pages 15–19.

CAPITAL UNDER MANAGEMENT

€3.4 billion in CapMan funds

Capital under management in the CapMan funds grew by 56% in 2008 as a result of the establishment of the new CapMan Hotels RE, CapMan Russia, CapMan Public Market and CapMan Buyout IX funds.

Capital under management

At the end of 2008 altogether €1,767.0 million (€1,394.3 million on 31 December 2007) of the capital under CapMan's management was in private equity funds that invest in portfolio companies, and €1,640.5 million (€795.7 million) in real estate funds.

The capital in funds making investments in portfolio companies is divided into equity funds and mezzanine funds. At the end of 2008 capital in equity funds amounted to €1,480.6 million, and in mezzanine funds to €286.4 million.

Capital under management refers to the funds' remaining investment capacity and the invested capital at acquisition cost. The figure does not include invested capital from which a fund has already exited. Capital under management increases through funds' fundraising and decreases through exits.

Four fund categories according to carry phase

At the end of 2008 CapMan managed 20 private equity funds. Some of these funds are already in or approaching the phase of generating carried interest (carry) while some are still in the active investment or fundraising phase.

Funds in carry represented some 8% of capital under management in the CapMan funds on 31 December 2008. Exits from these funds will generate carried interest income for CapMan, and with the exception of the CapMan Real Estate I fund, their investment activities have terminated.

Roughly 8% of the capital under management at the end of 2008 was in funds that are expected to transfer to carry during 2009–2010. This group includes funds that are still actively making add-on investments in their existing portfolio companies. In the medium-term, these funds have significant potential for value increase.

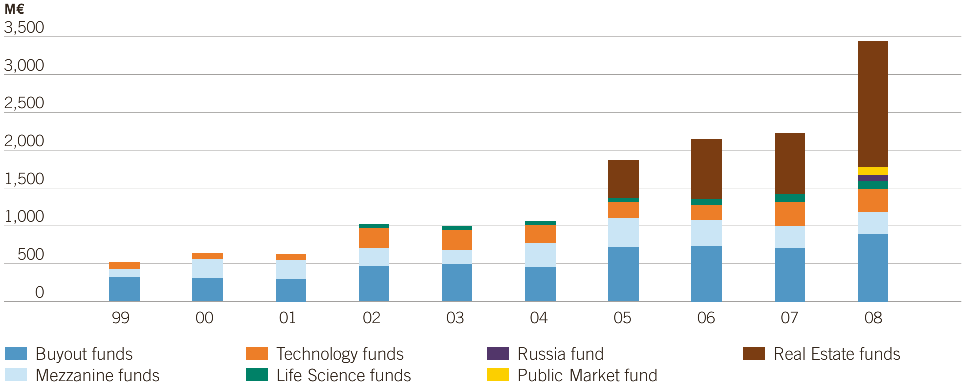
Funds that typically have raised funds over the past five years and are still in the active investment phase form the largest group, some 80%, of capital under management.

The remainder, representing approx. 3% of capital under management, have limited carried interest potential for CapMan. Carried interest potential is limited because of the funds' small portfolio size, the funds are not expected to transfer to carry, or CapMan's carried interest percentage in the funds is low.

Substantial capital for new investments

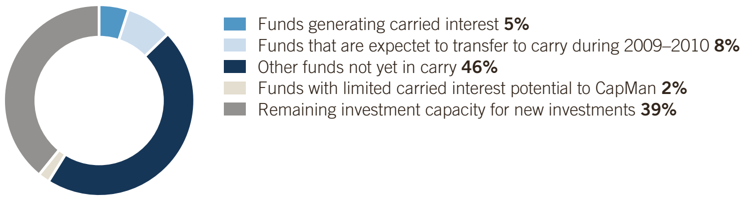
Of the capital under management in funds investing in portfolio companies €875 million, or roughly one-half, was available for new investments and for add-on investments in existing portfolio companies at the end of 2008. Real estate funds had remaining investment capacity of €320 million for new investments and commitments. In addition real estate funds had €95 million for commitments to real estate acquisitions and projects.

Capital under management 1999–2008



Funds' carried interest potential as of 31 December 2008

Aggregate fund portfolio at fair value (€1,990 million) by fund life cycle phase and remaining investment capacity (€1,290 million).



CAPMAN FUNDS

20 funds in different life cycle phases

CapMan categorises the funds it manages into four different groups, according to their carry phase. Funds that invest in portfolio companies and real estate funds are studied separately.

Funds' operating model

A private equity fund has a limited and predetermined life cycle, usually 10 years. The funds make investments in selected portfolio companies or properties mainly during the fund's first 3 to 4 years of operation. One fund may comprise several parallel funds, which may have different investment focuses or portfolios. A dedicated team is responsible for the fund's investment activities.

CapMan has an active role in the development of investments. The ownership period is on average 4 to 6 years, after which CapMan exits from the investment, for instance through a trade sale or a real estate portfolio sale. Following an exit, the invested capital and return are returned to the private equity fund, to be distributed to the fund's partners, i.e. the investors and management company, according to the agreed profit distribution policy. The funds' limited partnership structure enables investors to receive interest, dividends and capital gains throughout the financial year as funds exit from their portfolio companies and properties.

The fund's management company or general partner receives an annual management fee for the fund's entire period of operations that is based on the fund's original size during the fund's investment period and thereafter on the acquisition cost of the fund's portfolio. If the fund has operated successfully, the management company can receive also carried interest income from the fund.

The continuity of the management company's business is assured by establishing new funds as the previous funds become fully invested.

Funds in carry and funds approaching carry

Of the CapMan funds, Finnventure II, III and V, the Fenno Program, Finnmezzanine II B and CapMan Real Estate I were in carry on 31 December 2008. Carried interest income from these funds amounted to €4.1 million in 2008. Since it first started operating, CapMan has received a total of €89.2 million in carried interest from funds now in carry and funds that have terminated operations, including minority interests.

The CapMan Equity VII A, B and Sweden funds as well the Finnmezzanine III A and B funds are expected to transfer to carry during 2009–2010.

What is carried interest income?

Carried interest refers to the distribution of the profits of a successful private equity fund among investors and the management company responsible for the fund's investment activities. In practice, carried

Funds investing in portfolio companies as at 31 December 2008, M€

	Established/generating carried interest since	Fund size	Paid-in capital	Remaining commitment	Fund's current portfolio at cost	Fund's current portfolio at fair value	Net cash assets	Distributed cash flow to investors	Distributed cash flow to management company (carried interest)	Hurdle rate, IRR % p.a	CapMan's share of cash flow, if the fund generates carried interest
Funds generating carried interest											
"Old funds", total [1]		58.6	57.4	1.2	3.1	0.1	0.2	180.1	44.2	–	20–35%
Finnventure Fund V	1999/2007	169.9	164.0	5.9	48.5	23.5	1.1	237.7	5.3	–	20%
Fenno Program, total [2]	1997/2005	59.0	59.0	0.0	10.7	6.3	0.1	123.2	8.7	–	10–12%
Total		**287.5**	**280.4**	**7.1**	**62.3**	**29.9**	**1.4**	**541.0**	**58.2**		
Funds expected to transfer to carry during 2009–2010											
CapMan Equity VII A	2002	156.7	135.9	20.8	84.7	117.7	3.6	92.4		8%	20%
CapMan Equity VII B	2002	56.5	54.2	2.3	34.3	55.9	2.3	41.9		8%	20%
CapMan Equity Sweden	2002	67.0	58.1	8.9	36.2	50.4	1.5	39.8		8%	20%
Finnmezzanine Fund III A	2000	101.4	98.8	2.6	32.1	31.9	2.9	103.1		7%	20%
Finnmezzanine Fund III B	2000	20.2	19.8	0.4	8.4	10.0	0.4	18.6		7%	20%
Total		**401.8**	**366.8**	**35.0**	**195.7**	**265.9**	**10.7**	**295.8**			

Definitions for column headings and footnotes to the tables on pages 16–17:

Established/generating carried interest since:
Year when the fund was established or transferred to carry.

Fund size:
Total capital committed to the fund by investors, i.e. the original size of the fund.

Paid-in capital:
Total capital paid into the fund by investors as at 31 December 2008.

Remaining commitment:
Difference between the original size of the fund and the paid-in capital. Remaining capital that the fund has available for new investments and expenses (including management fees).

Fund's current portfolio at fair value:
The funds' investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG). The valuation principles for determining fair value are described in more detail on page 20.

Net cash assets:
When assessing an investor's share, the fund's net cash assets must be taken into account as well as the fair value of its portfolio. In the CapMan Mezzanine IV fund, net cash assets may be negative due to a credit facility used in the fund.

Distributed cash flow:
For investors, cash flow means repayments of principal as well as profits distributed by funds. The aggregate cash flow received by the management company from the fund (carried interest) as at 31 December 2008.

interest means the share of funds' cash flows received by the management company after the fund has fully transferred to carry.

Typically in the private equity industry recipients of carried interest are investment professionals in the management company responsible for the fund's investment activities. In CapMan's case, carried interest is distributed between CapMan Plc and the team responsible for the fund's investment activities.

When does a fund transfer to carry?

To transfer to carry, a fund must return paid-in capital and pay a preferential annual return on this (hurdle rate, typically 7–8% IRR p.a.). When the fund has transferred to carry, the remainder of the cash flows are distributed between the investors and the management company. When a fund is generating carried interest, the management company receives carried interest income from all of the fund's cash flows even if an exit was made at lower value than its acquisition cost. A typical distribution of carried interest income is 80% to investors, and 20% to the management company. The average time taken for CapMan funds to transfer to carry is 6.6 years.

When analysing how quickly funds can transfer to carry, the ratio of cumulative cash flows already received by investors to paid-in capital should be examined. The fair value of the portfolio, including any net cash assets of the fund, tells the distributable capital to investors at the end of the review period. When estimating the necessary cash flow, it should be noted that some of the funds have capital that is not yet paid in. After the previous distribution of profits, any new capital paid in, as well as any annual preferential returns on it, must however be returned to investors before the new distribution of profits can be paid.

Why is carried interest distributed to the management company?

In the private equity industry, carried interest is a typical structure for aligning the interests of investors and the management company, typically its investment professionals. The earnings potential from carried interest is very significant for the management company, so it is in its interests to handle investment activities as profitably as possible. Investors also benefit from an investment professional having a large

Number of portfolio companies as at 31 December 2008

- Funds generating carried interest: 6 companies, fair value €29.9 million.
- Funds estimated to start generating carried interest during 2009–2010: 25 companies, fair value €265.9 million.
- Other funds not yet in carry: 18 companies, fair value €429.9 million.
- Funds with limited carried interest potential: 12 companies, fair value €50.8 million

Funds investing in portfolio companies as at 31 December 2008, M€

			Established	Fund size	Paid-in capital	Remaining commitment	Fund's current portfolio		Net cash assets	Distributed cash flow		Hurdle rate, IRR %. p.a.	CapMan's share of cash flow, if the fund generates carried interest
							at cost	at fair value		to investors	to management company (carried interest)		
Other funds not yet in carry													
		CapMan Equity VII C	2002	23.1	16.7	6.4	9.5	7.1	0.4	7.0		8%	20%
○		CapMan Buyout VIII Fund [3]	2005	440.0	300.5	139.5	264.1	222.7	2.8			8%	14%
○		CapMan Life Science IV Fund	2006	54.1	23.5	30.6	14.5	10.3	0.8			8%	10%
○		CapMan Technology 2007 [3]	2007	142.3	40.3	102.0	32.7	30.0	0.9			8%	10%
○	○	CapMan Russia Fund [4]	2008	118.1	21.1	97.0	16.8	16.8	0.0			8%	n/a
○	○	CapMan Public Market Fund [5]	2008	106.0	1.3	104.7	0.0	0.0	0.2				10%
○	○	CapMan Buyout IX Fund	2008	203.0	0.0	203.0	0.0	0.0	0.0			8%	10%
		Finnmezzanine Fund III C	2000	13.9	13.9	0.0	3.8	2.8	2.0	12.9		7%	20%
○		CapMan Mezzanine IV [6]	2004	240.0	131.1	108.9	148.1	140.2	–38.2	28.8		7%	15%
Total				**1,340.5**	**548.4**	**792.1**	**489.5**	**429.9**	**–31.1**	**48.7**			
Funds with limited carried interest potential to CapMan													
Funds with limited carried interest potential to CapMan [7), 8)]				**277.7**	**262.1**	**15.6**	**78.5**	**50.8**	**3.6**	**174.7**			

Footnotes to tables on pages 16–17:

○ = the fund was in the active investment phase on 31 December 2008.

○ = the fund was in the fundraising phase on 31 December 2008.

1) So-called "Old funds": Finnventure Fund II (established 1994, transferred to carry 1997), Finnventure Fund III (established 1996, transferred to carry 2000), Finnmezzanine Fund II B (established 1998, transferred to carry 2006).

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

3) The fund comprises two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).

4) CapMan Russia fund was transferred under CapMan's management on 27 August 2008 on completion of the Norum acquisition. CapMan Plc's share of carried interest will depend on the final size of the fund and will be announced in conjunction with notification of the final fund size.

5) CapMan Public Market fund: The fund's preferential return is linked to market return.

6) CapMan Mezzanine IV: Paid-in capital includes a €96 million bond issued by Leverator Plc. The fund's net cash assets include a loan facility with which investments are financed up to the next bond issue. Distributed cash flow includes payments to both bond subscribers and the fund's partners.

7) Funds with limited carried interest potential for CapMan: Finnventure Fund IV, Finnventure Fund V ET, Swedestart Life Science, Swedestart Tech , Finnmezzanine Fund II A, B and D.

8) Currency items are valued at the average exchange rate on 31 December 2008.

stake in maximising returns. Transferring to carry and carried interest are based on realised cash flows, not on a calculated and as yet unrealised return.

CapMan's share of carried interest

CapMan's share of cash flows received from funds in carry is 20–25% for funds established before 2004, and 10–15% for funds established after 2004. The lower share in respect of newer funds is because investment teams now directly receive a share of the carried interest from funds for whose investment operations they are responsible for, whereas earlier this was paid to CapMan and distributed to the teams in the form of bonuses. The current practice clarifies the distribution of profit and allocates carried interest more accurately to the teams responsible for investment activities.

Debt financing included in investment capacity of real estate funds

CapMan's real estate funds operate broadly along the same principles as funds that invest in portfolio companies. Their investment capacity, however, includes a proportion of debt, with which new real estate investments are financed.

In real estate funds, as well as in CapMan Mezzanine IV fund which includes a securitized part, leveraging with debt is used at the fund level whereas in the other funds it is used at the portfolio company level.

The proportion of debt in real estate funds is agreed with investors in advance, and ranges between 60% and 75%. The proportion of debt financing in portfolio company investments is lower, and varies considerably between investments. Unlike in funds investing in portfolio companies, in real estate funds management fees are also paid for committed debt capital. In all the funds, carried interest is calculated on equity.

Number of real estate investments as at 31 December 2008

- Funds generating carried interest:
  9 properties, fair value €148.3 million.
- Other funds not yet in carry:
  48 properties, fair value €1,065.8 million.

For more information

➥ Key figures for funds www.capman.com
➥ Investment operations on pages 24–36
➥ Funds' investments www.capman.com
➥ Funds' returns on page 19
➥ Valuation principles on page 20

Real estate funds as at 31 December 2008, M€

	Established/generating carried interest since	Capital structure	Investment capacity	Paid-in capital	Remaining commitment	Fund's current portfolio at cost	Fund's current portfolio at fair value	Net cash assets	Distributed cash flow to investors	Distributed cash flow to management company (carried interest)	Hurdle rate, IRR % p.a.	CapMan's share of cash flow, if the fund generates carried interest
Funds generating carried interest												
○ CapMan Real Estate I [1]	2005/2007	equity and bonds	200.0	165.0	35.0	44.4	46.2		187.1	27.4	10.5%	26%
		debt financing	300.0	252.1	47.9	102.1	102.1					
		total	500.0	417.1	82.9	146.5	148.3	–1.3	187.1	27.4		
Other funds not yet in carry												
○ CapMan RE II	2006	equity	150.0	68.1	81.9	72.7	72.9		0.5		10%	12%
		debt financing	450.0	199.4	250.6	198.2	198.2					
		total	600.0	267.5	332.5	270.9	271.1	–7.0	0.5			
○ ○ CapMan Hotels RE [2]	2008	equity	304.9	269.1	35.8	268.3	249.9		10.8		8%	12%
		debt financing	540.0	526.0	14.0	544.8	544.8					
		total	844.9	795.1	49.8	813.1	794.7	4.5	10.8			
Total			**1,944.9**	**1,479.7**	**465.2**	**1,230.5**	**1,214.1**	**–3.8**	**198.4**	**27.4**		

Definitions for column headings and footnotes to the table:

○ = *the fund was in the active investment phase on 31 December 2008.*

○ = *the fund was in the fundraising phase on 31 December 2008.*

Established/generating carried interest since:
Year when the fund was established or transferred to carry.

Investment capacity:
The fund's original investment capacity taking into account investors' commitments and the agreed debt financing.

Paid-in capital:
Total capital paid into the fund by investors and available debt as at 31 December 2008.

Remaining commitment:
Difference between the original size of the fund and the called-in capital and also the difference between available and used debt capacity. Remaining capital that the fund has available for new investments and expenses (incl. management fees).

Fund's current portfolio at fair value:
The fair value of funds' investments in real estate is based on appraisements by external experts. The valuation principles for determining fair value are described in more detail on page 20.

Net cash assets:
When assessing an investor's share, the fund's net cash assets must be taken into account as well as the fair value of its portfolio. The net cash assets of real estate funds do not include senior debt, which is presented in a separate row in the table.

Distributed cash flow:
For investors, cash flow means repayments of principal as well as profits distributed by funds. The aggregate cash flow received by the management company from the fund (carried interest) as at 31 December 2008.

[1] *CapMan Real Estate I: realised cash flow includes repayment of a bond and cash flow to the fund's partners.*

[2] *CapMan Hotels RE: in addition to the €526 million senior loan, the portfolio is financed with a €25.8 million short-term loan.*

RETURNS TO INVESTORS

CapMan aims for superior returns

Most of the CapMan funds have succeeded well compared to European private equity benchmarks.

The relevance of different periods for funds' returns

CapMan has succeeded well in exploiting prevailing market conditions for funds that started operating between 1990 and 1997. In the mid-1990s, funds in the active investment phase made many investments and the value increase potential related to the investments was realised in the active exit market prevailing at the end of the 1990s.

Buyout investments by funds established in the 2000s have been made at reasonable prices and the investments' values have primarily developed in line with expectations. Towards the end of 2008, the fair values of the funds' portfolios dropped as a result of the general market development, which is also reflected in the funds' return multiples. The negative development in fair values was mainly due to the substantial reduction of the multiples of portfolio companies' listed peers used in company valuations.

The technology boom at the turn of the millennium raised the value of technology investments. CapMan's investments at that time were made at high valuation levels, which is particularly evident in the IRRs and return multiples of technology funds during the period. Since then investments in technology funds have been made at reasonable valuation levels.

New funds excluded from the analysis

The analysis includes equity funds only. The funds established during 2007–2009 are not comparable with more mature funds due to their short operating history and are excluded. Early-stage expenses strain new funds' net returns as can be observed from the theoretical example of a private equity fund on page 9. The mezzanine funds are also excluded from the analysis since the nature of their investment activities is not directly comparable with those of equity funds.

Funds investing in portfolio companies as at 31 December 2008

Fund	Operations started	Operations ended	Fund size, M€	Net return to investors (IRR% p.a.) (target 15%)	Return multiple to investors (net)
Funds that have terminated operations					
Finnventure Fund I	1990	2005	11.1	15.4%	3.0
Fenno Program/Other	1994	2006	21.5	9.0%	1.8
Swedestart II	1997	2006	26.2	168.5%	6.5
Alliance ScanEast Fund L.P.	2001	2004	6.0	73.7%	6.4
Operational funds					
Finnventure Fund II	1994		11.9	55.7%	3.5
Finnventure Fund III	1996		29.7	63.3%	3.9
Fenno Program/Fenno Fund	1997		42.5	15.3%	2.1
Fenno Program/Skandia I	1997		8.4	17.8%	1.6
Finnventure Fund IV	1998		59.5	4.0%	1.4
Finnventure Fund V	1999		169.9	10.4%	1.7
Finnventure Fund V ET	2000		34.0	–	0.4
Swedestart Tech	2001		70.6	–	0.8
Swedestart Life Science	2001		42.3	–	0.4
Fenno Program/Skandia II	2001		8.1	44.6%	3.2
CapMan Equity VII A	2002		156.7	13.2%	1.5
CapMan Equity VII B	2002		56.5	16.1%	1.6
CapMan Equity VII C	2002		23.1	–	1.0
CapMan Equity VII KB	2002		67.0	13.3%	1.4
CapMan Buyout VIII	2005		440.0	–	0.8
CapMan Life Science IV Fund	2006		54.1	–	0.5

Real estate funds as at 31 December 2008

Fund	Operations started	Fund size, M€	Net return to investors (IRR% p.a.) (target 15%)	Return multiple to investors (net)
Operational funds				
CapMan Real Estate I	2005	200.0	28.2%	1.4
CapMan RE II	2006	150.0	–	0.9

Definitions for column headings and footnotes to the tables:

Operations started/ended:
The year when operations started differs to the year the fund was established with respect to the following funds: Finnventure Fund V ET (established in 1999), Swedestart Tech and Swedestart Life Science (established in 2000), and Fenno Program/Skandia II and Others (established in 1997).

Fund size:
Total capital committed to the fund by investors, i.e. the original size of the fund. As an exception to the other tables, the senior loan has not been taken into account in CapMan Real Estate I fund's size, which totals €500 million, including the loan. The senior loan has not been taken into account in CapMan RE II fund's size, which totals €600 million, including the loan.

Net return to investors:
Internal rate of return IRR% p.a. to investors as at 31 December 2008 = Return to investors IRR p.a., cumulative cash flow between investors and fund + portfolio.

Return multiple to investors:
Return multiple (net) to investors = (cash flow to investors + value of the current portfolio)/paid-in capital on 31 December 2008. Investors' share of the portfolios includes investments and any liquid assets. Portfolios are valued at fair value in compliance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG).

The table is presented in more detail on CapMan's website at www.capman.com/En/Funds/Keyfiguresforfunds/.

VALUATION PRINCIPLES

Fair value changes reflected in CapMan's result

Valuation in our asset class is based on international valuation guidelines that are widely used and accepted within the industry and investors. CapMan always aims at valuing funds' investments at their actual value.

Valuation of a portfolio company

Fair value is the best estimate of the amount for which an investment could be exchanged on the reporting date in an arm's length transaction between knowledgeable and willing parties. CapMan follows International Private Equity and Venture Capital Valuation Guidelines (IPEVG) to determine the value of its portfolio companies. The guidelines also address IFRS and US GAAP requirements. There are several evaluation methods according to these guidelines – e.g. the price of recent investment, earnings multiples and market-based peer group multiples. The valuation method used depends on the status of the company, particularly on whether the company has a positive cash flow.

Companies with a positive cash flow

Typically, companies with a positive cash flow are valued at the acquisition cost for the 12 months following the investment. After that, the valuation is based on their operating income as well as on their listed peers' multiples. Peer companies are selected separately for all portfolio companies generally at the time of investment, and are kept as far as possible unchanged for the whole investment period. A peer group can reasonably be changed if the company or the sector it operates in substantially changes. The fair value obtained from peer group multiples can be adjusted according to the factors of the specific company to ensure inclusion of the qualities of the company being valued. Thus, the fair value can be discounted by, for instance, 25% owing to the small size or lack of liquidity of the portfolio company. The value based on the peer group's multiples can also fluctuate considerably in the short-term.

Early stage companies

Investments in early stage companies are typically venture capital investments in companies with a cash flow that is still negative. The value of these investments is typically also their valuation level at the time of the investment for the first 12 months following the investment. If the business operations of the portfolio company do not develop as expected or deviate from the value creation plan, a write-down of the value is always considered.

In the case of all portfolio companies, third party transactions with their multiples and price indications obtained in exit negotiations can affect the final valuation level.

Valuation of real estate

Investments in real estate are valued at fair value based on appraisals made by external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always used, or a combination of such methods.

The income method refers to determining the fair value of a property on the basis of the income receivable from it during its economic lifetime. It is based on capitalisation of annual income return at an appropriate yield.

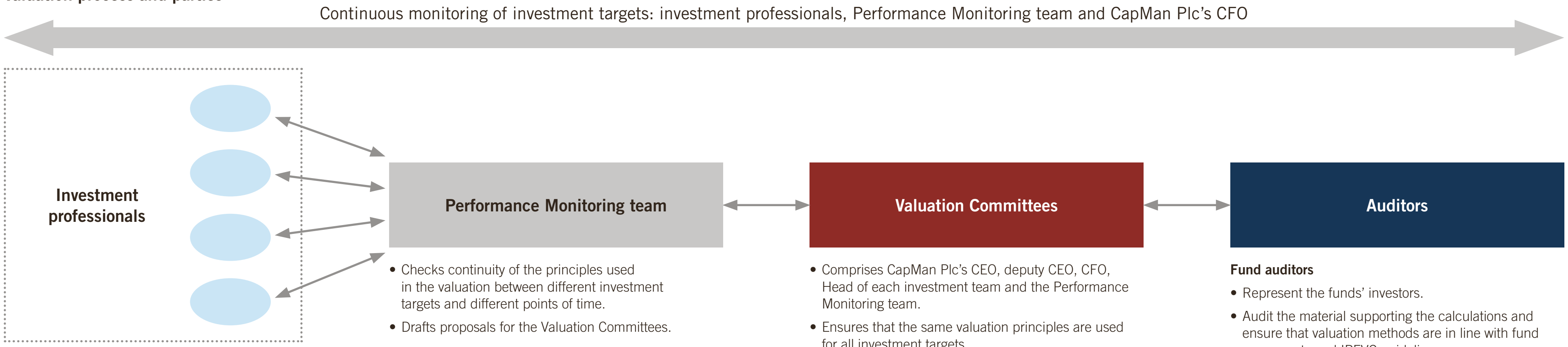
In the sales comparison value method, the value is determined on the basis of comparable transactions in the market conditions prevailing in the specific market area. The object of the transaction in a comparable transaction corresponds in its average value factors to the property being appraised.

The cost method is based on the acquisition and production costs of the property. This method is mainly used when sufficient market information for applying the other methods is unavailable.

For more information

- ➥ IPEVG www.privateequityvaluation.com
- ➥ IVSC www.ivsc.org

Valuation process and parties



Investment professionals
- Prepare proposals on the valuation of investments.
- Compile material supporting proposed valuation.

Performance Monitoring team
- Checks continuity of the principles used in the valuation between different investment targets and different points of time.
- Drafts proposals for the Valuation Committees.

Valuation Committees
- Comprises CapMan Plc's CEO, deputy CEO, CFO, Head of each investment team and the Performance Monitoring team.
- Ensures that the same valuation principles are used for all investment targets.
- Makes final decisions on fair values of investments.

Auditors

Fund auditors
- Represent the funds' investors.
- Audit the material supporting the calculations and ensure that valuation methods are in line with fund agreements and IPEVG guidelines.

CapMan Plc auditors
- Audit that valuations for CapMan Plc's own fund investments are made according to IFRS standards.

FUNDS' INVESTMENT ACTIVITIES

Investments in 2008 exceeded €1.3 billion

Funds investing in portfolio companies invest mainly in unlisted companies operating in the Nordic countries or Russia, as well as in listed Nordic companies. The investment focus of real estate funds is on commercial properties, property development projects and hotels, mainly in Finland.

A very brisk year for investment

Funds investing in portfolio companies made eight new investments and several add-on investments amounting to €232.6 million in 2008, of which add-on investments accounted for one-third. The new investments were Barnebygg Gruppen, Cargo Partner Group, Cederroth International AB, The New Black Oy (Varesvuo Partners Oy), Accanto Systems (LTE Innovations Oy), Crayon Group, Region Avia Airlines and Russia Baltic Pork Invest A/S. Altogether there were 59 companies in the CapMan funds' portfolio on 31 December 2008.

The real estate funds acquired 39 hotels, one office property and one land area in 2008, and also used investment commitments given earlier for acquiring and developing real estate targets.

The aggregate value of real estate investments was €1.1 billion, of which hotels accounted for some €810 million. In addition, the funds had made commitments totalling €95 million to finance real estate acquisitions and projects over the next few years. The funds had a total of 57 properties in their portfolio on 31 December 2008.

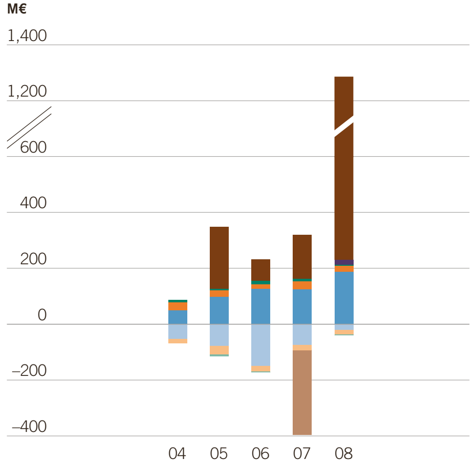
Weak year for exits

Exits remained at an unprecedented low level in 2008, and came to a complete standstill towards the end of the year. Exits at acquisition cost in 2008 amounted to only €39.4 million.

For more information

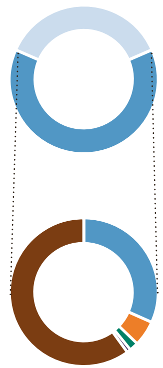
➥ Investment areas and focuses in more detail on pages 24–36
➥ Current investments on page 36 and www.capman.com
➥ Previous investments www.capman.com
➥ Funds in active investment phase on pages 16–18

Investments and exits at cost*



Exits include partial exits. Foreign currency items are translated for the entire period at the exchange rate on the last day of trading in 2008. The figures include transactions finalised as at 31 December 2008.

Substantial capital remaining for new investments per 31 December 2008



** Includes realised and estimated costs for those funds in which part of the total fund size is reserved for expenses.*

CapMan Private Equity

Buyout
- Almost all sectors in the Nordic countries (industry, retail and services)
- Equity investment typically €20–70 million per company
- Uses mezzanine financing alongside equity financing
- 27 portfolio companies on 31 December 2008

Technology
- Expansion and later growth stage technology companies in the Nordic countries
- Equity investment approx. €3–15 million per company
- 24 portfolio companies on 31 December 2008

Life Science
- Medical technology companies and healthcare service providers, mainly in the Nordic countries
- Equity investment approx. €2–7 million per company
- 12 portfolio companies on 31 December 2008

Russia
- Primarily mid-sized companies operating in Russia
- Equity investment approx. €5–15 million per company
- 2 portfolio companies on 31 December 2008

Public Market
- Significant minority shareholdings in mid-cap listed Nordic companies
- Companies' market capitalisation of €100–1,000 million

Real Estate
- Commercial properties, property development projects, and hotels, mainly in Finland
- Investment typically €5–50 million per property
- 57 investments on 31 December 2008

ACCESS CAPITAL PARTNERS

A leading European manager and advisor of fund of funds

CapMan Plc's associated company Access Capital Partners is a leading independent European manager and advisor of private equity funds of funds. The funds managed by Access invest primarily in Western European small, mid-market buyout and special situation funds and to a lesser extent late stage and buyout technology funds. At the end of 2008 Access managed assets totalling €2.5 billion.

Both funds of funds and mandates

In 2008, the capital under management in Access private equity funds of funds grew to €1.4 billion. At year-end the aggregate value of private equity mandates managed by Access was €1.1 billion, and the total capital managed by Access totalled €2.5 billion.

Access manages altogether seven funds of funds, of which the first, Access Capital Fund I (ACF I), was established in 1999. The second generation funds ACF II Mid-market Buy-out and ACF II Technology were established in 2001, the third generation ACF III Mid-market Buy-out Europe and ACF III Technology Europe funds in 2005, and the fourth generation funds ACF IV Growth Buy-out and ACF IV High Growth Technology Europe in 2007 and 2008, respectively.

Spread of investments across European growth sectors

Access offers its investors the opportunity to diversify their investment portfolio across Europe in various high growth sectors via small to mid-market buyout funds, special situation funds and late stage as well as buyout technology funds. Access is also active in secondary investments in both markets. Owing to the changed market situation, Access expects the number of funds' investments to grow especially in the case of secondaries.

The investors in Access funds are pension funds, insurance companies and other institutional investors as well as family offices.

Highly selective investment portfolio

Access Capital Partners constitutes carefully balanced portfolios comprising high-performance European private equity funds of various different managers. The funds target companies at diverse stages of the value creation stream. When making investments, Access is looking for investment teams that have been working together successfully for several years and have a proven track record for superior returns. They must also demonstrate a strong pricing discipline together with a high level of value added to investee companies. The buyout funds vary in size between €100 million and €1 billion.

Access' European technology funds of funds invest with established teams targeting fast growing technology-oriented companies in buyout financing and expansion capital. Access believes that the increased maturity of the technology sector has produced an increasing number of investment opportunities for expansion capital and buyouts in the information and communications technologies, industrial technologies, medical technologies, clean technologies, energy and media sectors.

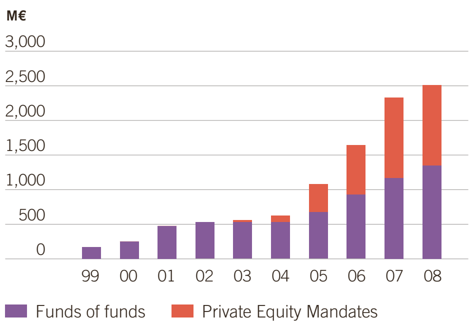
Experienced team with long track record

Altogether 31 dedicated professionals form Access's multinational team, which works from offices in Paris, Brussels and Munich. The team is headed by Access's three managing partners Dominique Peninon, Agnès Nahum and Philippe Poggioli, who have extensive experience of European private equity investment, both in funds and directly in portfolio companies.

CapMan's associated company

CapMan Plc owns a 35% holding in Access Capital Partners Group S.A., with the company's managing partners owning 65%.

Assets under management 1999–2008



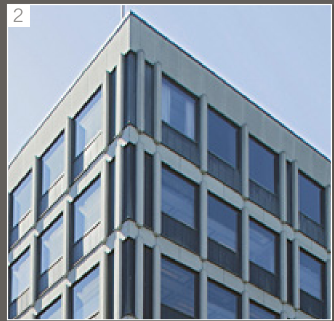
Assets under management as at 31 December 2008, M€

	Established	Fund size	CapMan's share of carried interest, if the fund generates carried interest
Access Capital Fund I*	1999	250.3	47.5%
Access Capital Fund II Mid-market Buy-out*	2001	153.4	45%
Access Capital Fund II Technology*	2001	123.5	45%
Access Capital Fund III Mid-market Buy-out Europe*	2005	307.4	25%
Access Capital Fund III Technology Europe*	2005	88.9	25%
Access Capital Fund IV Growth Buy-out*	2007	425.0	25%
Access Capital Fund IV High Growth Technology Europe* [1)]	2008	n/a	25%
Private Equity Mandates	2003–2008	1,162.0	25%
Total		**2,510.5**	

** The fund comprises two or more legal entities.*
[1)] The fund was in the fundraising phase on 31 December 2008.

For more information
➥ www.access-capital-partners.com

1


2


3


4


5


COOPERATION BETWEEN TEAMS

1. CapMan's investment teams share their knowhow across countries and teams. In 2007 CapMan Buyout and CapMan Life Science made a joint investment in Swedish healthcare company Proxima AB.

REAL ESTATE INVESTMENTS SINCE 2005

2. Brondankulma, in Helsinki's central business district, was included in CapMan's first real estate portfolio.

INVESTMENTS IN NEW SECTORS

3. CapMan looks open-mindedly for investment opportunities also in non-typical sectors. CapMan Buyout invested in Norwegian Barnebygg Gruppen, a provider of outsourced daycare services, in February 2008.

PARTICIPATING IN CHANGE

4. The 2004 Tokmanni investment has successfully applied a buy-and-build strategy. During the period of CapMan's ownership, Finnish Tokmanni has grown from a local player into a nationwide leader in non-food discount retailing.

SUPPORTING GROWTH

5. CapMan Technology has special expertise in supporting growth in later stage technology companies. This expertise has been exploited widely in the Danish IT2 Treasury Solutions investment closed in 2007. IT2 has shown very strong organic growth during CapMan's investment period.

Investment areas

+2	New investment areas CapMan Russia and CapMan Public Market
€232.6 million	Investments in portfolio companies in 2008
€1,070.4 million	Investments in real estate in 2008

CAPMAN BUYOUT

Investments in mid-sized Nordic companies

In 2008 CapMan Buyout made four new investments. The general market situation during the second half of 2008 was reflected in our operations especially in the postponement of exits. Fundraising for the ninth buyout fund was launched in the autumn.

Investments in changing industries

CapMan Buyout invests in mid-sized Nordic companies in various industries. The team has in-depth expertise in multiple sectors such as manufacturing and engineering, industrial services, retail, outsourcing and healthcare. The economic slowdown can create consolidation and other restructuring needs in some sectors, which combined with changes in the operating mechanisms of those sectors can offer new investment opportunities in the near future.

Four new investments in three Nordic countries

In 2008 we made new investments in daycare provider Barnebygg Gruppen, the logistics company Cargo Partner Group, wound care and hygiene products manufacturer Cederroth International AB, and TV content and commercial film producer The New Black Oy. The aim of the investments in Barnebygg, Cargo Partner and The New Black is to develop the companies through aggressive growth strategy and add-on acquisitions. Value creation in Cederroth International AB is based on strong organic growth.

The year was quiet on the exit front. In May we sold staffing agency Staffpoint Oy. The exit delivered a threefold return on invested capital to the equity funds' investors. In July we exited from children wear manufacturer Reima Holding Oy. Also LUMENE Group's subsidiary Farmos became independent in March, enabling both companies to focus on their core business.

The exit market slowed to an almost standstill after the summer in response to the general economic climate, and no exits were made during the second half of the year.

Development of portfolio companies favourable

CapMan Buyout is an active value adding owner of its portfolio companies. The main targets set for the companies are growth, improved profitability and strengthening of strategic position.

During the second half of the year, our focus shifted to developing the existing portfolio companies. Overall, the companies performed well during 2008. The aggregate turnover grew by some 15% and operating profit (EBITA) by some 17%. Market conditions rapidly worsened in the last quarter, however, and a clear downturn is expected in 2009.

The slowdown in the real economy will present new challenges and opportunities for developing portfolio companies. Slower growth will be seen in particular in industries linked to consumer demand. In addition, some sectors such as the automobile industry, have suffered the crisis more than others. In recent years, however, we have made investments mainly in non-cyclical sectors in which the weaker market conditions will not be felt so strongly. The changed market climate will produce strong pressure for changes in certain sectors and force some to alter their operating mechanisms. Most of our portfolio companies are in a good position to actively participate in this development and implement new investments in 2009.

Market coverage remains among the best in the Nordics

Nordic buyout investments focused in 2008 on our target market – i.e. mid-market buyouts. We retained our market coverage well in this segment, and some 70% of the finalised deals fitting our investment focus passed our analysis beforehand.

The changed market climate was reflected in our operating area through banks' increased reluctance to lend and the higher price of debt financing. It is probable that more equity is required in buyout investments. CapMan Buyout also has the opportunity to use its own mezzanine financing, which gives a clear competitive edge in the prevailing market. We believe, also, that companies' price levels have already started to decline.

€203 million in new fund

Establishment of the CapMan Buyout IX fund succeeded well in the challenging fundraising climate. After the first closing, the size of the fund was €203 million in December. The fund has the same investment focus as its predecessor CapMan Buyout VIII fund.

Keys to success

Our strengths lie in our 20 years of operation and local presence, which enables us to grow portfolio companies organically and through acquisitions in the Nordic countries and Russia.

Our team of 24 investment professionals has wide-ranging experience in various industries, finance and private equity.

The new CapMan Buyout IX fund provides good prerequisites for new investments. Other buyout and mezzanine funds in the active investment phase also have adequate reserves for supporting existing portfolio companies and exploiting growth opportunities.

We believe that our long experience in middle market buyouts and in different economical cycles form a strong basis for successful investment operations also in the future.

Tuomo Raasio
Head of CapMan Buyout,
Senior Partner

WHERE DO WE INVEST?

- Almost all industries in the Nordic countries
- Mid-sized companies
- Net sales typically between €50–500 million and enterprise values between €50–250 million
- Investment size typically €20–70 million equity and/or €10–30 million mezzanine per transaction
- Control investments

WHAT DO WE LOOK FOR?

- Competitive and sustainable market position
- Unique franchises, distinctive products and services
- Significant growth potential both organically and through add-on acquisitions
- Industries that are mature, consolidating or undergoing change
- Experienced management team with entrepreneurial spirit

For more information
➥ CapMan Buyout team members www.capman.com
➥ Current portfolio companies www.capman.com
➥ Previous portfolio companies www.capman.com

Key strengths in value creation

- Focus on long-term development
- M&A expertise
- Professional Board work
- Highly experienced team
- 20 years' experience in private equity
- Extensive Nordic network
- In-depth knowledge of financing

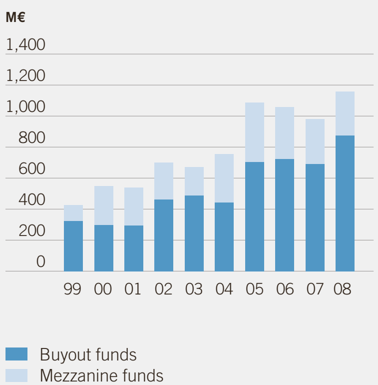
Current portfolio as at 31 December 2008

Number of portfolio companies	27
Portfolio at fair value, € million	649.7
Portfolio companies' aggregate turnover, € million*	approx. 4,010
Portfolio companies' personnel*	approx. 19,840

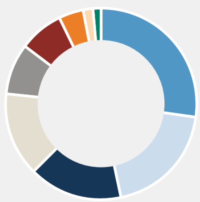
Development of portfolio companies in 2008

Number of new investments	4
New and add-on investments, € million	190.3
Growth in portfolio companies' turnover**	15%
Growth in portfolio companies' profitability (EBITA)**	17%
Growth in portfolio companies' personnel**	10%
Number of M&A made by current portfolio companies	20

Capital under management



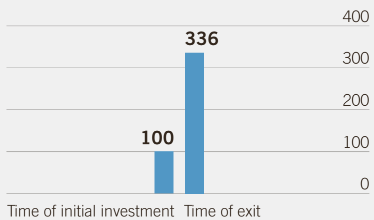
Investments per sector at cost, €653.0 million



- Consumer related **26%**
- Manufacturing (Other) **20%**
- Medical/health related **16%**
- Industrial products and services **14%**
- Transportation **9%**
- Services (Other) **8%**
- Industrial automation **4%**
- Other **2%**
- Agriculture **1%**

Previous portfolio companies as at 31 December 2008

Number of exits (equity funds)	40
IRR % p.a.	40.1%
Average holding period	5.4 years
Money-back multiple***	



* Portfolio companies' turnover and number of personnel are based on 2008 estimates.
** Growth figures are based on 2007 figures and 2008 estimates. Companies that have been in the portfolio between 1 January – 31 December 2008 are included.
*** Indexed (time of investment = 100). Exits comprise partial exits, dividends, interest earnings and sales revenues.

CASE

Inflight Service AB

Inflight Service is a travel retail company providing the travel industry with merchandise as well as retailing services and solutions. The company also operates its own airport retail outlets. In 2008, Inflight Service generated net sales of approx. €173 million and it employed some 210 people.

www.inflightservice.se

Key information on investment

- Funds managed by CapMan acquired Inflight Service from its founders in September 2005.
- The funds' holding in the company at the end of 2008 was approx. 65%.
- Steady growth in tourism is expected as people have more time and more money to spend on leisure pursuits.
- Inflight Service has a strong market position, a broad customer base, and a competitive offering of products and services.
- Responsible investment professionals: Mats Gullbrandsson, Partner, and Göran Barsby, Partner.

Value creation actions taken

- Increased focus on retail which is at the higher end of the value chain.
- Several new contracts signed within retail and also within the company's other business areas.
- Establishment of a retail concept for ferry lines.
- Improvement of logistics, distribution and inventory management through insourcing of the company's warehouse operation.
- Recapitalisation.
- Building a strong management team and incentive schemes.

CAPMAN TECHNOLOGY

Investments in Nordic technology companies

CapMan Technology actively continued its operations and made two new investments in 2008. Our portfolio companies' businesses developed favourably for the main part.

Focus on expansion and later stage companies

CapMan Technology 2007 fund held its final closing in January 2008 and with the new fund our investment focus is to cover later stage technology companies in addition to expansion stage companies. Our portfolio companies are Nordic companies that primarily deliver industrial and business-to-business technology products, solutions or technology-based services and have proof of concept with existing customers at the time of the investment.

In addition to value creation potential, we expect expansion stage companies to have a solid business model, attractive growth scenario and a strong management team. Later stage companies are expected to have solid technology or products, a broad customer base or a few larger customers, a well-functioning revenue model, and a strong ambition to accelerate the company's growth. In addition, the company's products or services must have extensive domestic and international demand.

Value creation in portfolio companies

Value creation in portfolio companies is primarily based on growth in turnover, improved operational efficiency, and the establishment of a strategic position. We contribute to our portfolio companies' value creation mainly via hands-on Board work.

Our investment professionals participate in portfolio companies' strategy work and provide help in M&A, recruitment of senior management and issues of internationalisation. Key personnel of the portfolio company play a major role in creating value and implementing changes.

Two new investments and two exits

Our team operates actively in the Nordic market, and during 2008 we analysed over 80% of the realised investments that fall within our focus. Since its establishment, CapMan Technology 2007 fund has made six new investments: three in Finland, one in Sweden, one in Denmark, and one in Norway.

During 2008 we made new investments in Nordic ICT consulting company Crayon Oy and in Finnish telecoms architecture consultancy Accanto Systems (formerly LTE Innovations Oy). We have monitored these companies over a long period, and we believe them to have good potential for value creation.

In June we sold our shares in Swedish Spintop Netsolutions AB to an industrial buyer. Owing to the nature of our operations, not all portfolio companies succeed. In October we exited from a failed investment in Swedish Animex AB. The exit market slowed to an almost standstill during the second half of 2008, and no other exits were made.

Portfolio companies developed favourably

Overall, the current portfolio companies' development continued favourably, and we have supported their growth. Mawell Ltd, a Finnish provider of IT solutions for healthcare, has grown strongly during the review period after acquiring Swedish IT company Brainpool. The investment was made in syndicate with CapMan Life Science, and we have also extensively utilised the expertise of CapMan Advisor Network in developing the company. Finnish software testing and development company Flander Oy also continued its strong internationalisation by expanding its Swedish operations through an add-on acquisition.

In 2008 the aggregate turnover of our portfolio companies increased by an estimated 21% and the aggregate number of personnel by an estimated 10%. The companies' average profitability remained at a reasonable level. Substantial weakening of the market during the second half of 2008 slowed growth as several portfolio companies' customers postponed their investment decisions. We will closely monitor the companies' development and focus our resources on supporting them in the new market situation.

Market outlook

The worsening in the macro-economical climate has increased cautiousness in making technology investments too. Despite the market situation, our deal flow has remained at broadly the same level.

Statistics show that the number of new Nordic technology investments decreased substantially during the second half of the year. We believe that the cautious trend will continue during the first half of 2009. CapMan Technology has sufficient resources to analyse companies, and because of the new fund excellent capacity for new investments.

Keys to success

Our Nordic team has worked together for years with a wide technology focus and our team members have extensive experience both in private equity and in the Nordic technology industry. We believe that our wide focus and experience provide our team with the keys to success also in 2009.

Petri Niemi
Head of CapMan Technology, Senior Partner

WHERE DO WE INVEST?

- Expansion and later stage technology companies in the Nordic countries
- Wide technology focus that utilises Nordic technology clusters
- Companies that deliver industrial (OEM) and B-to-B infrastructure, applications or services to customers
- Portfolio company net sales over €2 million
- Investment size typically €3–15 million equity

WHAT DO WE LOOK FOR?

- Significant domestic or international growth potential, organically or via add-on acquisitions
- Ready and approved products/services
- Strong local customer base, prominent market position
- An experienced executive team with entrepreneurial spirit

For more information
- Technology team members www.capman.com
- Current portfolio companies www.capman.com
- Previous portfolio companies www.capman.com

Key strengths in value creation

- Wide focus on and knowledge of technology
- Broad-based competence in developing and internationalising technology companies' business
- Consulting of operating management
- Wide Nordic network
- M&A expertise

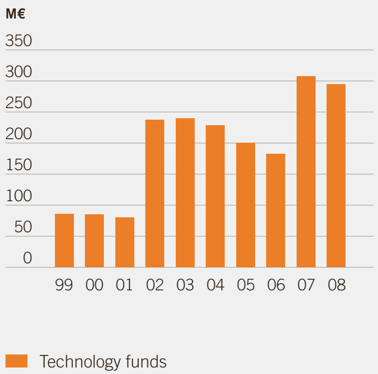
Current portfolio as at 31 December 2008

Number of portfolio companies	**25**
Portfolio at fair value, € million	**86.0**
Portfolio companies' aggregate turnover, € million*	**approx. 603**
Portfolio companies' personnel*	**approx. 4,770**

Development of portfolio companies in 2008

Number of new investments	**2**
New and add-on investments, € million	**20.3**
Growth in portfolio companies' turnover**	**21%**
Growth in portfolio companies' personnel**	**10%**
Number of M&A made by current portfolio companies	**5**

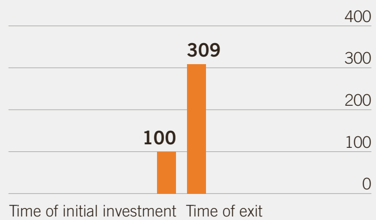
Capital under management



Investments per sector at cost, €116.4 million

Previous portfolio companies as at 31 December 2008

Number of exits	**41**
IRR % p.a.	**127.5%**
Average holding period	**4.1 years**
Money-back multiple***	



* *Portfolio companies' turnover and personnel are based on 2008 estimates.*
** *The growth figures are based on 2007 figures and 2008 estimates. Companies that have been in the portfolio between 1 January – 31 December 2008 are included.*
*** *Indexed (time of investment = 100). Exits comprise dividends, interest earnings and sales revenues.*

CASE

Gammadata Holding AB

Gammadata is a high-tech company focusing on atomic, nuclear and surface physics measurement systems and services. The company operates on a global basis. In 2008 Gammadata generated net sales of approx. €31.7 million and employed some 190 people.

www.gammadata.se

Key information on investment

- CapMan Equity VII and Swedestart Tech funds invested in Gammadata in December 2004.
- The funds' holding in the company at the end of 2008 was approx. 53%.
- The aim is stable and profitable growth and also to selectively strengthen the company's market position through M&A.
- Responsible investment professionals: Lennart Jacobsson, Senior Partner and Caroline Strand, Investment Manager.

Value creation actions taken

- Gammadata's turnover has doubled through the strategic acquisition completed in 2005.
- In 2007 the company recruited a new CEO and a new CFO.
- Gammadata's market position has been strengthened in all sectors.
- Profitability was on a good level in 2008.

CAPMAN LIFE SCIENCE

Investments in medical technology

CapMan Life Science's investment operations in 2008 focused primarily on promoting the growth of the current portfolio companies. We made several strategic add-on investments and our portfolio companies developed steadily.

Investments in growth stage companies

CapMan Life Science invests principally in Nordic medtech companies and healthcare service providers. For new investments we seek profitable companies that have the best products or services in their target market. In the medtech sector we are mainly interested in companies that market and sell medical products and equipment used for the diagnosis and treatment of diseases. Recent challenges in the medtech market include tougher market entry, a more complicated procedure for reimbursement of products from public funds, and the global slowdown in the venture capital market.

The importance of our investments in healthcare service providers has emphasized, and we expect that future healthcare trends will open up interesting investment opportunities.

Deal flow and market coverage at a good level

We monitored the target market closely during the year, although no new investments were made. We also analysed several acquisition targets in different Nordic countries on behalf of our portfolio companies. There is strong competition for good targets in this market, especially in Sweden. The change in the general market situation has reflected in our operating area in the form of increased cautiousness and a steep decline in the number of realised investments. The macro-economical slowdown will have an impact on companies in all industries, but the healthcare sector will not be as strongly affected as other more cyclical industries.

Active year of expansion for portfolio companies

Our focus in 2008 was on developing current investment targets and promoting their growth. Of our portfolio companies, Proxima AB (Nacka Närsjukhus Proxima), a specialist in hospital and emergency care services in the greater Stockholm area, Curato AS, Norway's leading provider of medical imaging services and Finnish Mawell Oy, a provider of IT solutions for private and public healthcare organisations and pharmaceutical companies, grew strongly through mergers and acquisitions.

The aim of Proxima investment is to grow the company into a versatile provider of healthcare services while maintaining the company's premium quality. Over the year Proxima obtained an extended licence for acute emergency care and for existing and new surgical sectors. During the last quarter, Proxima established Proxima Diagnostics, a unit specialising in medical diagnostics, after the company won a part of Stockholm County Council's tender. The establishment of Proxima Diagnostics was supported by Curato.

The aim of the Curato investment is to expand the company's operations in medical imaging services, and also to survey the potential for expansion in other healthcare sectors. During our investment period Curato has acquired the share capital of Norwegian Sentrum Røntgeninstitutt and Norsk Teleradiologisk Senter.

Mawell strengthened its geographical position by acquiring Swedish Brainpool and by gaining several new Nordic customers. Proxima and Curato are co-investments in syndicate with CapMan Buyout, and Mawell in syndicate with CapMan Technology. Clear synergies between our teams over the past year enabled CapMan to contribute to the consolidation of the Nordic healthcare sector.

During 2008 we exited from Prostalund AB, marketing equipment for the treatment of benign prostatic hyperplasia. The investment in Prostalund did not meet its targets mainly because the company's growth targets were not realised in the US market.

Solid development of portfolio companies

The overall development of our portfolio companies was solid. Their aggregate net sales increased by some 23% and aggregate personnel by some 18% in 2008.

The slowdown of the European and US venture capital markets was reflected in the development of our early stage portfolio companies. They need to raise external financing, and fund-raising or exits, for instance, through an IPO, have become more difficult. This development, however, is more an indication of changes in the financial market than of an economic downturn.

Market outlook

The proportion of public healthcare services outsourced to the private sector has risen in the Nordic countries, and this privatisation trend is expected to continue, supported by political intent. On the other hand, companies developing new products for the European and US healthcare sector face challenges as authorities are focusing on the healthcare sector's infrastructure, which needs to be adjusted partly to the ageing population and partly to other changes in the sector. This will slow down the market penetration of new innovative products.

We believe that healthcare services providers have good potential for growth, and that we can find companies in this market to supplement our current portfolio.

Our team of four has extensive experience in the life science sector. We will continue to support our portfolio companies by ensuring them sufficient capital for growth and providing our cross-competency in medicine, healthcare and financing sectors.

Jan Lundahl
Head of CapMan Life Science, Senior Partner

WHERE DO WE INVEST?

- Medtech companies and healthcare services companies
- Primarily Nordic companies and selectively also other European companies
- Typical net sales in the range of €2–20 million
- Investment size typically €2–7 million equity from the life science funds

WHAT DO WE LOOK FOR?

- A functional business model and approved products and/or services
- Products or services that satisfy direct and long-term customer demand, and typically provide better treatment outcome at a lower cost
- Substantial growth potential through organic growth or local and/or international corporate mergers and acquisitions
- Experienced management showing an entrepreneurial spirit

For more information

➥ Life Science team members www.capman.com
➥ Current portfolio companies www.capman.com
➥ Previous portfolio companies www.capman.com

Key strengths in value creation

- Extensive experience in life sciences
- Comprehensive Nordic network
- Knowledge of European and US regulation and immaterial rights
- Commercialisation expertise
- Knowledge in funding and capital structure
- Consulting the operative management

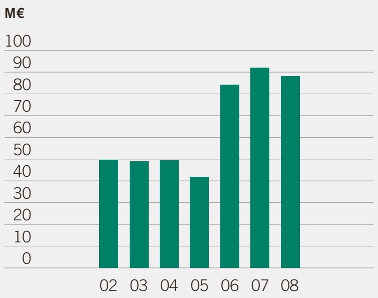
Current portfolio as at 31 December 2008*

Number of portfolio companies	12
Portfolio at fair value, € million	24.0
Portfolio company turnover, € million*	approx. 91
Portfolio company personnel*	approx. 590

Development of portfolio companies in 2008

Growth in portfolio company turnover in 2008**	23%
Growth in portfolio company personnel in 2008**	18%
Number of M&A made by current portfolio companies	2

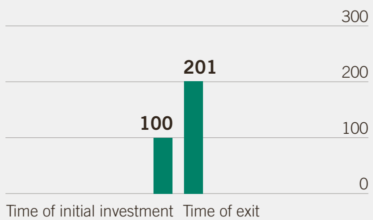
Capital under management



Investments per sector at cost, €39.8 million

Previous portfolio companies as at 31 December 2008

Number of exits	9
IRR % p.a.	129.8%
Average holding period	4.0 years
Money-back multiple***	



* *The figures for portfolio company turnover and personnel are based on 2008 forecasts.*
** *The growth figures are based on 2007 figures and forecasts for 2008. The figures include the companies that have been in the portfolio for the period 1 January – 31 December 2008.*
*** *Indexed (time of investment = 100). Exits comprise dividends, interest earnings and sales revenues.*

CASE

Curato AS

Curato provides premium medical imaging services in 12 modern centres in Norway. The company is Norway's largest private provider of medical imaging. In 2008 Curato generated net sales of approx. €52.3 million and employed some 250 people.

www.curato.no

Key information on investment

- CapMan Buyout VIII and CapMan Life Science IV funds made the initial investment in Curato in August 2007.
- The funds holding in the company at the end of 2008 was approx. 64% (Buyout funds approx. 85%, Life Science funds approx. 15%).
- The aim is to turn the company into a leading healthcare services provider in medical imaging and also possibly in other healthcare sectors through organic growth and mergers and acquisitions.
- Responsible investment professionals: Kai Jordahl, Senior Partner (CapMan Buyout) and Björn Nordenvall, Partner (CapMan Life Science).

Value creation actions taken

- Two acquisitions have been implemented during CapMan's holding period: Norsk Teleradiologisk Senter and Sentrum Røntgeninstitutt.
- Curato has launched two new imaging centres, one in Oslo, Norway, and one in cooperation with Proxima AB in Stockholm, Sweden.
- New potential business areas and countries are actively analysed.
- Several organisational changes to improve the effectiveness and quality were implemented during 2008, including the recruitment of new CFO, among others.

CAPMAN RUSSIA

Russia

Investments in mid-sized companies based in Russia

CapMan expanded its operations in Russia by acquiring private equity house Norum in May 2008. Norum's team is one of the most experienced in the market. The second half of the year was a time of active integration. CapMan Russia fund's fundraising progressed well and the fund made its first two investments in summer 2008.

Experienced CapMan Russia team

CapMan's plans to expand its operations into Russia became concrete with the acquisition of Norum at the end of May 2008. Norum has operated in the Russian private equity sector since 1995 and is one of the most experienced players in this market. Norum now forms the CapMan Russia team that has 12 professionals, and a total of more than 100 years' experience in private equity. The team has worked together for over a decade and has offices in Moscow and St. Petersburg, as well as good networks in Russia's provinces.

CapMan Russia team has shown its capability to create value in portfolio companies and the team's performance-oriented operating culture is compatible with CapMan values. Combining Norum's hands-on experience with CapMan's extensive investment experience in Russia created one of the strongest private equity teams operating in the region.

CapMan Russia fund

The Norum Russia III fund, established in July 2007, i.e. the current CapMan Russia fund was transferred to CapMan's management in connection with the Norum acquisition. Fundraising, which has occupied our team during the second half of 2008, has proceeded well and the size of the fund rose to €118.1 million in November. Fundraising will continue during the first quarter of 2009. We are very pleased that the fundraising of the new CapMan product progressed well despite the challenges in the current market.

Two new investments

CapMan Russia's investment focus is primarily on mid-sized companies operating in Russia. The first investments were made in summer 2008, in Region Avia Airlines and Russian Baltic Pork Invest ASA (RBPI). RBPI is currently constructing a large pig farm in Kaliningrad, which was commissioned in autumn 2008. The team has monitored these investment prospects over a longer period. Both companies needed financing primarily for finalising capital expenditure programs as well as expansion of operations and strategic competence to support the growth.

Our team is also responsible for six remaining investments in Norum's earlier funds. These funds and their portfolio companies are not included in the capital under management by CapMan or in the total number of CapMan's portfolio companies. We have succeeded in developing a number of our earlier portfolio companies into market leaders in their fields in Russia. In 2008 we successfully exited from two portfolio companies in Norum funds. In spring we sold our stake in Russia's largest ice cream manufacturer and in autumn we exited from Russia's biggest computer and console games publisher.

First steps of integration

After the closing of the acquisition in August, we started an integration process aimed at harmonising Norum's and CapMan's procedures and key tools. The responsibility of heading the CapMan Russia team was divided between two people, in order to have adequate resources for integration, fundraising and active investment operations. Hans Christian Dall Nygård, who previously acted as Norum's Managing Director, is responsible for the investment activities of CapMan Russia and for the operative management of the team. CapMan's Senior Partner Petri Saavalainen was appointed Head of the CapMan Russia team with responsibilities that include integration of the Russian functions into CapMan Group and their further development. Mr. Saavalainen also acts as Head of the Team.

Russia's economy and future

The private equity market is still undeveloped in Russia, so numerous good investment opportunities can be found in different sectors. The team looks for opportunities particularly in Russia's provinces, as well as in the Moscow and St. Petersburg areas, since the rate of growth in some regions is faster than the growth rate of the Russian economy.

The impacts of the general market slowdown are also visible in Russia. The stock market has declined significantly and the banking sector faces severe problems. The decline of the oil price has a direct impact on the Russian federal budget, which will show a deficit for 2009. Despite this, the Russian government has said that it will not cut spending and GDP is estimated to stay flat or show small growth for 2009. While it is difficult to predict the short-term development of the economy, the long-term potential of the Russian economy is clear.

Since CapMan Russia is one of the few teams who emerged successfully through the rouble crisis in 1998 we are well poised to take advantage of the current market situation.

Petri Saavalainen
Head of CapMan Russia, Senior Partner

Hans Christian Dall Nygård
Head of CapMan Russia's Investment Operations, Partner

WHERE DO WE INVEST?

- Mid-sized companies operating in Russia
- Portfolio companies typically operate in the following sectors: consumer products and services, industry, telecommunications, transport and traffic, financial services and media
- Enterprise value of portfolio companies between €5–50 million
- Portfolio companies' turnover typically between €5–100 million
- Investment size typically between €5–15 million equity per company

WHAT DO WE LOOK FOR?

- Clear growth potential locally or internationally, organically or through add-on acquisitions
- Investment targets mostly in Russia's provinces
- Professional management with entrepreneurial spirit, committed to western-style management practices

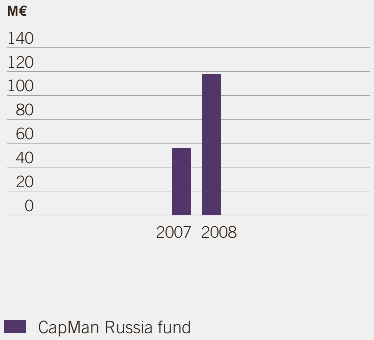
For more information

➥ CapMan Russia team members www.capman.com
➥ Current portfolio companies www.capman.com

Key strengths in value creation

- Strong experience in the consumer product market in Russia
- An extensive network in Russia and the Nordic countries
- Over a decade's experience in Russian private equity
- Professional Board work
- Committed to Western management culture
- A known partner and brand to support the portfolio companies' growth

Development in capital under management

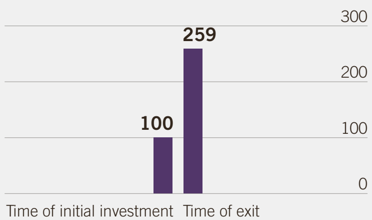


Current portfolio as at 31 December 2008

Number of portfolio companies	**2**
Portfolio at fair value, € million	**16.8**

Team's track record as of 31 December 2008

Number of exits from Norum I, Norum II and Asef funds	**23**
IRR % p.a.	**19.7%**
Average holding period	**5.0 years**
Money-back multiple*	



** Indexed (time of investment = 100). Exits comprise dividends, interest earnings and sales revenues.*

CASE

Region Avia Airlines

Region Avia Airlines is a private airline operating regular and chartered services in Russia. In 2008 the company generated turnover of approx. €2.1 million and employed some 130 people.

www.regionavia.ru

Key information on investment

- CapMan Russia fund first invested in Region Avia in July 2008.
- CapMan funds' holding of the company approx. 48% at the end of 2008.
- The aim is the stable growth of the company and strengthening of its market position.
- Responsible investment professional: Alberto Morandi, Partner.

Value creation actions taken

- The company acquired seven new turboprop planes in the second half of 2008.
- The company is currently preparing to launch regular scheduled services.
- The company's level of profitability in 2008 was good.

CASE

Russia Baltic Pork Invest

RBPI is building a large pig farm in Kaliningrad, which was commissioned in autumn 2008. In 2008 the company employed some 100 people.

www.rbpi.no

Key information on investment

- CapMan Russia fund first invested in RBPI in June 2008.
- The funds' holding in the company was approx. 37% at the end of 2008.
- The aim is to build a complete production chain, from feed grain to fresh and processed pork, and capacity for 110,000 pigs.
- Pork meat consumption has increased at an annual rate of 6.4% in recent years and the growth is expected to continue.
- Responsible investment professional: Kåre Wessel, Investment Director.

Value creation actions taken

- The pig farm was completed on schedule in autumn 2008.
- The company produces pork in Russia, in compliance with European standards, for the Russian market.

CAPMAN PUBLIC MARKET

Public Market

Investments in listed Nordic companies

CapMan Public Market's guiding principles are active ownership, cooperation with the portfolio company's other large shareholders and selective investments. Our operations were launched in July 2008 when the CapMan Public Market fund was established.

Investments in listed mid-sized companies

CapMan Public Market invests in listed Nordic companies with a market capitalisation between €100 and 1,000 million. We aim to acquire a 10–30% influential minority stake in the portfolio company and a seat on its Board of Directors. Over the next three years, the fund will invest in a carefully selected and defined group of companies.

We believe that the listed Nordic market has substantial value creation potential through private equity style ownership, and that the market is large enough to support the fund's business idea.

Friendly investment approach

The support from other large shareholders and stakeholders as well as an opportunity to create a shared value creation agenda are essential in selecting investment prospects. Our investment process follows traditional private equity processes as we actively explore potential investment targets and analyse interesting industries. Our portfolio companies have strong value creation potential, and as part of the investment process, clear objectives are set for them.

Our investment operations aim to generate a return typical to private equity that exceeds the stock market's returns over the long-term. For other shareholders, the fund's investment typically provides an opportunity to participate in the portfolio company's value creation together with the fund.

The main differences to traditional private equity are that our portfolio companies are publicly listed, they are developed on the stock exchange, and we hold a minority share in the company. Common features, on the other hand, are an active and target-oriented ownership style as well as the utilisation of private equity tools to create value in the portfolio companies. Compared to traditional public equity, the fund's ownership is active, long-term and highly focused.

Large investment universe

One-third of the 1,100 or more listed Nordic companies fall within CapMan Public Market's investment focus. The wide range of industries and relatively centralised ownership, both typical to the target market, support the deal flow origination. In addition to share trading, share issues also provide a potential investment avenue.

Since establishing the fund, we have analysed numerous potential investment targets, in response to initiatives from listed companies, investment banks and our network, or that we have found through our own analysis. We believe that our market coverage is good, and that the amount and quality of deal flow will remain high also in the future.

Drastic changes in the macro-economy during 2008 lowered significantly the market values of listed companies, which forms a good springboard for our investment operations. We expect to make the first investments in spring 2009.

Value creation based on shared strategy

CapMan Public Market always focuses on business development and the portfolio companies' long-term value creation. We contribute to the company's strategy and make strategic initiatives. Our team is also actively involved in recruiting senior management, developing compensation schemes, as well as in planning and implementing mergers and acquisitions in cooperation with other owners and in line with the agreed value creation strategy.

We will typically exit portfolio companies through private placements targeted at institutions or institutional investors, or through partial share sales or through sale to a strategic industrial buyer. Our typical investment period is 3 to 5 years, which substantially differs from the traditionally short time span of the stock market.

New fund satisfies customer demand

We raised €106.0 million in investment commitments to our fund in a very challenging market situation. The fundraising will continue during the first half of 2009.

Based on the feedback collected during fundraising, the new fund satisfies customer demand by providing management and ownership steering for listed companies on behalf of institutional investors.

Keys to success

CapMan Public Market team consists of six professionals with comprehensive experience in business development, Board work and value creation in listed and unlisted Nordic companies. The team comprises people with work experience from different institutions in the listed market as well as people with wide experience in private equity and CapMan's investment approach. Our expertise is complemented by CapMan Advisor network, three members of which concentrate on exploring and developing potential targets for the fund. We are ready to offer our experience and the experience of our advisors to benefit listed Nordic companies.

Jukka Ruuska
Head of CapMan Public Market, Senior Partner

WHERE DO WE INVEST?

- Listed Nordic companies
- Market capitalisation in the range of €100–1,000 million (i.e. mid-cap companies)
- Influence gained through minority investments (Board membership), approx. 10–30% of the company's share capital
- Typical investment period 3–5 years

WHAT DO WE LOOK FOR?

- Clear potential for value creation based on changing operational environment, management or financial standing
- Opportunity to find a common target program to develop the portfolio company in cooperation with other shareholders
- Sufficiently large shareholding in the company

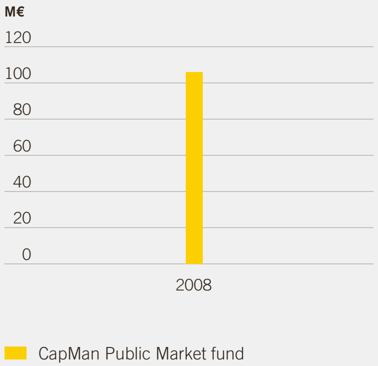
For more information

➥ CapMan Public Market team members www.capman.com

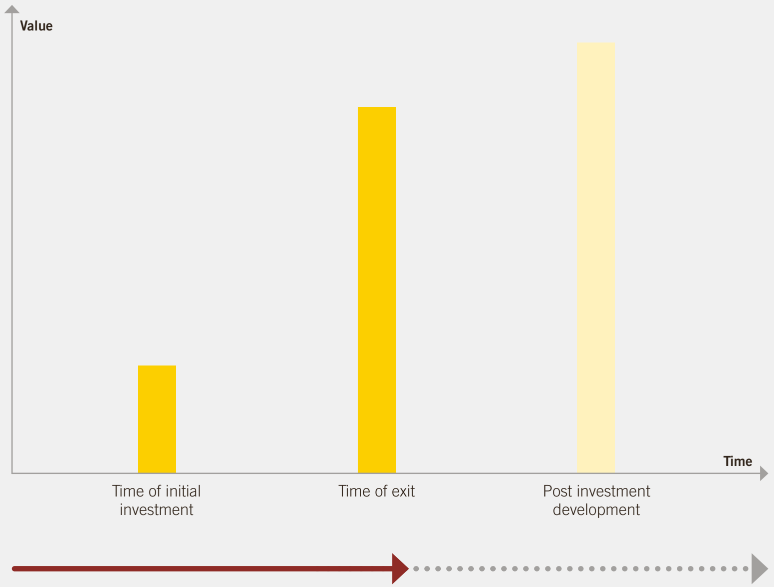
Key strengths in value creation

- Private equity value creation tools
- Active ownership steering
- Broad competence in developing the business of listed and unlisted companies
- Extensive Nordic network
- Experience from different sectors of the listed market

Capital under management as at 31 December 2008



Value creation targets to long-term development



Active value creation phase

- Value creation agenda formulation
- Ownership change
- Sense of urgency
- Growth and performance improvement
- Strengthening of strategic position, capital structure and corporate governance
- Improved company visibility and liquidity

Sustainable future performance

- Good strategic position
- Diversified ownership structure

CAPMAN REAL ESTATE

Real Estate

Real estate investments primarily in Finland

CapMan Real Estate expanded its investment focus to hotel properties with the establishment of a €845 million fund in January 2008. The Finnish real estate investment market slowed to an almost standstill during the second half of 2008, but the prerequisites for investments and real estate consulting remained fairly good.

New hotel fund and 39 new hotel investments

The €845 million CapMan Hotel RE fund was established in January 2008, and the fund's fundraising continues in the first half of 2009. In conjunction with establishing the fund, we concluded the largest hotel property transaction ever made in Finland by acquiring a portfolio of 39 hotel properties, 38 of which are in Finland and one in Sweden.

The new hotel portfolio made CapMan Real Estate Finland's largest real estate investment team in the hotel sector also. Pirjo Ojanperä has been responsible for the new hotel team's operative activities since September 2008, after Tomi Bergman was appointed Senior Advisor in CapMan. Dividum Oy, 80% owned by CapMan Plc, is an advisor to the hotel fund.

Investments exceed €1 billion, property development activated

We analysed numerous potential investment targets during the year, but in most cases decided to await market developments and monitor property price levels.

In March we announced an investment in a land area in the Kivistö district of Vantaa, for which we are applying for zoning permission for retail development.

In September we announced an investment in OneMed Group Oy's new head office in Helsinki, which is scheduled for 2009. We have also progressed with pending development projects, such as the Skanssi shopping centre project in Turku.

In line with our earlier commitments, we invested in Tokmanni's logistics centre in Mäntsälä, completed in August, and the Entresse shopping centre in Espoo, which was opened to the public in November. Construction of Tokmanni's logistics centre proceeded well and the project was completed on schedule. We are also very pleased with Entresse, which was opened fully leased and on schedule. In these investment targets, we utilised the comprehensive expertise of Realprojekti.

After the record set in 2007, there were no exits in 2008. Our main focus at present is on developing our current portfolios. In 2008 we made new investments and completed projects with over €1 billion.

Active property development

Overall the value creation in CapMan Real Estate's investments has been good. We have developed properties by enhancing efficiency in leasing activities and by keeping the vacancy rate below average.

During the year we thoroughly explored the value creation potential of the properties in our hotel portfolio, and launched several repair and expansion projects.

Experienced Real Estate team

CapMan Real Estate team is organised into three sub teams that are Fund Operations, Hotel Fund, and Real Estate Consulting. The Fund Operations team actively seeks and assesses potential investment targets and is responsible for their value creation. The CapMan Real Estate team has altogether 46 members. Our investment professionals have extensive experience in private equity and real estate business.

Demand for real estate consulting is growing

Realprojekti Oy, CapMan Plc's 80% owned subsidiary, acts as an advisor to the CapMan Real Estate I and CapMan RE II funds, and also provides real estate consulting.

Realprojekti specialises in real estate fund management, property development and marketing services as well as project management and construction contracting services. Realprojekti's customers include funds, large property owners, property developers, municipalities and government institutions. The company has strong expertise in demanding property development projects, shopping centre projects and commercial leasing.

Realprojekti's combination of an established market position, a professional team, and a comprehensive network give CapMan's real estate operations a definitive competitive edge.

Demand for Real Estate Consulting services remained high in 2008, and we became the largest provider of shopping centre management services in Finland.

Current status and future prospects for real estate investment

A generally weaker market in 2008 substantially slowed down real estate business in Europe. The market in Finland has normalised after foreign players have concentrated on monitoring the market instead of making investments. Real estate auctions halted completely during the second half of the year. We believe that the market situation will bring realism to transaction prices and the real estate market will consequently start to recover. This new business environment may attract new companies as sellers, possibly with a portfolio of interesting investment targets that match CapMan's investment focus.

Markku Hietala
Head of
CapMan Real Estate,
Senior Partner

WHERE DO WE INVEST?

- Investment size typically €5–50 million per property
- Diversified by size, geographical location and tenants' line of business
- CapMan Real Estate I fund:
  - Commercial properties in the Helsinki metropolitan area
  - Medium risk/return profile, focus on value added properties
- CapMan RE II fund:
  - Property development targets in Finland
  - Emphasis on commercial properties and logistics projects
- CapMan Hotels RE fund:
  - Investments in existing hotel properties and new hotel projects
  - Hotels in 3 and 4-star categories
  - Well-known and established hotel operators
  - Medium-sized and large hotel properties in city centres as well as Nordic resort and spa hotels

For more information

- CapMan Real Estate team members www.capman.com
- Current investments www.capman.com
- Previous investments www.capman.com
- Realprojekti www.realprojekti.fi

CapMan Real Estate's role in value creation

Property development targets
- Market and profit analyses, functional planning, planning of business ideas, control of planning, project management and construction management

Commercial properties
- Property management, service concepts and active leasing operations

Hotel properties
- Repair and expansion projects, leasing agreement portfolio, and cooperation with tenants

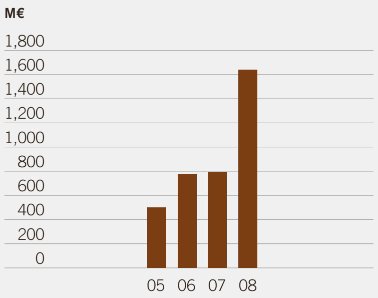
Current portfolio as at 31 December 2008

Total investment targets in portfolio	**57**
Portfolio at fair value, € million	**1,214.1**
Aggregate gross leasable area	**768,705m²**
Number of tenants	**over 400**

Development of investment targets in 2008

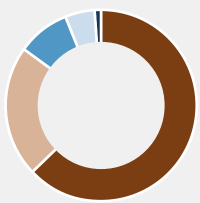
Number of new investments	**41**
Growth in leasable area	**517,622m²**
Growth in number of lease agreements	**179**
Vacancy rate as at 31 December 2008*	**3%**

Capital under management



Real Estate funds

Investments and commitments per property usage at cost, €1,325.2 million

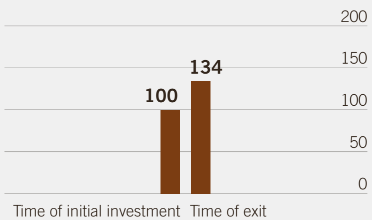


Hotels **63%**
Shopping centres **22%**
Logistics **9%**
Offices **5%**
Other **1%**

Previous investments as at 31 January 2008**

Number of exits	**22**
Average holding period	**1.7 years**
Lettable area	**154,309m²**
Vacancy rate	**3.2%**

Money-back multiple***



* *CapMan Real Estate I and CapMan RE II funds.*
** *Figures as of 31 January 2007.*
*** *Acquisition price indexed (time of investment = 100).*

CASE

Entresse shopping centre

Located in Espoo, Finland, Entresse is a shopping centre providing diversified daily services supplemented by interior decoration, giftware and a wide range of restaurant services. Entresse comprises over 40 retail premises and a total of some 10,000m² of commercial space.

www.entresse.fi

Key information on investment

- CapMan Real Estate I fund's investment commitment was announced in June 2007. The final investment was made upon completion of the shopping centre in November 2008.
- The target is fully-owned by the CapMan funds.
- The aim is to generate continuous rental income and value creation as well as a premium service and business package.
- Responsible real estate professionals: Henrik Winberg, Commercial Director, Leena Braxenholm, Shopping Centre Manager, and Tuija Fräntilä, Manager, Real Estates.

Value creation actions taken

- Active involvement in project management and construction contracting during the construction phase and in preparations for the opening of the shopping centre.
- Realprojekti was responsible for leasing the Entresse premises. Altogether more that 40 new lease agreements were signed during the year.
- A Commercial Director, fully responsible for Entresse shopping centre, and a Real Estate Manager were recruited for the Real Estate team.
- Addressing early stage consumer marketing.

Portfolios of the CapMan funds

As at the end of 2008, the CapMan funds had invested in altogether over 160 companies and some 80 properties, and had exited from over 100 companies and 22 properties. On 31 December 2008 the portfolio comprised 59 companies and 57 properties.

CapMan Buyout

New investments in 2008
Barnebygg Gruppen
Cargo Partner Group
Cederroth International AB
The New Black Oy (Varesvuo Partners)

Other portfolio companies
Anhydro Holding A/S
Avelon Group Oy
Cardinal Foods AS
Curato AS*
Farmos Holding Oy
Finlayson & Co Oy
Inflight Service AB
InfoCare AS*
Komas Group Oy
Lumene Group
Maintpartner Oy
Metallfabriken Ljunghäll AB
Moventas Corporation
MQ Retail AB
OneMed Group
Pretax Oy
Proxima AB (Nacka Närsjukhus Proxima)*
SMEF Group A/S
Tieturi Oy*
Tokmanni Oy
Turo Tailor Oy Ab
Walki Group Oy
Å&R Carton AB

CapMan Technology

New investments in 2008
Crayon AS (Artix AS)
Accanto Systems (LTE Innovations Oy)

Other portfolio companies
Ascade Holding AB
EM4, Inc.
Exidio Ltd
Fastrax Ltd
Flander Oy
Foreca Ltd
Gammadata Holding AB
Global Intelligence Alliance Group Ltd
InfoCare AS*
IT2 Holding ApS
KMW Energi AB
Locus AS
Mawell Ltd*
Mirasys Ltd
Movial Applications Inc
PacketFront Sweden AB (42Networks)
ScanJour A/S
Siennax International BV
Silex Microsystems AB*
Tieturi Oy*
Tritech Technology AB
XLENT AB

CapMan Life Science

New investments in 2008
No investments

Other portfolio companies
Aerocrine AB
Curato AS*
InDex Diagnostics AB
Inion Ltd
Jolife AB
Mawell Ltd*
Millicore AB
Proxima AB (Nacka Närsjukhus Proxima)*
Neoventa Medical AB
QuickCool AB
SciBase AB
Silex Microsystems AB*

CapMan Russia

New investments in 2008
Region Avia Airlines
Russia Baltic Pork Invest ASA

CapMan Public Market

New investments in 2008
No investments

CapMan Real Estate

New investments in 2008
Crowne Plaza Helsinki, Helsinki
Cumulus Airport, Vantaa
Cumulus Hämeenlinna, Hämeenlinna
Cumulus Jyväskylä, Jyväskylä
Cumulus Kemi, Kemi
Cumulus Koskikatu, Tampere
Cumulus Kuopio, Kuopio
Cumulus Oulu, Oulu
Cumulus Pinja, Tampere
Cumulus Rauma, Rauma
Cumulus Rovaniemi, Rovaniemi
Cumulus Seinäjoki, Seinäjoki
Entresse Shopping Centre, Espoo
Holiday Club Katinkulta, Vuokatti
Holiday Club Kuusamo, Kuusamo
Holiday Club Oulu, Oulu
Holiday Club Saariselkä, Saariselkä
Holiday Club Tampere, Tampere
Holiday Club Åre, Åre
Holiday Inn Garden Court, Vantaa
Holiday Inn Oulu, Oulu
Holiday Inn Tampere, Tampere
Holiday Inn Turku, Turku
Kiint. Oy Nuijamiestentie 2, Helsinki
Kiint. Oy Turun Centrum, Turku
Kiint. Oy Turun Yliopistonkatu 22, Turku
Land area, Kivistö, Vantaa
Palace Linna, Helsinki
Radisson SAS Vaasa, Vaasa
Ramada Airport, Vantaa
Rantasipi Aulanko, Hämeenlinna
Rantasipi Eden, Nokia
Rantasipi Joutsenlampi, Joutsa
Rantasipi Laajavuori, Jyväskylä
Rantasipi Pohjanhovi, Rovaniemi
Rantasipi Rukahovi, Kuusamo
Rantasipi Sveitsi, Hyvinkää
Rantasipi Tropiclandia, Vaasa
Scandic Plaza Turku, Turku
Scandic Rovaniemi, Rovaniemi
Sokos Hotel Albert, Helsinki
Sokos Hotel Pasila, Helsinki
Sokos Hotel Seurahuone, Kotka
Sokos Hotel Vaakuna, Hämeenlinna
Tokmanni Oy's Logistics Centre, Mäntsälä

Other real estate investments
Skanssi Shopping Centre, Turku
Kiint. Oy Hankasuontie 3, Helsinki
Kiint. Oy Helsingin Elimäenkatu 9, Helsinki
Kiint. Oy Helsingin Kalevankatu 20, Helsinki
Kiint. Oy Helsingin Ludviginkatu 3-5, Helsinki
Kiint. Oy Helsingin Lönnrotinkatu 20, Helsinki
Kiint. Oy Jyväskylän Ylistönmäentie 33, Jyväskylä
Kiint. Oy Kasarmikatu 4, Hämeenlinna
Kiint. Oy Malminkaari 9, Helsinki
Kiint. Oy Mastolan Keskusvarasto, Vantaa
Kiint. Oy Parolantie 104, Hämeenlinna
Kiint. Oy Viinikankatu 49, Tampere

** Syndicated by two different CapMan teams.*

For more information
- Current investments www.capman.com
- Previous investments www.capman.com
- Funds' ownership www.capman.com
- Responsible investment professionals www.capman.com

Corporate social responsibility and personnel

COOPERATION WITH PORTFOLIO COMPANIES' MANAGEMENT

1. Active Board work and close cooperation with companies' operative management are the prime tools of CapMan's investment professionals in developing the portfolio companies. Shown on left, a Lumene Group Board meeting.

CORPORATE CULTURE CROSSES NATIONAL BOUNDARIES

2. CapMan is the only private equity investor with investment teams and offices in Finland, Sweden, Denmark, Norway and Russia.

STAKEHOLDER RELATIONS

3. CapMan professionals meet their clients and other stakeholders at various CapMan events. The key note speaker of the main events in 2008 was Professor Stéphane Garelli, Director of the IMD World Competitiveness Center.

Responsibility	CapMan aims to be a responsible and ethical corporate citizen in all of its stakeholder relations
Values	CapMan's operations are guided by mutually agreed values
Over 22,000	CapMan's portfolio companies employ over 22,000 people. Portfolio companies' aggregate net turnover amounts to approx. €4.1 billion

CORPORATE SOCIAL RESPONSIBILITY

Wide-ranging operations

CapMan aims to be a responsible and ethical corporate citizen in all its stakeholder relationships. The company plays an important role in society as an asset manager for fund investors and facilitator of portfolio company and real estate development.

CapMan as an asset manager

CapMan has an important role in society as the manager of capital invested in its funds by institutional investors. A substantial amount of capital comes from Nordic pension funds, whose commitments to current funds represent some 53% of funds' total capital. Successful investments have a direct impact on fund investors' profits and thus also on their stakeholders, such as pensioners. Investment principles for both funds investing in portfolio companies and in real estate are mutually agreed by CapMan and fund investors.

Reporting to fund investors

CapMan reports to its investors on funds' status in compliance with EVCA guidelines, applicable laws, financial reporting standards, and other regulations. CapMan's regular reports cover the development of each portfolio company, each investor's investments in and commitments to funds managed by the Group, returns to investors from funds, and management fees paid to the management company. Information in respect of each investor is reported separately.

Investments in portfolio companies are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines (IPEVG), while values of real estate investments are based on valuations by external specialists. Investments in portfolio companies are valued four times a year, in conjunction with CapMan Plc's quarterly reporting.

Responsible operations in investment targets

In making investment decisions, CapMan requires that portfolio companies comply with prevailing laws and guidelines, as well as with generally approved business and management principles that are socially and environmentally sustainable. The same principles apply to the development of portfolio companies. Value creation in portfolio companies is based on active and target-oriented ownership, supported by financial activities. A typical private equity investment includes both equity and debt financing.

CapMan's aim is to promptly notify the company's personnel and other stakeholders of any strategic changes in portfolio companies' operations. CapMan gives high priority to corporate governance and comprehensive reporting.

Real estate investments are primarily directed at growth areas and types of real estate with long-term and permanent needs – for instance, resulting from growth in residents and businesses in the area. A high proportion of investments is made in new buildings. A thorough condition assessment, which includes a soil analysis, is conducted for existing properties as part of our investment process. After the investment is made, a long-term repair programme is prepared for the property, based on the condition assessment. The implementation of the programme is monitored via individual manuals that are updated in cooperation with service providers. The maintenance manual also enables monitoring of the property's energy consumption and maintenance costs.

Listed position enhances transparency

CapMan ranks among the first listed private equity companies in the world. Because of the regulations for listed companies, a lot of information on CapMan and its operations is available.

In recent years, the private equity industry has prominently enhanced its self-regulation, with emphasis on increasing the transparency and openness of private equity funds. Organisations active in the sector, such as EVCA (Europe), DVCA (Denmark) and SVCA (Sweden), have issued their own recommendations for transparency. CapMan has followed these recommendations already for some years now.

Investments in growth and competitiveness

In 2008, CapMan's portfolio companies employed over 22,000 people, and their estimated aggregate turnover was some €4.1 billion. CapMan has an investment capacity of some €850 million*, enabling development of portfolio companies and the allocation of capital to promote portfolio companies' growth, competitiveness and innovations. At year-end, properties owned by the CapMan Real Estate funds accommodated over 400 tenants.

CapMan's wide range of funds allows the company to invest in a variety of industries and geographical areas. Investments in, for instance, companies providing technology solutions for private healthcare service providers, cleantech companies in the energy sector and, on the other hand, domestic Nordic companies, help to strengthen Nordic national economies. Private equity investments also promote innovations, and facilitate the search for new solutions to the challenges posed by changing healthcare service relationships, the service society, globalisation, and climate change.

Other industry involvement

CapMan's employees actively participate in FVCA and EVCA activities to promote development of the private equity industry and enhance international cooperation. CapMan is also a partner to the Family Business Association of Finland. In addition, CapMan has supported private equity education, and was a sponsor for Helsinki University of Technology's Department of Industrial Engineering and Management's five-year private equity professorship.

* *Based on the remaining investment capacity of funds managed by CapMan as at 31 December 2008.*

For more information

➥ Investment approach on page 12
➥ The funds' investors – Our customers on page 14
➥ Valuation principles on page 20
➥ European Private Equity and Venture Capital Association (EVCA) www.evca.eu

PERSONNEL

Group personnel grew by one fourth

At the end of 2008 CapMan employed in total 141 people in Helsinki, Copenhagen, Stockholm, Oslo and Moscow. The Group's success depends on its capability to recruit, develop, motivate and retain top private equity professionals in all its teams.

Recruitment and other personnel growth

Recruitment in 2008 continued to be as brisk as in previous years. CapMan recruited some replacements for those leaving the company (10 persons), but mostly employees were recruited to strengthen current teams (23 persons), in particular the Real Estate team. The Public Market team was also established during the year. A total of 19 new employees joined CapMan through acquisitions in Finland and Russia.

A high priority in 2008 was smooth and rapid integration into the Group of new employees who joined the Company through acquisitions. Since none of these employees left CapMan during the integration process, we believe we were successful. Integration of employees joining the Group as a result of the Russian acquisition in August 2008 will continue in 2009.

Personnel turnover in 2008 was outbound 8% and inbound 34% of the Company's average number of personnel. The number of permanent employees (excluding short fixed-term contracts, occasional employees and consultants) grew by 28% on the previous year. This rate of growth is expected to slow in 2009.

CapMan as an employer – CapPeople employee survey

CapMan strives to ensure employee satisfaction and longstanding commitment to the company. CapPeople, our annual employee survey, is one tool for monitoring employee satisfaction. Some questions in the survey are the same from year to year for comparability purposes, whereas some questions are added and some changed to match the theme of the year.

In the CapPeople 2008 survey conducted in October, employee satisfaction and commitment to CapMan, both as an employer and a workplace, were ranked highly. The high response rate, 80%, also indicates that employees are committed to further development of the Company's operations.

The CapPeople 2008 survey was supplemented by an integration survey in February 2009.

Incentive schemes

At the end of 2008, CapMan had two option programs covering the company's personnel and Board members. New stock options from the 2003B programme are no longer distributed, and the existing options are quoted on the OMX Nordic Exchange in Helsinki. Stock options can still be granted from the 2008 stock option program to people within its scope. Detailed information about the employee stock option program and employee shareholdings are given on page 50.

Following common practice in the private equity investment industry, a share of the carried interest income generated by funds managed by CapMan is distributed to CapMan's investment professionals. Personnel are also entitled to invest in portfolio companies alongside the CapMan funds, through the Maneq funds.

Personnel age profile

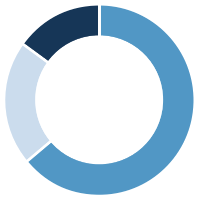
- 20–29 years **17%**
- 30–39 years **34%**
- 40–49 years **24%**
- 50–59 years **24%**
- 60– years **1%**

Personnel by business area

- Private Equity **39%**
- Real Estate **30%**
- Investor Services **17%**
- Internal Services* **14%**

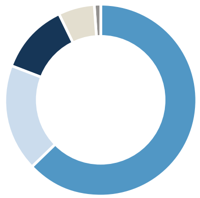
** Internal Services comprises the Group's Finances and Accounting, IT and HR and Office Services teams*

Educational levels



- Academic education **64%**
- Higher education (non-academic) **15%**
- Intermediate education **21%**

Educational background



- Business **62%**
- Engineering **18%**
- Other **12%**
- Law **6%**
- Medicine **2%**

CAPMAN'S VALUES

High Ethics

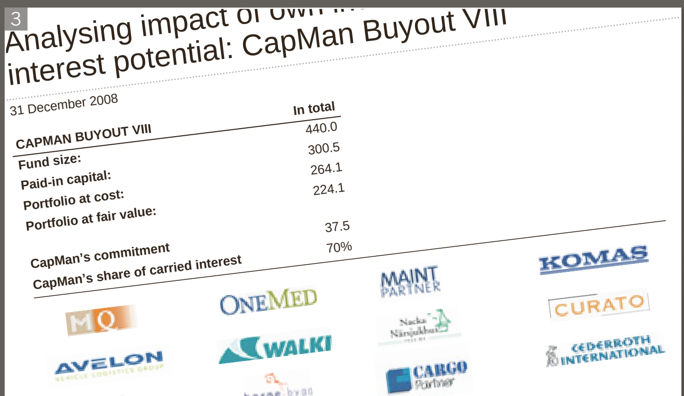
We believe in integrity and transparency.
We are a reliable partner and we respect our stakeholders.
We want to be an example of high ethics.

Dedication

We are committed to reaching our objectives.
We are innovative and aim to be the trendsetter for the industry.
Employees are our most important resource.

Active Ownership

We are an active industrial player with strong financial know-how.
We create lasting value through growth, change and professional governance.



CAPITAL MARKETS DAY

1. CapMan's first Capital Markets Day was held in Helsinki in 2006.

SERVING CAPMAN PLC SHAREHOLDERS

2. CapMan meets institutions investing in shares and analysts twice a year in London road shows as well as in separate meetings throughout the year. In the early days of CapMan's listing the Company participated also in the Sijoita – Invest fair in Helsinki (photo).

LISTED SINCE 2001

3. CapMan has been one of the first listed private equity companies in the world. The picture shows an investor presentation.

Corporate governance and financial statements

100 %

Active Board of Directors
The Board of Directors consists of 6 members and met 10 times in 2008. The average participation rate was 100%. The Management Group met 12 times.

€7.1 million

Result of management company business
CapMan posted a loss for 2008 as a consequence of the negative change in the fair value of fund investments and fluctuation in carried interest. Nevertheless, the management company business developed favourably and management fees and income from Real Estate consulting covered the operational expenses.

CORPORATE GOVERNANCE

CapMan Plc complies with the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association of Finland in October 2008. In view of the size of the Company and its Board of Directors, CapMan deviates from the Code's recommendations for Board Committees in that it has decided not to establish any Board Committees. The Company also deviates from recommendation 41, which applies to the participation of non-executive directors in share-related remuneration schemes. CapMan Plc's Board of Directors is responsible for verifying the Group's Corporate Governance principles.

The information required by the Corporate Governance Code is available in its entirety on the Company's website www.capman.com. The complete Corporate Governance Code can be read on the Internet at www.cgcode.fi.

Board and other management

Board of Directors

Composition and term of office

All members of CapMan Plc's Board of Directors are elected by the Annual General Meeting. Members are elected for a term of office of one year, which starts at the close of the AGM 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.

According to the Articles of Association, the Board of Directors comprises at least three and at most nine members, who do not have deputies. The present Board comprises six members. The Board convened 10 times in 2008, and all members attended all the meetings.

Duties and responsibilities

The duties and responsibilities of the Board of Directors are determined for the main part by the Finnish Limited Liability Companies Act. The Board of Directors has general authority to render decisions on all of those Company matters which, on the basis of legislation or the Articles of Association, are not stipulated to be decided or carried out by another executive body. In addition to the tasks set forth by legislation the Board of Directors has confirmed a written charter for its work, which describes the main tasks and duties of the Board, the issues addressed by the Board, meeting practices, and an annual self-evaluation of the Board. In accordance with the CapMan Plc's Board's charter, the main duties of the Board are:

– to appoint and dismiss the CEO
– to approve the strategic goals
– to ensure that the Company has a proper organisation
– to ensure that the Company has duly endorsed the corporate values applied to its operations
– to approve the principles of risk management
– to ensure the proper operation of the management system
– to ensure that the supervision of the accounting and financial management is properly organised
– to supervise the management.

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.

Board Committees

In view of the size of the Company and of its Board, the Board of Directors has decided to deviate from recommendations 18–33 of the Finnish Corporate Governance Code and not to establish any Board Committees. However, the Board has decided to pay special attention in its Board work to risk management, external auditing, financial reporting and internal supervision.

Members of the Board and their independence of the Company

A majority of Board members must be independent of the Company. By decision of the 2008 AGM, the members of the Board are Ari Tolppanen (Chairman), Teuvo Salminen (Vice Chairman), Sari Baldauf, Tapio Hintikka, Lennart Jacobsson and Conny Karlsson. Their biographical details are presented on the Company's website (www.capman.com).

A majority of Board members, comprising Sari Baldauf, Tapio Hintikka, Conny Karlsson and Teuvo Salminen, are independent of the Company. Lennart Jacobsson and Ari Tolppanen are not independent because they are employed by the Company and are also major shareholders in the Company.

CEO and Deputy CEO

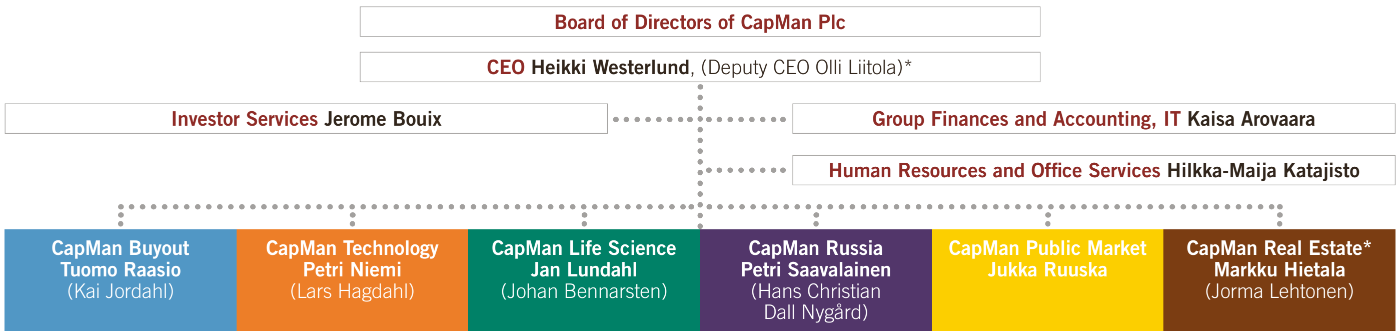
The Board of Directors elects the CEO and the Deputy CEO of the Company. The CEO's service contract, which is approved by the Board of Directors, specifies the main terms and conditions of the CEO's employment relationship. The CEO manages and supervises the Company's business operations according to Finland's Limited Liability Companies Act and in compliance with the instructions and authorisations issued by the Board of Directors. Generally, the CEO is independently responsible for the operative running of the Company and for day-to-day decisions on business activities and the implementation of these decisions. The CEO also appoints the Heads of teams and makes proposals to the Board of Directors on the recruitment of his/her immediate subordinates.

In 2008 CapMan Plc's CEO was Heikki Westerlund. The Company's Deputy CEO was Olli Liitola. The biographical details of CapMan Plc's CEO and Deputy CEO are presented on page 46 and on the Company's website.

Other management

Management Group

The Management Group of CapMan makes recommendations to the CEO for decisions and for proposals to the Board of Directors on matters relating to CapMan Group's business. The CEO must notify the Management Group if he/she submits proposals to the Board of Directors that differ to the Management Group's proposals. The decisions of the Management Group are made by a majority vote. The composition



* CapMan Real Estate reports to Deputy CEO Olli Liitola.

of the Management Group, and the responsibilities and biographical details of its members are presented on pages 46–47 and on the Company's website.

Investment Committees

CapMan also has Investment Committees, one for each fund. Investment Committees make investment proposals to the funds' Advisory Boards, and are not involved in managing the operational activities of the Company. These committees comprise the CEO, Senior Partners and other members. The CEO nominates the members of the committees. Investment proposals are always made by common decision of the members of an Investment Committee. Investment proposals by real estate funds operating in Finland are prepared by the investment team responsible for the investment, and proposals are accepted or rejected by the Board of each fund. The Chairman of the Investment Committees is the Group's CEO or a person nominated by him/her.

Remuneration

Remuneration of members of the Board

The remuneration of members of the Board of Directors is confirmed by the AGM. According to the decision of the 2008 AGM, the Chairman of the Board is paid a fee of €4,000 a month, and the Vice Chairman and members of the Board are each paid a fee of €3,500 a month. Fees are not paid to members of the Board who are employed by CapMan Group. The remuneration for other than Board work paid to the Chairman of the Board and CapMan Senior Partner Ari Tolppanen amounted to €103,156.20 in 2008. The remuneration for other than Board work paid to member of the Board and CapMan's Senior Partner Lennart Jacobsson amounted to €237,300.60 in 2008.

In divergence to recommendation 41 of the Finnish Corporate Governance Code, non-executive members of the Board of Directors can participate in a share-related remuneration scheme in accordance with the decision of the AGM, in which case shareholders have the opportunity to evaluate whether such remuneration is in their interest. In 2008 no shares or share-related remuneration were assigned to members of the Board. At the end of 2008 the Company had no option programs in which Board members could participate.

Remuneration of CEO, Deputy CEO and other executives

The remuneration system for the CEO and other executives of the Company consists of a fixed monthly salary, a bonus scheme linked to the Group's performance and the achievement of personal targets, possible stock options and, in the case of a Management Group member working as an investment professional, possibly also a share of the carried interest paid by the CapMan funds.

The Company's Board of Directors approves the CEO's remuneration, the annual bonus system, the distribution of options to others than members of the Board, the division of carried interest between the management company and the investment teams, and also the share-related remuneration of persons reporting directly to the CEO.

In 2008 CEO Heikki Westerlund was paid a salary and other remuneration amounting to €466,552.70, of which €345,042.70 was a fixed amount, €115,200 was a bonus linked to financial performance and the achievement of personal goals, and the remainder was a variable amount of €6,310. Deputy CEO Olli Liitola was paid a salary and other remuneration of €239,718.20, of which €157,808.20 was a fixed amount and €81,910 was a variable amount.

The pensionable age and pension benefits of the CEO and Deputy CEO are mainly prescribed by the provisions of Finland's Employees' Pensions Act. Their period of notice of termination of employment is 12 months for both parties. A normal monthly salary is paid during the period of notice.

Members of the Management Group were paid salary and remuneration in 2008 amounting to €3,020,207.34, of which €1,904,547.44 was a fixed amount and €1,115,659.90 a variable amount. The Management Group consisted of 14 members in 2008. The variable amount of salaries and remuneration paid in 2008 mainly comprised bonuses for profits made in 2007.

Information about the option rights distributed to members of the Board of Directors, the CEO, Deputy CEO and other executives is presented on pages 45–47 and on the Company's website.

Auditors' remuneration

In accordance with the decision by the AGM, the auditor shall be remunerated as per the amount invoiced. The auditor's remuneration for the 2008 financial year amounted to €133,322.

Risk management and internal control and audit

CapMan has a risk management program aimed at ensuring that the risks associated with the Company's business operations and objectives are identified and evaluated, and that the Company reacts appropriately to these risks. Major risks are published, provided that the information does not contain confidential information pertaining to CapMan's business.

The Company's Board of Directors is ultimately responsible for the proper organisation of risk management and internal control. The management is responsible for its implementation. The Group's CFO coordinates the risk management program and is responsible for drafting and updating an internal control program. The CFO reports regularly to the Board of Directors on matters concerning risk management and internal control.

Organisation of risk management

Management Group

The Management Group defines the main risks associated with business areas and other functions. The Company has an action plan that addresses the main identified risks.

Investment Committees

See Investment Committees on page 43 on the left.

Performance Monitoring

Performance Monitoring team is part of the Investor Services team, and is independent of the investment teams and the Group's accounting. Performance Monitoring is responsible for collecting and reviewing the monthly reporting of portfolio companies, monitoring and forecasting the success of the Group's funds and preparing the models for and calculating the carried interest income.

Valuation Committee

Valuation Committees decide on the valuations of the funds managed by the CapMan Group. The committees comprise the Head of each investment area, the CEO, CFO and Deputy CEO. Portfolio companies are valued four times a year in conjunction with CapMan Plc's interim financial reporting. The investment professionals responsible for portfolio companies make proposals on the valuations of investment targets and compile material to support the valuation level. The Group's Performance Monitoring officers check the correctness of the principles applied in the proposals. The task of Valuation Committees is to process valuations and ensure that the same valuation principles are consistently used in all portfolio companies, and that the principles comply with IPEVG guidelines.

Compliance audits

Compliance audits are conducted on a regular basis with the purpose of ensuring that investments made in funds comply with the funds' Procedure Manual. The Investor Services team is responsible for compliance audits, the members of which are independent of the investment teams.

Risk categories

CapMan classifies risks into four main categories, which are: external risks, operative risks, financial risks, and strategic risks. Risks are also presented in the Notes to the Consolidated Financial Statements on pages 68–69.

External risks

External risks consist of prevailing or anticipated changes in the political or legal operating environment, regulations, the economy or the competitive situation.

General market changes in share prices have an impact on the fair values of portfolio companies. According to the IFRS, these valuations can be short-term in nature and do not necessarily reflect on the long-term returns of a fund. In order to even out the effects of economic cycles, it is important that investments are made on a sustainable valuation level, that funds' portfolios contain companies operating in non-cyclical sectors, and that portfolio companies are constantly and actively developed.

It is typical to the private equity industry that a part of the investments are financed with debt financing. If the investment is highly leveraged, the valuation of the fund investment can fluctuate significantly within a short period if market multiples change.

Operative risks

The Group's operative risks are mainly related to possible ineffectiveness or failure of processes, personnel and systems. Operative risks include legal and regulatory risks, and risks relating to IT systems, business disruption or failures in internal control. The Company's management is responsible for identifying, evaluating, controlling and reporting operative risks. To support it in this task, management has the Group's general operating principles and standards, monitoring and control programs, and division of responsibilities. The Group's CFO is responsible for internal control and for regularly reporting on internal control.

The Group has defined procedures, principles and methods for, among other aspects, investment activities, data protection, insider issues, personal performance evaluation, signatory rights, and invoice approval. These principles and procedures are available to personnel on the Company's intranet.

Implementing the Company's strategy depends on the Company's ability to recruit, develop and retain the best professionals in private equity in all its teams. Performance appraisals are conducted twice a year, when an individual's performance is assessed against the set targets.

Financial risks

Unexpected changes in the pace of investments or exits have a substantial impact on the Group's cash flow. An individual investment or exit can considerably change the cash flow situation, and the exact timing of cash flow is difficult to forecast accurately. The Company's goal is for management fees and real estate consulting income to cover the Group's operating expenses. Carried interest is used to finance fund commitments that are not paid in or to increase dividend payment capacity. Cash flow calculations for different scenarios and for different time spans are updated regularly to ensure adequate liquidity. The Group also has a credit facility for short-term financing needs.

The Group provides for interest rate risk by using both fixed interest and floating interest loans for long-term debt. The five-year reference rate of interest is used for loan receivables. Credit risk is limited to loan receivables from the Maneq funds, which invest alongside the Group's funds. The Maneq funds always invest in a number of portfolio companies, so credit risk only realises if the average exit multiple of portfolio companies falls below one. The Company believes that this credit risk is small. Exchange rate risk is normally low because the Group generally uses the euro in its transactions, although the exchange rate of Nordic currencies and of the Russian rouble does affect investment operations.

Strategic risks

One of the major risks associated with CapMan's business is the failure of fundraising. Successful fundraising provides a firm basis for management fees and creates opportunities for carried interest over a number of years into the future. CapMan has endeavoured to minimise this risk by spreading its operations over six investment areas and five countries of operation. The sensitivity of CapMan's business to fluctuations in investor demand and to market volatility is reduced because typically a new fund is always in the active fundraising phase in one of CapMan's investment areas. A requirement for successful fundraising is success in investment activities.

CapMan is prone to investors' decisions to spread their investments over different asset classes. This risk is minimised by dividing the Group's operations into different business areas.

Organisation of internal control and audit

The Group's CFO is responsible for drafting and updating an internal control program. The CFO reports to the Board of Directors regularly on matters concerning internal control. The program also covers monitoring the legal compliance of funds and their activities, and its purpose is to ensure that:

- authorisations concerning payments by the Group and by the funds are clearly defined
- authorisations concerning investment commitments made in the Group's name are clearly defined
- the Group and the funds abide by the commitments applying to them.

The Head of the Fund Administration team is responsible for drafting and updating the funds' compliance program. The aim of the program is to ensure that the activities of funds managed by the CapMan Group comply with contracts, agreements and other commitments.

Insider issues

CapMan Plc complies with the guidelines for insiders issued by the Helsinki Stock Exchange that entered into force on 1 January 2006. CapMan has supplemented the general guidelines with its own set of internal insider guidelines, which are in part stricter than the general guidelines. An insider register extract is regularly distributed to public insiders for inspection. The Group's Senior Legal Counsel is responsible for insider issues.

According to the definition of public insiders specified in the Securities Market Act, CapMan Plc's public insiders are the members of the Board of Directors, the CEO, Deputy CEO, members of the Management Group, and the auditors including the lead auditor. In addition, the company-specific insider register includes the CEO's Executive Assistant, CFO, Chief Accountant, Financial Controller, Performance Monitoring Officers, Communications Director, Communications Officers, Legal Counsels and certain members of the IT team. The insider register for CapMan Plc is held by Euroclear Finland Ltd. A list of CapMan Plc's public insiders and their holdings of shares and stock options is updated monthly on the Company's website.

CapMan Group's employees are not permitted to trade Company shares or stock options without the permission of the Group's Senior Legal Counsel. Trading is completely forbidden in the fourteen-day period prior to publication of the Company's financial results. Members of the CapMan Public Market team are not permitted to trade in shares of small and mid-cap companies listed on the Nordic Exchanges. In addition, the Company's insider instructions recommend that no other persons employed by the Group trade in shares of small and mid-cap companies listed on the Nordic Exchanges.

Auditing

CapMan Plc's Articles of Association state that the Company shall have one auditor (a chartered public accountant or auditor) approved by Finland's Central Chamber of Commerce. The auditor is elected by the AGM for a one-year term, which terminates at the closing of the AGM following the election. The Company complies with the provisions of Finland's Auditing Act in calculating the length of the auditor's term of office. Under these provisions, in CapMan Plc's case, expiration of the prescribed time of the auditor's term of office begins from the start of the financial year following the entry into force of the new Auditing Act, which is the financial year 1 January–31 December 2008. CapMan Plc's auditors PricewaterhouseCoopers Oy, and lead auditor Jan Holmberg, Authorised Public Accountant, are responsible for guiding and coordinating the auditing work of the entire Group.

Investor relations and communications

CapMan's Communications team serves the Company's various stakeholder groups by giving information about CapMan's strategy, operations, objectives and business environment in a way that gives a true and fair view of CapMan as an investment and as a partner.

Board of Directors

Ari Tolppanen
(b. 1953)

M.Sc. (Eng.)
Chairman of the Board since 31 March 2005. Member of the Board since 1993, CapMan Senior Partner, CEO of CapMan Plc between 1989 – 31 March 2005. Joined CapMan in 1989.

Key positions of trust:
Access Capital Partners S.A. (Chairman of the Supervisory Board), OneMed Group (Chairman),
The New Black Oy,
Å&R Carton AB.

CapMan Plc shares and options:
1,220,200 A shares
7,418,720 B shares

Teuvo Salminen
(b. 1954)

M.Sc. (Econ.)
Authorised Public Accountant
Vice Chairman of the Board since 31 March 2005. Member of the Board since 2001, Deputy CEO of Pöyry Plc.

Key positions of trust:
YIT Corporation, Holiday Club Resorts Oy (Chairman).

CapMan Plc shares and options:
20,000 B shares

Sari Baldauf
(b. 1955)

M.Sc. (Bus. Adm.), D.Sc. (Tech.) h.c., D.Sc. (Econ. and Bus. Adm.) h.c. Member of the Board since 2007.

Key positions of trust:
F-Secure Corporation,
Hewlett-Packard Company,
Sanoma Plc (Vice Chairman),
International Youth Foundation,
Savonlinna Opera Festival Ltd (Chairman), The Finnish Cultural Foundation (member of the Board of Trustees), Daimler AG (member of the Supervisory Board), Finnish Business and Policy Forum EVA, Connected Day Ltd (Chairman).

CapMan Plc shares and options:
60,000 B shares

Tapio Hintikka
(b. 1942)

M.Sc. (Eng.)
Member of the Board since 2004.

Key positions of trust:
Aina Group Oyj (Chairman),
Evli Bank Plc,
Teleste Corporation (Chairman).

CapMan Plc shares and options:
–

Lennart Jacobsson
(b. 1955)

BBA
Member of the Board since 2002. CapMan Senior Partner. Joined CapMan in 1995.

Key positions of trust:
Gammadata Holding AB, Xlent AB, Ascade AB, Locus AS.

CapMan Plc shares and options:
1,129,217 B shares

Conny Karlsson
(b. 1955)

MBA
Member of the Board since 2008.

Key positions of trust:
Swedish Match AB (Chairman),
SEB Investment Management AB (Chairman), Zodiak Television AB (Chairman),
TeliaSonera AB,
Carl Lamm AB.

CapMan Plc shares and options:
–

** The share and stock option ownership figures are as at 31 December 2008. CapMan Partners B.V., which is owned by the Senior Partners of CapMan, owned 3,000,000 A shares and 2,000,000 B shares. The Senior Partners of CapMan own the majority of their shares through corporations under control.*

Management Group

Heikki Westerlund
(b. 1966)

M.Sc. (Econ.)
CEO of CapMan Plc, Senior Partner.
Joined CapMan in 1994.

Key positions of trust:
Lumene Oy, The Finnish Venture Capital Association (FVCA) (Chairman).

CapMan Plc shares and options:
258,020 A shares
2,718,260 B shares

Kaisa Arovaara
(b. 1970)

M.Sc. (Econ.)
CFO of CapMan Plc, Head of Group Finances and Accounting, IT.
Joined CapMan in 2006.

Key positions of trust:
–

CapMan Plc shares and options:
5,000 B shares
63,956 2003B options

Jerome Bouix
(b. 1971)

M.Sc. (Econ.)
Head of Investor Services, Senior Partner.
Joined CapMan in 2000.

Key positions of trust:
European Private Equity and Venture Capital Association (EVCA).

CapMan Plc shares and options:
50,000 2003B options

Markku Hietala
(b. 1957)

LL.M., Deputy Judge
Head of CapMan Real Estate, Managing Director of Realprojekti Oy, Senior Partner.
Joined CapMan in 2005.

Key positions of trust:
–

CapMan Plc shares and options:
181,818 B shares

Kai Jordahl
(b. 1960)

M.Sc. (Econ.)
Deputy Head of CapMan Buyout, Senior Partner.
Joined CapMan in 2004.

Key positions of trust:
Cardinal Foods AS (Chairman), Curato AS (Chairman), Barnebygg Gruppen (Chairman), OneMed Group Oy.

CapMan Plc shares and options:
50,000 2003B options

Hilkka-Maija Katajisto
(b. 1967)

M.Sc. (Econ.)
HR Director
Joined CapMan in 2007.

Key positions of trust:
–

CapMan Plc shares and options:
–

Olli Liitola
(b. 1957)

M.Sc. (Eng.)
Deputy CEO of CapMan Plc, Senior Partner.
Joined CapMan in 1991.

Key positions of trust:
Pretax Oy, The New Black Oy.

CapMan Plc shares and options:
796,564 A shares
1,982,520 B shares

Torben von Lowzow
(b. 1962)

M.Sc. (Eng.)
Partner
Joined CapMan in 2007.

Key positions of trust:
Anhydro A/S, SMEF A/S, Gudme Raaschou Bank A/S.

CapMan Plc shares and options:
–

Jan Lundahl
(b. 1954)

B.Sc. (Econ.)
Head of CapMan Life Science, Senior Partner.
Joined CapMan in 1997.

Key positions of trust:
–

CapMan Plc shares and options:
839,217 B shares

Petri Niemi
(b. 1961)

M.Sc. (Eng.)
Head of CapMan Technology, Senior Partner.
Joined CapMan in 1999.

Key positions of trust:
Mirasys Ltd, ScanJour A/S.

CapMan Plc shares and options:
267,920 B shares
15,748 2003B options

Tuomo Raasio
(b. 1958)

LL.M.
Head of CapMan Buyout, Senior Partner.
Joined CapMan in 1988.

Key positions of trust:
Finnish Broadcast Company.

CapMan Plc shares and options:
680,663 A shares
3,080,873 B shares

Jukka Ruuska
(b. 1961)

LL.M., MBA
Head of CapMan Public Market, Senior Partner.
Joined CapMan in 2008.

Key positions of trust:
Destia, The Finnish Foundation for Share Promotion.

CapMan Plc shares and options:
22,500 2003B options
125,000 2008A options
125,000 2008B options

Petri Saavalainen
(b. 1965)

M.Sc. (Eng.)
Head of CapMan Russia, Senior Partner.
Joined CapMan in 1995.

Key positions of trust:
Foreca Ltd.

CapMan Plc shares and options:
44,553 A shares
882,663 B shares

Martti Timgren
(b. 1955)

LL.M.
Head of Fund Administration, Senior Legal Counsel.
Joined CapMan in 2003.

Key positions of trust:
–

CapMan Plc shares and options:
25,000 2003B options

** The share and stock option ownership figures are as at 31 December 2008. CapMan Partners B.V., which is owned by the Senior Partners of CapMan, owned 3,000,000 A shares and 2,000,000 B shares. The Senior Partners of CapMan own the majority of their shares through corporations under control.*

Report of the Board of Directors

Business operations

CapMan is an alternative asset manager, with operations in two business areas: CapMan Private Equity (manages funds that invest in portfolio companies) and CapMan Real Estate (manages funds that invest in real estate and also provides real estate consulting). The guiding principle for funds' investment activities is to directly and actively work towards increasing the value of investments. Information about each business area is reported in a separate segment in the Company's interim reports.

CapMan Plc's income is derived from management fees paid by funds, from carried interest received from funds, from returns on fund investments made from CapMan Plc's own balance sheet, and from income generated by real estate consulting. There can be considerable quarterly fluctuations in carried interest as well as in the fair value of fund investments. For this reason CapMan's financial performance should be analysed over a longer time span than the quarterly cycle.

Turnover and result for 2008

CapMan's turnover in 2008 amounted to €37.1 million (€51.6 million in 2007). The main factors affecting turnover and result are described in more detail in their own sections.

The Group's operating profit/loss totalled €–6.3 million (29.8). Management company business generated a profit (operating profit excluding the profit impact of fund investments) of €7.1 million (23.6). Profit/loss before taxes was €–10.7 million (32.7) and profit/loss after taxes was €–8.1 million (24.2).

Parent company equity holders' share of profit/loss was €–8.2 million (18.6), and the earnings per share based on it were €–10.2 cents (23.8 cents).

The quarterly breakdown of turnover and profit, as well as turnover and profit by segment, for 2008 are presented in the table in Section *2. Segment information* of the Notes to the Financial Statements.

Management fees, real estate consulting income and operating expenses

The amount of management fees grew compared to 2007 and amounted to €29.6 million (25.0). Establishment of the new €844.9 million CapMan Hotels RE real estate fund in January 2008 contributed to the increase in management fees throughout the year. The CapMan Public Market and CapMan Russia funds also started to pay management fees in 2008. In addition, a management fee of €1.8 million was received regressively from the CapMan Russia fund during the last quarter of the year.

Income from real estate consulting totalled €2.4 million (2.1). The aggregate total of management fees and income from real estate consulting was €32.0 million (27.1), and it covered the operating expenses of €29.8 million (27.7).

Carried interest

CapMan receives carried interest income from funds that have transferred to carry – i.e. repaid paid-in capital to their investors and paid an annual preferential return on the capital. In 2008 there was one exit from funds in carry. As a result of the exit from Staffpoint in May, carried interest income totalled €4.1 million. Carried interest in 2007 amounted to €23.6 million, which accrued primarily through the sale of CapMan Real Estate I fund's real estate portfolio.

Income from CapMan's own fund investments and investment commitments

The profit impact of fund investments made from CapMan's own balance sheet was €–13.4 million (6.2). Of this, the realised returns from fund investments were €0.3 million (0.5) and fair value changes related to fund investments were €–13.7 million (5.7). The main factor affecting fair value changes was the general market development, but the weakening of the Swedish krona, and the new funds' expenses had also an impact. The valuation change of CapMan Equity VII's portfolio company Moventas contributed most to the fair value change in the comparison year. The negative development in the fourth quarter of 2008, altogether €–11.0 million, was mainly attributable to the general market situation and its impact on the multiples of portfolio companies' listed peers used in company valuations. The change in the fair value of CapMan's fund investments was –17.1% in the last quarter, and –20.6% from the beginning of 2008. The aggregate fair value of fund investments on 31 December 2008 amounted to €53.1 million (€44.2 million on 31 December 2007).

CapMan made new investments in its funds during 2008 amounting to €26.3 million (15.4). Most of these investments were made in the CapMan Buyout VIII and CapMan Hotels RE funds. CapMan's objective is to invest in its future funds 2–10% of their original capital depending on the funds' demand and CapMan's own investment capacity. In 2008 CapMan made a €5 million investment commitment to the CapMan Hotels RE fund, a €13.5 million investment commitment to the CapMan Russia fund, a €15 million investment commitment to the CapMan Public Market fund, and a €13 million investment commitment to the CapMan Buyout IX fund. The amount of remaining investment commitments at the end of 2008 was €77.2 million (56.0). The aggregate fair value of existing investments and remaining investment commitments on 31 December 2008 was €130.4 million (€100.2 million on 31 December 2007).

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), and real estate assets are valued in accordance with the value appraisements of external experts.

Hybrid bond

On 18 December 2008 CapMan Plc issued a €20.0 million hybrid bond to Finnish institutional investors. The issue will strengthen the Group's capital structure and, in line with Group strategy, finance commitments that CapMan Plc has made to the funds managed by the Group. The coupon rate for the bond is 11.25% p.a. and it is payable semi-annually.

The bond has no maturity date but the Company may call the bond after five years. The size of the issue may be increased to at most €30 million.

Balance sheet and financial position on 31 December 2008

CapMan's balance sheet total increased during 2008 to €138.0 million (€117.4 million on 31 December 2007). Non-current assets increased during 2008 to €99.8 million (74.9), mainly due to investments made in funds, to growth in receivables, and to an increase in goodwill of €6.5 million recognised for the Norum acquisition. Long-term receivables amounted to €24.5 million (16.2), of which €21.1 million (11.6) comprised loan receivables from the Maneq funds. In addition to CapMan Plc, CapMan personnel are investors in the Maneq funds, the expected returns from which are broadly in line with the return expectations for CapMan's own fund investments. Maneq funds pay market rate interest on loans they receive from CapMan Plc.

Current assets amounted to €38.2 million (42.4). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to €25.3 million (34.6). Liquid assets include the hybrid bond issued on 18 December 2008. In the comparison period liquid assets were exceptionally high due to the carried interest income received from CapMan Real Estate I fund's sale of its real estate portfolio.

Equity in the balance sheet includes the hybrid bond issued on 18 December 2008, which has been entered in 'Other reserves'. At 31 December 2008 CapMan Plc had a bank financing package of €60 million (16.0) available, of which €46 million (16.0) was in use. Interest-bearing liabilities increased as CapMan pursued its strategy of using debt financing to finance some of its investments in funds. The amount of trade and other payables was €15.8 million (21.4). The Group's interest-bearing net debts amounted to €20.7 million (–18.6).

Insider loans

CapMan Plc's receivables from the Maneq funds are specified in more detail in the Notes to the Financial Statements in Section *32. Related party disclosures.*

Key figures

CapMan's equity ratio on 31 December 2008 was 50.3% (57.6% on 31 December 2007). Return on equity was 11.8% (38.9%) and return on investment was –6.3%

(44.2%). The target level for the equity ratio is at least 50% and for return on equity at least 25%.

	31.12.2008	31.12.2007
Earnings per share, cents	**–10.2**	23.8
Diluted, cents	**–10.2**	23.7
Shareholders' equity per share, cents*	**86.1**	86.4
Share issue adjusted number of shares	**80 432 600**	78 142 867
Number of shares at end of period	**81 458 424**	79 968 819
Number of shares outstanding	**81 322 921**	79 968 819
Own shares held by the Company at end of period	**135 503**	0
Return on equity, %	**–11.8**	38.9
Return on investment, %	**–6.3**	44.2
Equity ratio, %	**50.3**	57.6
Net gearing, %	**30.0**	–27.5

* *In line with IFRS standards, the €20 million hybrid bond issued on 18 December 2008 is included in equity and also in calculating equity per share.*

Board's proposal for distribution of profit

CapMan Plc's target is to distribute at least 50% of net profit as dividends. Owing to the loss made in 2008 and the uncertainty attached to the current market situation, CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 7 April 2009 in Helsinki that no dividend be paid to shareholders for 2008. The company's distributable funds amounted to €11.0 million on 31 December 2008 (€19.0 million on 31 December 2007).

Norum acquisition and expansion of operations in Russia

On 26 May 2008 CapMan Plc signed an agreement to buy private equity house Norum from the company's senior management, DnB NOR Bank ASA and Sitra Management Ltd. The transaction was closed on 27 August 2008, on terms whereby 51% of the CapMan Russia fund's management company's and 100% of the advisory company's share capital and voting rights were transferred to CapMan Plc's ownership. The CapMan Russia fund, which is currently in the fundraising phase, was also transferred under CapMan's management. The fund makes investments in mid-size companies operating in Russia, and its size is currently €118.1 million. CapMan Plc's own commitment to the fund is €13.5 million.

The purchase price of the shares was approx. €3.4 million. Some €1 million of the purchase price was paid in cash and the remaining €2.4 million through a direct share issue to the sellers. The value of each B share in the transaction was €2.43 corresponding to the volume weighted average trading price of CapMan B shares between 22 April 2008 and 21 May 2008. CapMan Plc issued a total of 982,539 new CapMan Plc B shares, the three-phase lock-up for which will end on 25 May 2011. The purchase price of the shares will be adjusted on the basis of the final size of CapMan Russia fund.

CapMan Plc has the right to buy the remaining 49% of Norum shares by July 2012 at the latest. The sellers have the right to sell their remaining Norum shares to CapMan at any time. The payable transaction price per share will be the same as the fundraising adjusted transaction price in the first phase of the transaction.

Expanding operations into Russia is an important strategic step for CapMan, as the Russian market has considerable potential for long-term growth. Following the transaction 12 persons transferred to CapMan Group. The CapMan Russia team is headed by CapMan's Senior Partner Mr Petri Saavalainen, while Mr Hans Christian Dall Nygård, the former Managing Director of Norum and now a Partner in CapMan, is responsible for all the investment activities of CapMan Russia. CapMan Russia is included in the CapMan Private Equity business area in CapMan Plc's financial reporting. As a subsidiary, Norum is fully consolidated in CapMan Group's figures, including the goodwill arising from the transaction. The Norum acquisition will have no significant impact on CapMan Plc's result over the next few years.

CapMan Public Market fund

On 11 July 2008 CapMan Plc established a new equity fund, CapMan Public Market. The size of the fund is at present €106 million, including CapMan Plc's commitment of €15 million. The CapMan Public Market fund invests in Nordic listed companies that have a market capitalisation of €100–1,000 million, and it utilises private equity style value creation methods in its operations. The fund's fundraising continues.

The establishment of the fund was the start of CapMan's sixth investment area, CapMan Public Market, which is headed by CapMan's Senior Partner Mr Jukka Ruuska. CapMan Public Market is included in the CapMan Private Equity business area in CapMan Plc's financial reporting. CapMan Public Market's operations have considerable potential for long-term growth, but establishment of the investment area will have no significant impact on CapMan Plc's result over the next few years.

CapMan Hotels RE fund

On 18 January 2008 CapMan Plc established a new private equity fund focusing on hotel real estate, CapMan Hotels RE Ky. The size of the hotel fund at the end of 2008 was €844.9 million, and the fund's fundraising is ongoing. The fund acquired a €805 million hotel portfolio of 39 properties from Northern European Properties Ltd in conjunction with its establishment. Seven professionals in the hotel business transferred to CapMan Group through the transaction. The management company of CapMan Hotels RE Ky is CapMan Hotels RE Oy, of which CapMan Plc owns 80%. Establishment of the fund has had a slightly positive effect on CapMan Plc's result in 2008 through the management fees paid by the fund.

CapMan Buyout IX fund

On 22 December 2008 CapMan Plc established its ninth buyout fund, CapMan Buyout IX. The size of the fund after the first closing was €203 million, including CapMan Plc's own investment commitment of €13 million. The fund will make investments in mid-sized Nordic buyouts, and its fundraising is ongoing. The fund will start paying a management fee to CapMan as from its first investment.

Capital under management on 31 December 2008

Capital under management refers to funds' remaining investment capacity and capital already invested at acquisition cost. CapMan's target is to increase the capital under management by an average 15% per year. As a result of the establishment of the CapMan Hotels RE, CapMan Public Market and CapMan Buyout IX funds, and of the CapMan Russia fund being transferred to CapMan's management, the capital under management grew in 2008 by some 56% from €2,190.0 million to €3,407.5 million. At the end of 2008, €1,767.0 million (1,394.3) was in funds making investments in portfolio companies and €1,640.5 million (795.7) in real estate funds. Capital was raised during 2008 as follows.

Capital under management was reduced by exits made during 2008, amounting to €39.4 million at acquisition cost. The Nordic Private Equity Partners II fund was terminated owing to its exit during the year from its last remaining investment.

Funds raised during the review period

Fund	Established	Capital 31 Dec 07 MEUR	Capital 31 Dec 08 MEUR	CapMan Group's commitment MEUR	CapMan Group's carried interest (net*)
CapMan Technology 2007	9.2.2007	140.3	**142.3**	15.0	10%
CapMan Hotels RE Ky	18.1.2008	0.0	**844.9**	5.0	12%
CapMan Public Market Fund	11.7.2008	0.0	**106.0**	15.0	10%
CapMan Russia Fund**	27.8.2008	56.0	**118.1**	13.5	n/a
CapMan Buyout IX	22.12.2008	0.0	**203.0**	13.0	10%

* *CapMan Group's carried interest taking into account the carried interest due to management companies' other owners and investment teams after the fund has transferred into carry. Carried interest = share of the fund's cash flows after it has transferred into carry.*

** *The CapMan Russia fund was transferred to CapMan's management on 27 August 2008 on finalisation of the Norum acquisition. CapMan Plc's share of carried interest will depend on the final size of the fund and will be announced in conjunction with notification of the final fund size.*

Group structure

The companies included in the CapMan Plc Group are presented in the Notes to the Financial Statements in Section *32. Related party disclosures*.

Board of Directors and management

CapMan Plc's Board of Directors at the end of 2008 comprised: Ari Tolppanen (Chairman), Teuvo Salminen (Vice Chairman), Sari Baldauf, Tapio Hintikka, Lennart Jacobsson and Conny Karlsson. Heikki Westerlund was CapMan Plc's CEO in 2008 and Olli Liitola was his deputy.

More details about the election, tasks and remuneration of CapMan Plc's Board of Directors, CEO and Deputy CEO and Management Group are given in the Corporate Governance section on pages 42–44 of the Company's 2008 Annual Report. Background information about the Board of Directors and the Management Group, as well as their holdings of shares and stock options, is given on pages 45–47 of the 2008 Annual Report.

Personnel

On 31 December 2008 CapMan employed altogether 141 people (110 people on 31 December 2007), of whom 102 (86) worked in Finland and the remainder worked in other Nordic countries or Russia. In particular, the establishment of the new hotel fund and the Norum acquisition both contributed to growth in the number of personnel. A breakdown of personnel by country and by team is presented in the Notes to the Financial Statements in Section *5. Employee benefit expenses*.

Shares and share capital

There were no changes in CapMan Plc's share capital during 2008. Share capital on 31 December 2008 was €771,586.98 (€771,586.98 on 30 December 2007). The number of CapMan Plc's listed B shares increased during the year by altogether 1,489,605 shares, after a total of 507,066 B shares were subscribed for with 2003A options and 982,539 new B shares were issued in connection with the Norum acquisition. The number of B shares on 31 December 2008 was 75,458,424, and the number of unlisted A shares 6,000,000. A shares (10 votes) carry entitlement to 44.3% and B shares (1 vote) 55.7% of the voting rights in the Company. A shares are owned by CapMan Plc's current Senior Partners. A and B shares carry the same dividend entitlement. CapMan Plc's shares are included in the book-entries securities system.

Shareholders

CapMan Plc had 4,514 shareholders on 31 December 2008 (4,489 on 31 December 2007). The biggest change in the Company's ownership during 2008 was that following the Norum transaction Norum's management became shareholders of CapMan Plc with a combined holding of 1.21% in the Company. No flagging notices were issued during 2008.

As at 31 December 2008, the members of the Board of Directors, the CEO and the Deputy CEO owned directly and through corporations under control a total of 15,603,501 A and B shares, representing 19.2% of the total shares and 26.6% of the total votes. In addition, two members of the Board of Directors, the CEO and the Deputy CEO are shareholders in CapMan Partners B.V., which owns 3,000,000 CapMan Plc A shares and 2,000,000 B shares.

The ownership of CapMan Plc by sector classification and by size of shareholding, the Company's largest shareholders, nominee registered shares, and the redemption clauses applicable to the Company's shares are described in the Notes to the Financial Statements in Section *23. Share capital and shares*. The impact on the number of shares and votes of stock options issued by the Company is specified in Section *31. Share-based payments*.

Own shares

CapMan Plc's Board of Directors decided on 8 August 2008 to start purchases of CapMan Plc B shares based on the authorization granted by the Annual General Meeting on 27 March 2008. During the period 18 August –15 October 2008 a total of 135,503 was repurchased. The authorization to repurchase CapMan Plc B shares applies to a maximum 8,000,000 shares and is valid until 30 June 2009. The authorized maximum of 8,000,000 shares would carry entitlement to 5.9% of the Company's total voting rights.

Stock option programs

At the end of 2008 CapMan Plc had two stock option programs as part of the incentive and commitment program for the key personnel: Option program 2003 and Option program 2008. The 2003B options are traded on the options list of the OMX Nordic Exchange in Helsinki. A total of 625,000 B shares can still be subscribed for with 2003B options, for which the subscription period ends on 31 October 2009. No shares were subscribed for with 2003B options in 2008. At the end of October 2008, a total of 507,066 B shares were subscribed for with 2003A options, which expired at the end of October 2008. Receivables from shares subscribed for with options are entered in the Company's invested unrestricted shareholders' equity.

CapMan Plc's Annual General Meeting held on 27 March 2008 approved the issue of stock options to key personnel under the Option program 2008. The maximum total number of stock options issued within the Option program 2008 will be 4,270,000, which will carry entitlement to subscribe for a maximum total of 4,270,000 new B shares. The subscription period for 2008A options starts on 1 May 2011 and for 2008B options on 1 May 2012.

Stock option programs are described in more detail in the Notes to the Financial Statements in Section *31. Share-based payments*.

Trading and prices of shares and stock options

The exceptional market climate and the steep decline in global stock markets in 2008 were also reflected in the trading volumes and prices of CapMan Plc shares. On 31 December 2008 the closing price of CapMan Plc B shares was €0.95 (€3.25 on 31 December 2007). The average price during the year was €2.09 (3.49). The highest price was €3.40 (4.07) and the lowest €0.79 (2.86). The trading of the Company's shares declined appreciably with respect to 2007, in terms of both volume and value. Altogether 14.8 (30.9) million CapMan Plc B shares were traded in 2008 for a total of €29.6 million (107.0). The number of shares traded accounted for 20.6% of all B shares. The average daily volume of trading was approx. 58,470 shares, with a value of approx. €117,040.

The market capitalisation of CapMan Plc B shares on 31 December 2008 was €71.7 million (240.4). The market capitalisation of all shares, in which the A shares are valued at the closing price of B shares for the review period, was €77.4 million (259.9). At the end of 2008, CapMan Plc was listed in the OMX Helsinki Mid Cap index.

Board authorisations

By decision of the Annual General Meeting, CapMan Plc's Board of Directors is authorised to decide on a share issue as well as to issue stock options and other entitlements to shares, and is also authorised to purchase the Company's own shares and to accept them as a pledge. The authorisations are valid until 30 June 2009, and the terms and conditions attached to them were specified in more detail in the Stock Exchange release issued on 27 March 2008.

Other events in 2008

On 9 October 2008 CapMan Plc announced that the sale of Access Capital Partners (Access), first announced on 25 July 2008, was cancelled after the purchaser announced that its lender bank had decided to withdraw the pre-agreed financing from the transaction, invoking force majeure caused by the general financial crisis. CapMan Plc continues as a 35% minority shareholder in Access after the cancellation of the deal. More information on Access can be found on page 22.

Significant risks and short-term uncertainties

CapMan Plc's management company business is profitable, but the prevailing market climate has increased the uncertainty attached to forecasting the Company's financial performance. The combination of an almost total standstill in the buyout market, a credit squeeze and a sharp decline in fair values of investment targets have appreciably weakened exit opportunities. This can result in postponement of exits, and consequently therefore of carried interest income. In the real estate market, the economic climate can impact tenants' operations, and thereby the vacancy rate and rental income of investment properties. CapMan believes that fundraising also will continue to be challenging, which might affect the end result of ongoing fundraising activities and, through that, management fees over the next few years. CapMan Plc's financial position was strengthened by issuing a €20 million hybrid bond in December.

The risks attached to CapMan Plc's operations and the company's risk management are described in more detail in pages 42–44 of the 2008 Annual Report. Risk management is also described in the Notes to the Financial Statements in Section *33. Financial risk management*.

Business environment

The prospects for growth in the demand for alternative assets have remained good over the long term. The financial crisis and the steep decline in market valuations of other asset classes, however, are clearly slowing the growth in the alternative asset class. Private equity has consolidated its position in financing M&A and growth, and continues to focus typically on consolidation in various sectors, family successions, privatisation of public services and functions, and the commercialisation of R&D in the technology and life science sectors. Increased entrepreneurial activity has also boosted growth. Real estate funds, for their part, have gained an established share of institutional investors' investment allocations.

The CapMan funds investing in portfolio companies will continue to implement their investment strategies. The deep crisis in the debt market has been reflected, however, in CapMan's operating area also. At present the M&A market is still waiting for the positive impact of banking sector bail-out plans to materialise. The banks have focused their lending on large corporations in particular which has delayed the positive impact on other companies. We believe that bank financing for buyouts, mergers & acquisitions and real estate investments will gradually recover during 2009. The market looks promising for new investment targets both in the Nordic countries and Russia. The number of new potential portfolio companies has remained at a good level especially for the Public Market and Russia funds. The exit market has at present come to a standstill and the impact of the crisis is visible in lower prices.

The slowdown in growth of the real economy has been seen in our portfolio companies, especially in those sectors that are linked, for instance, to consumer demand or the automobile industry. Generally our portfolio companies' development has been favourable, but forecasting for 2009 is difficult. A steep decline in listed market valuations was reflected in the fair value of our investments. We plan to keep enough reserves in our funds to support our companies' growth and financing in this market situation. Long-term cooperation with Nordic banks is particularly important to us.

In the real estate sector, instability in debt markets has appreciably depressed the volume of real estate transactions. Tighter bank credit will continue to affect both competition and the valuation levels in the real estate sector, and we expect to see increased use of equity for the financing of real estate transactions. Demand for prime real estate is still at a good level and the changed market situation could well open up good investment opportunities. The challenging market has boosted demand for real estate consulting. On the leasing market, the occupancy rate and demand for office and retail premises remain at a good level. Vacancy rates for office premises, however, are expected to rise in the Helsinki metropolitan area.

All CapMan's investment teams are in a good position and have adequate resources to implement their investment strategies in the Nordic countries and Russia. The funds investing in portfolio companies have some €875 million for making new and follow-on investments, while the real estate funds have approx. a €320 million investment capacity for identifying new investment targets and developing the existing portfolio.

Future outlook

CapMan's strategy is to exploit growth opportunities within the alternative asset class. The projects for expanding geographically into Russia and for establishing a fund utilising private equity style value creation methods in public markets have now been implemented, and these funds are now in the fundraising phase. A new buyout fund was established in December and its fundraising is also ongoing. We will focus on fully exploiting our existing business portfolio, and we have no plans to expand it in the near future. CapMan will invest in its future funds 2–10% of their original capital depending on the fund's demand and CapMan's own investment capacity. As one element in preparing for the continuation of the weak exit market CapMan is exploring possibilities for incorporating its own fund investments. This would clarify the difference between CapMan's management company business and its own investment operations and enable having third party investors in the possible new vehicle to be formed. CapMan strengthened its financial position in December by issuing a €20 million hybrid bond. The size of the bond can be increased to €30 million.

Management fees and income from real estate consulting will cover CapMan's fixed expenses in 2009. Income from carried interest will depend on developments in the exit market. Despite the slowdown in the exit market, the funds still have portfolio companies ready to enter the exit process. We expect the CapMan Equity VII A, B and Sweden funds as well as the Finnmezzanine III A and B funds to transfer to carry during 2009–2010. The unstable market climate and the sharp decline in listed peers' valuations may, however, be reflected as a decline in the fair value of CapMan Plc's fund investments in 2009. The Group's overall result for 2009 will mainly depend on whether new exits are made by funds already generating carried interest, and on how the value of investments develops in those funds in which CapMan is a substantial investor.

Consolidated Income Statement (IFRS)

€ ('000)	Note	1.1.–31.12.2008	1.1.–31.12.2007
Turnover	2	**37,126**	51,572
Other operating income	4	**108**	236
Employee benefit expenses	5	**–16,867**	–15,381
Depreciation	6	**–635**	–581
Other operating expenses	7	**–12,321**	–11,783
Fair value gains/losses of investments	8	**–13,709**	5,696
Operating profit/loss		**–6,298**	29,759
Finance income	9	**2,451**	2,014
Finance costs	9	**–4,445**	–944
Share of associated companies' result	10	**–2,378**	1,915
Profit/loss before taxes		**–10,670**	32,744
Income taxes	11	**2,612**	–8,509
Profit/loss for the financial year		**–8,058**	24,235
Attributable to:			
Equity holders of the Company		**–8,209**	18,620
Minority interest		**151**	5,615
Earnings per share for profit/loss attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	**–10.2**	23.8
Earnings per share (diluted), cents	12	**–10.2**	23.7

The Notes are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet (IFRS)

€ ('000)	Note	31.12.2008	31.12.2007
ASSETS			
Non-current assets			
Tangible assets	13	**1,064**	819
Goodwill	14	**11,762**	4,845
Other intangible assets	15	**3,229**	1,001
Investments in associated companies	16	**1,575**	3,407
Investments at fair value through profit and loss	17		
Investments in funds		**53,147**	44,230
Other financial assets		**828**	878
Receivables	18	**24,451**	16,191
Deferred tax assets	19	**3,707**	3,547
		99,763	74,918
Current assets			
Trade and other receivables	20	**12,965**	7,837
Other financial assets at fair value	21	**942**	14,857
Cash and bank	22	**24,330**	19,741
		38,237	42,435
Total assets		**138,000**	117,353
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		**25,829**	2,961
Translation difference		**–226**	133
Retained earnings		**3,585**	24,676
		68,928	67,510
Minority interest		**221**	34
Total equity		**69,149**	67,544
Non-current liabilities			
Deferred tax liabilities	19	**284**	3,734
Interest-bearing loans and borrowings	24	**43,125**	16,000
Other liabilities	25, 26	**6,600**	701
		50,009	20,435
Current liabilities			
Trade and other payables	27	**15,751**	21,356
Interest-bearing loans and borrowings	28	**2,875**	0
Current income tax liabilities		**216**	8,018
		18,842	29,374
Total liabilities		**68,851**	49,809
Total equity and liabilities		**138,000**	117,353

The Notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity (IFRS)

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium account	Invested unrestricted shareholders' equity	Other reserves	Translation difference	Retained earnings	Total	Minority interest	Total equity
Equity on 31 December 2006	772	38,968	0	1,218	316	15,074	56,348	599	56,947
Share subscriptions with options			1,726						
Translation difference					–183				
Options				17		223			
Profit/loss for the financial year						18,620		5,615	
Dividends paid						–9,259		–6,222	
Other changes						18		42	
Equity on 31 December 2007	772	38,968	1,726	1,235	133	24,676	67,510	34	67,544

€ ('000)	Share capital	Share premium account	Invested unrestricted shareholders' equity	Other reserves	Translation difference	Retained earnings	Total	Minority interest	Total equity
Equity on 31 December 2007	772	38,968	1,726	1,235	133	24,676	67,510	34	67,544
Share subscriptions with options			639						
Translation difference					–359				
Options				112		–87			
Share issues			2,392						
Own shares purchased			–275						
Profit/loss for the financial year						–8,209		151	
Dividends paid						–12,795			
Hybrid bond			20,000						
Other changes								36	
Equity on 31 December 2008	772	38,968	24,482	1,347	–226	3,585	68,928	221	69,149

The Notes are an integral part of the Consolidated Financial Statements.

Consolidated Cash Flow Statement (IFRS)

€ ('000)	**1.1.–31.12.2008**	1.1.–31.12.2007
Cash flow from operations		
Profit/loss for the financial year	**–8,058**	24,235
Adjustments	**16,526**	239
Change in working capital:		
Change in current non-interest-bearing receivables	**–5,260**	–1,923
Change in current trade payables and other non-interest-bearing liabilities	**696**	7,585
Interest paid	**–2,473**	–704
Interest received	**1,167**	918
Dividends received	**446**	812
Taxes paid	**–9,228**	–2,137
Cash flow from operations	**–6,184**	29,025
Cash flow from investments		
Investments in tangible and intangible assets	**–1,565**	–1,018
Investments in funds and other placements	**–22,603**	–5,896
Proceeds from sale of tangible assets	**0**	91
Cash flow from investments	**–24,168**	–6,823
Cash flow from financing activities		
Share issue	**639**	1,726
Own shares purchased	**–275**	0
Long-term loan receivables granted	**–14,489**	–9,111
Receivables from long-term receivables	**3,740**	6,552
Issued hybrid bond	**20,000**	0
Proceeds from borrowings	**61,000**	16,000
Repayment of long-term loan	**–31,000**	–10,000
Dividends paid	**–18,589**	–9,687
Other financial assets at fair value	**13,915**	–12,078
Cash flow from financing activities	**34,941**	–16,598
Change in cash and cash equivalents	**4,589**	5,604
Cash and cash equivalents at start of year	**19,741**	14,137
Cash and cash equivalents at end of year	**24,330**	19,741

The Notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Group information

CapMan's core business is private equity fund management and advisory services. The funds under management invest mainly in unquoted Nordic companies or real estate assets.

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

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

The Consolidated Financial Statements for 2008 have been approved for issue by the Board of Directors of CapMan Plc on 28 January 2009. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the Company's financial statements, and make decisions on amendments to the financial statements, at the Annual General Meeting.

1. Accounting principles

Basis of preparation

The Group's financial statements for 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at 31 December 2008. The appendices to the Consolidated Financial Statements have been prepared in accordance with Finnish accounting standards and IFRS, as adopted by the European Union (EU). The information in the Consolidated Financial Statements is presented in thousands of euros.

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

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

Minority interests are presented separately in the income statement and within equity in the consolidated balance sheet. A share of accumulated loss is separated only to the extent the deficit is covered by minority shareholdings.

Associated companies

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

Translation difference

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

Transactions in foreign currencies have been recorded in the parent company's functional currency at the rates of exchange prevailing at the date of the transactions; in practice a reasonable approximation of the actual rate of exchange on the date of the transaction is often used. Foreign exchange differences for operating business items are recorded in the appropriate income statement account before operating profit and for financial items are recorded in finance income and costs. The Group's foreign currency items have not been hedged.

The financial statements of foreign subsidiaries have been translated into euros at the average year-end exchange rate. The same exchange rate has been used in translating the income statement and the balance sheet, as the change caused by exchange rate fluctuations has been assumed to be minimal. Translation differences caused by changes in exchange rates for the cumulative shareholders' equity of foreign subsidiaries have been recognised in shareholders' equity.

When a subsidiary is wholly or partially divested, the cumulative amount of the translation differences is recognised in the income statement under profit or loss.

As of 1 January 2004, the goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation have been treated as part of the assets and liabilities of the foreign operation and translated into euros at the year-end exchange rate. For acquisitions before 1 January 2004 the goodwill and fair value adjustments have been recorded in euros.

Tangible non-current assets

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

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

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

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the acquired enterprise (subsidiary or associated company) over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising from acquisitions prior to 1 January 2004 is recognised as the carrying value at cost in accordance with accounting principles applicable at the date of acquisition. Goodwill is measured as the original acquisition cost less accumulated impairment. Impairment of goodwill is tested annually and write-offs are not made under goodwill. For this reason goodwill is directed to cash-generating units or, in the case of an associated company, goodwill is included in the company's acquisition cost.

Intangible assets

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

Impairment of assets

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

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

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

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

Financial instruments

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

1) financial assets at fair value through profit and loss
2) held-to-maturity investments
3) loans and other receivables and
4) available-for-sale financial assets.

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

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

1) held for trading and
2) upon initial recognition designated as at fair value through profit and loss.

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

In accordance with IAS 39 the receivables carried at amortised cost accrue interest income at the discount rate used to measure impairment after impairment has been recognised. An impairment loss of an equity investment that has been classified as an available-for-sale financial asset is not reversed through profit and loss.

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value using market values at the balance sheet date. In case there is no market price available at the balance sheet date, the fair value is determined using recent arm's length transactions, reference to the current market value of another instrument that is substantially the same, or discounted cash flow analysis. Most of the available-for-sale financial assets are fund investments, for which fair value is calculated by using the guidelines of the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and, taking into account the valuation principles in IAS 39 for the fair value of investments that are not quoted in an active market, using multiples based on the current performance level of the portfolio companies. Investments for which fair value cannot be reliably estimated are valued at cost less any permanent impairment losses. IPEVG are generally used for fair value valuation in the private equity industry, and the guidelines have been prepared in consideration of IFRS requirements.

Loans and other receivables

Loans and other receivables include the Group's financial assets arising from the transfer of cash or services to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are reported either in current financial assets or, if the maturity exceeds 12 months, in non-current financial assets. These investments are measured at amortised cost using the effective interest method in case of significant deviation from the nominal rate. Impairment is recognised if there is objective evidence that the value of the item in question has been impaired at the balance sheet date. Impairment testing of loan receivables from the funds takes into consideration the fund's fair value, life cycle phase and expected returns when all investments are realised.

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities

Financial liabilities are initially recognised at fair value. Transaction costs are reported in the initial book value of the financial liability. After initial recognition all financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are reported in non-current and current liabilities.

Hybrid bond

Hybrid bonds are reported in shareholders' equity due to the judicial structure of the bonds. Hybrid bonds are classified as shareholders' equity, as the bonds have a lower priority ranking than all other debts and no specified maturity date. Hybrid issuance costs are entered directly as an expense. Hybrid bonds are valued at nominal value, as there is no maturity date.

Leases

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

Provisions

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

Pensions

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

Share-based payments

The fair value of stock options is assessed at the grant date and expensed in even instalments in the income statement over the vesting period of the rights. The fair value is determined using the Black-Scholes pricing model.

Employee benefits

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

Revenue recognition

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

1. Management fees paid by the funds are accounted for on a straight-line basis over the agreement terms on an ongoing basis.
2. Carried interest received from funds that are generating carry is accounted for when the funds have exited a portfolio company. An exit has been closed when the approval has been received from the Competition Authority and when all significant risks and benefits related to the portfolio company have been transferred to the buyer. Potential repayment risk to the funds (clawback) will be considered when assessing if the revenue recognition criteria have been fulfilled, for example in the event that express or implied representations and warranties have been given by the vendor in the purchase and sale agreement, and if the exiting fund is towards the end of its life cycle, or if a reversion under the attained hurdle rate is probable.
3. Realised returns on fund investments are recognised in the income statement within turnover (income from investments in funds) or alternatively within fair value gains/losses of investments. Realised cash flows in those funds in which CapMan Plc is a substantial investor are recognised in the balance sheet under investments, until the total capital is returned. The cash flow generated after the capital has been returned is recognised in the income statement under returns on fund investments.
4. Real estate consulting fees are recognised when the service has been rendered.

Income taxes

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

Deferred taxes are calculated on all temporary differences between the carrying amount and the tax base. Deferred taxes have only been recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The largest temporary differences arise from the valuation of investments at fair value. Deferred taxes are not recognised for non-tax deductible amortisation of goodwill. Deferred taxes have been measured at the statutory tax rates that have been enacted by the balance sheet date.

New and amended standards and interpretation that are effective in 2008, but not relevant to the Group's financial statements

– *Amended IAS 39 and IFRS 7 Reclassification of Financial Assets.* The amendment permits an entity to reclassify non-derivative financial assets out of the held for trading category and from the available-for-sale category in particular circumstances and with certain criteria. In case of reclassification additional disclosures are required. The amendment is effective from 1 July 2008. The Group has not applied the treatment allowed by the amendment during the financial year.

Application of new and amended IFRS standards and IFRIC interpretations

The IASB has published the following standards and interpretations whose application will be mandatory in 2009 or later. The Group has not early adopted these standards, but will adopt them in later periods.

The following standards and interpretations will be adopted by the Group in 2009:

– *Revised IAS 1 Presentation of Financial Statements.* The revised standard is aimed at improving users' ability to analyse and compare the information given in financial statements by separating changes in equity of an entity arising from transactions with owners from other changes in equity. Non-owner changes in equity will be presented in the statement of comprehensive income. It is likely that the Group will in the future present both the income statement and statement of comprehensive income.

– *Amended IAS 23 Borrowing Costs.* The amended standard requires an entity to capitalise borrowing costs directly attributable to a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The amendment does not change the accounting policy applied by the Group and therefore, does not have any impact on the Group's financial statements.

– *Amended IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation.* The amendments require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. Management is assessing the impact of this revision on the financial statements of the Group.*

– *Amended IFRS 2 Share-based Payment* clarifies that only service conditions and performance conditions are vesting conditions. All other features need to be included in the grant date fair value and do not impact the number of awards expected to vest or the valuation subsequent to grant date. The amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have an impact on the Group's financial statements.

– *IFRS 8 Operating Segments.* The new standard replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments reported by the Group will also in the future be the same as the business segments under IAS 14, but the manner in which the segments are reported will change slightly to be consistent with the internal reporting.

– *IFRIC 11 IFRS 2 Group and Treasury Share Transactions.* The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash settled share-based payment transactions in the stand-alone accounts of the parent and group companies. The interpretation will not have a material impact on the Group's financial statements.

– *IFRIC 13 Customer Loyalty Programmes.* The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 will not have an effect on the Group's financial statements as none of the Group's companies operate loyalty programmes.

– *IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. IFRIC 14 will not have an effect on the Group's financial statements.

– *IFRIC 15 Agreements for the Construction of Real Estate.* The interpretation clarifies whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue, and when revenue from such construction projects can be recognised on a percentage of completion basis. This interpretation does not have an impact on the Group's financial statements.

– *IFRIC 16 Hedges of a Net Investment in a Foreign Operation.* IFRIC 16 clarifies the accounting treatment in respect of a hedge of a net investment in a foreign operation. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency. In addition hedging instruments may be held anywhere in the Group. The requirements of IAS 21 The Effects of Changes in Foreign Exchange Rates do apply to the hedged item. This interpretation does not have an impact on the Group's financial statements.

The IASB published changes to 34 standards in May 2008 as part of the IFRS Annual Improvements Project. The following presentation includes those changes that the Group will adopt in 2009 and where the management assesses that the change may have an impact on the Group's financial statements:

– *Amended IAS 1 Presentation of Financial Statements.* The amendment clarifies that some rather than all financial assets classified as held for trading in accordance with IAS 39 are current assets. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 16 Property, Plant and Equipment* (and consequential amendment to IAS 7 Statement of Cash Flows). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. Management is assessing the impact of this amendment on the financial statements of the Group.*

– *Amended IAS 19 Employee Benefits.* The amendment clarifies that, among other factors, a planned amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.* The benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit accounted for in accordance with IAS 20. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 23 Borrowing Costs.* The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 27 Consolidated and Separate Financial Statements.* Where an investment in a subsidiary accounted for under *IAS 39 Financial Instruments: Recognition and Measurement* is classified as held for sale under *IFRS 5 Non-current Assets Held For Sale and Discontinued Operations,* IAS 39 would continue to be applied. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 28 Investments in Associates* (and consequential amendments to *IAS 32 Financial Instruments: Presentation* and *IFRS 7 Financial Instruments: Disclosures*). Where an investment in an associate is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the Notes to the Financial Statements in the way allowed by the amendment, but will continue the current presentation.*

– *Amended IAS 28 Investments in Associates* (and consequential amendments to *IAS 32 Financial Instruments: Presentation* and *IFRS 7 Financial Instruments: Disclosures*). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 31 Interests in Joint Ventures* (and consequential amendments to *IAS 32* and *IFRS 7*). Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32 and IFRS 7. The Group will not reduce the amount of information presented in the Notes to the Financial Statements in the way allowed by the amendment, but will continue the current presentation.*

– *Amended IAS 36 Impairment of Assets.* Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The change to the standard will increase the amount of information presented on impairment testing in the Group's Notes to the Financial Statements.

– *Amended IAS 38 Intangible Assets.* A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 38 Intangible Assets.* The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 39 Financial Instruments: Recognition and Measurement.* The amendment clarifies, among other factors, the classification of derivative instruments where there is a change in the hedge accounting, the definition of a financial asset or financial liability at fair value through profit or loss, and requires use of a revised effective interest rate to remeasure the carrying amount of a debt instrument on cessation of fair value hedge accounting. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 40 Investment Property* (and consequential amendments to IAS 16). Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the construction completion date and the date at which fair value becomes reliably measurable. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

– *Amended IAS 41 Agriculture.* The amended standard requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and removes the prohibition on taking into account biological transformation when calculating fair value. Management assesses that the amendment will not have a material impact on the financial statements of the Group.*

The following new standards and interpretations effective in 2009 are not relevant to the financial statements of the Group:

– *Amended IFRS 1 First-time Adoption of IFRS* and *IAS 27 Consolidated and Separate Financial Statements*. The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment does not have an impact on the Group's financial statements, and the Group companies are not applying IFRS in their stand-alone financial statements.*

The following standards and interpretations published by the IASB will be adopted by the Group in 2010:

– *Revised IFRS 3 Business Combinations*. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. Management is assessing the impact of this revision on the financial statements of the Group.*

– *Revised IAS 27 Consolidated and Separate Financial Statements*. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. Management is assessing the impact of this revision on the financial statements of the Group.*

– *Amended IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items*. The amendment prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. This amendment does not have an impact on the Group's financial statements.*

– *Amended IFRS 5 Non-current Assets Held For Sale and Discontinued Operations* (and consequential amendment to *IFRS 1 First-time Adoption of IFRS*). The amendment is part of the IASB's Annual Improvements Project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. Management is assessing the impact of this revision on the financial statements of the Group.

– *IFRIC 17 Distributions of Non-cash Assets to Owners*. The interpretation clarifies how an entity should measure distributions of assets other than cash made as a dividend to its owners. Management is assessing the impact of this interpretation on the financial statements of the Group.*

The following new standards and interpretations effective in 2010 are not relevant to the financial statements of the Group:

– *IFRIC 12 Service Concession Arrangements*. The interpretation applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.*

* *The standard/interpretation is still subject to endorsement by the European Union.*

Use of estimates

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

Valuation of fund investments

The determination of fair value of fund investments using the International Private Equity and Venture Capital Valuation Guidelines takes into account a range of factors, including the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Because there is significant uncertainty in the valuation of, or in the stability of, the value of illiquid investments, the fair values of such investments as reflected in a fund's net asset value do not necessarily reflect the prices that would actually be obtained when such investments are realised. This is especially relevant for the second half of 2008, as the private equity market has been inactive. Due to the prevailing economic uncertainty in the market, the assumptions used in the valuation are based on best efforts only and are inherently risky.

Valuation of goodwill

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

2. Segment information

CapMan provides management and advisory services in two main business areas: funds making investments in portfolio companies (CapMan Private Equity) and private equity real estate funds making investments in real estate assets (CapMan Real Estate). Information on each business area is reported in its own segment below. CapMan has no secondary reporting segments.

Business areas

€ ('000)

2008	CapMan Private Equity	CapMan Real Estate	Group total
Turnover	29,609	7,517	37,126
Operating profit/loss	–5,565	–733	–6,298
Share of associated companies' result	–2,378	0	–2,378
Profit/loss for the financial year	–7,103	–955	–8,058
Assets	127,954	10,046	138,000
Investments in associated companies	1,575	0	1,575
Liabilities	60,513	8,338	68,851
Investments	31,475	5,578	37,053
Depreciation	527	108	635
2007			
Turnover	25,840	25,732	51,572
Operating profit/loss	9,484	20,275	29,759
Share of associated companies' result	1,915	0	1,915
Profit/loss for the financial year	9,385	14,850	24,235
Assets	94,938	22,415	117,353
Investments in associated companies	3,407	0	3,407
Liabilities	27,989	21,820	49,809
Investments	7,434	393	7,827
Depreciation	560	21	581

3. Acquisitions

CapMan Group acquired private equity house Norum on 27 August 2008. In the first stage of the transaction, 51% of Norum Russia III fund's management company's and 100% of the fund's advisory company's share capital and voting rights were transferred to the ownership of CapMan Plc. The purchase price of the shares was approx. €3.4 million, of which €1 million was paid in cash and approx. €2.4 million through a direct share issue of 982,539 CapMan B shares to the sellers. The value of each B share in the transaction was €2.43, corresponding to the volume weighted average trading price of CapMan Plc B shares for the period 22 April 2008 to 21 May 2008.

The payable transaction price is based on management fees to be received from CapMan Russia fund in the next few years and on potential carried interest income to be received from the fund in the future. The final purchase price will rise in a linear fashion as fundraising for CapMan Russia fund progresses. As the fund size reaches the €150 million target the transaction price will rise to approx. €4.1 million, and if the fund size reaches €200 million the transaction price will be approx. €4.6 million. The possible additional transaction price will be paid to the sellers as an additional share issue and cash in accordance with the decision of the Board of Directors of CapMan Plc at the final closing of the fund.

CapMan Plc has the right to buy the remaining 49% of Norum's shares at the end of CapMan Russia fund's period of investment in July 2012 at the latest. The sellers have the right to sell their remaining shares to CapMan at any time. The payable transaction price will be approx. €3.3 million to €4.4 million depending on the final size of CapMan Russia fund. The payable transaction price per share will, however, be the same as the fundraising adjusted original transaction price.

The transaction has been entered in the consolidated balance sheet at acquisition date corresponding to 100% ownership, as CapMan has an obligation to redeem the remainder in 2012 at the latest. For this reason, the acquisition gives rise to €6.5 million goodwill and an estimated €4.4 million liability, which is related to acquisition of the remaining 49% ownership share. €1.5 million of the transaction price has been allocated to the management fee agreement, which shall be amortised during the lifetime of the fund. A minor amount of net assets were transferred in the transaction.

Norum's four-month result has been consolidated to the Group's 2008 income statement and minority interest has not been attributed.

4. Other operating income

€ ('000)	2008	2007
Gains from sales of tangible assets	0	55
Gain from sale of Baltcap Management Oy's shares	0	114
Other items	108	67
Total	108	236

5. Employee benefit expenses

€ ('000)	2008	2007
Salaries and wages	13,484	11,827
Pension expenses - defined contribution plans	2,430	2,276
Share-based compensation expenses	25	238
Other personnel expenses	928	1,040
Total	16,867	15,381

Remuneration of the management is presented in Table 32. Related party disclosures.

Personnel

	2008	2007
By country		
Finland	102	86
Denmark	3	4
Sweden	19	15
Norway	6	5
Russia	11	0
In total	141	110
By team		
CapMan Private Equity	54	37
CapMan Real Estate	43	30
Investor Services	24	25
Internal Services	20	18
In total	141	110

Personnel incentive schemes
The terms of the 2003 and 2008 stock option programs are presented in Table 31. Share-based payments.

6. Depreciation

€ ('000)	2008	2007
Depreciation by asset type		
Intangible assets		
Other intangible assets	356	303
Total	356	303
Tangible assets		
Machinery and equipment	279	278
Total	279	278
Total depreciation	635	581

7. Other operating expenses

€ ('000)	2008	2007
Included in other operating expenses:		
Other personnel expenses	1,729	1,238
Office expenses	2,283	2,293
Travelling and entertainment	1,184	1,031
External services	3,455	2,709
Other operating expenses	3,670	4,512
Total	12,321	11,783
Audit fees	133	128

8. Fair value gains/losses of investments

€ ('000)	2008	2007
Investments at fair value through profit and loss		
Fair value gains/losses of investments	–13,709	5,696
Total	–13,709	5,696

9. Finance income and costs

€ ('000)	2008	2007
Finance income		
Interest income, loan receivables	1,312	785
Interest income, deposits	612	760
Interest and finance income, other	345	455
Exchange gains	182	14
Total	2,451	2,014
Finance costs		
Interest expenses/loans	–1,863	–560
Other interest and finance expenses	–2,580	–363
Exchange losses	–2	–21
Total	–4,445	–944

10. Share of associated companies' result

€ ('000)	2008	2007
Share of associated companies' result	–2,378	1,915
Total	–2,378	1,915

11. Income taxes

€ ('000)	2008	2007
Current income tax	–964	–10,023
Taxes for previous years	55	–204
Deferred taxes	3521	1,718
Total	2,612	–8,509

The difference between income taxes at the statutory tax rate in Finland (26%) and income taxes recognised in the Consolidated Income Statement is reconciled as follows:

€ ('000)	2008	2007
Profit/loss before taxes	–10,670	32,744
Income taxes at Finnish tax rate on consolidated profit before tax	–2,774	8,513
Taxes for previous years	199	104
Effect of different tax rates outside Finland	–165	–248
Tax exempt income	32	31
Non-deductible expenses	41	–95
Effect of consolidation	55	204
Income taxes in the Consolidated Income Statement	–2,612	8,509

12. Earnings per share

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.

€ ('000)	2008	2007
Attributable to the equity holders of the Company, € ('000)	–8,209	18,620
Weighted average number of shares ('000)	80,433	78,143
Effect of options ('000)	2,698	776
Weighted average number of shares adjusted for the effect of dilution ('000)	83,131	78,919
Own shares ('000)	136	0
Earnings per share (basic), cents	–10.2	23.8
Earnings per share (diluted), cents	–10.2	23.7

Dividends paid and proposal for profit distribution
A dividend of €0.16 per share, or a total of €12.8 million, was paid for the year 2007. The Board of Directors will propose to the Annual General Meeting to be held on 7 April 2009 that no dividend be paid for 2008.

13. Tangible assets

€ ('000)	2008	2007
Machinery and equipment		
Acquisition cost at 1 January	**2,364**	2,127
Additions	**1,081**	464
Disposals	**–1,665**	–227
Translation difference	**–43**	0
Acquisition cost at 31 December	**1,737**	2,364
Accumulated depreciation at 1 January	**–1,665**	–1,572
Accumulated depreciation in changes	**1,111**	185
Depreciation for the financial year	**–279**	–278
Translation difference	**40**	0
Accumulated depreciation at 31 December	**–793**	–1,665
Book value on 31 December	**944**	699
Other tangible assets		
Acquisition cost at 1 January	**120**	117
Additions	**0**	3
Book value on 31 December	**120**	120
Tangible assets total	**1,064**	819

14. Goodwill

€ ('000)	2008	2007
Acquisition cost at 1 January	**7,271**	7,271
Additions	**6,917**	0
Acquisition cost at 31 December	**14,188**	7,271
Accumulated impairment at 1 January	**–2,426**	–2,426
Accumulated impairment at 31 December	**–2,426**	–2,426
Book value on 31 December	**11,762**	4,845

Impairment testing of goodwill

The majority of goodwill is targeted to CapMan's acquisition on 27 August 2008 of private equity house Norum, whose goodwill was €6.5 million as at 31 December 2008, and CapMan's 2002 acquisition of Swedestart Management AB, whose remaining goodwill was €4.5 million as at 31 December 2008.

In the 2002 acquisition of Swedestart Management AB, CapMan acquired operations related to the management of certain funds as well as a skilled technology and life science investment team. The management of these Swedish funds and the advisory service provided by the technology and life science teams to the rest of the management companies forms a cash-generating unit. Potential impairment has been tested by using estimated future discounted cash flows. Cash flow projections have been prepared for five years, and periods beyond management's review period have been extrapolated taking into consideration the average business cycle. The management fees of the current funds are based on long-term agreements and the income is discounted using an 8.42% (2007: 9.20%) discount rate. Potential carried interest income has not been taken into account. Based on the impairment test there was no need to write down the goodwill.

The final acquisition price of Norum will be determined at the time of final closing of CapMan Russia fund. The goodwill at 31 December 2008 is based on the estimated final size of the fund, whereby the final purchase price allocation will be done after this event has taken place.

The carrying amount of goodwill is generally sensitive to the success of fundraising. The goodwill may be impaired in future in the event that the funds' size is less than estimated or in case of delays in the fundraising process.

15. Other intangible assets

€ ('000)	2008	2007
Acquisition cost at 1 January	**2,503**	1,909
Additions	**3,045**	594
Disposals	**–1,313**	0
Acquisition cost at 31 December	**4,235**	2,503
Accumulated depreciation at 1 January	**–1,502**	–1,199
Accumulated depreciation in changes	**833**	0
Depreciation for the financial year	**–356**	–303
Translation difference	**19**	0
Accumulated depreciation at 31 December	**–1,006**	–1,502
Book value on 31 December	**3,229**	1,001

Other intangible assets include software €1.3 million and the management fee agreement of €1.5 million regarding the purchase of Norum.

16. Shares in associated companies

€ ('000)	**2008**	2007
Acquisition cost at 1 January	**3,407**	2,860
Additions/disposals	**1,318**	41
Fair value gains/losses on investments	**–3,150**	506
Acquisition cost at 31 December	**1,575**	3,407

2008

Associated companies:	**Assets**	**Liabilities**	**Turnover**	**Profit/loss**	**Ownership, %**
Access Capital Partners Group S.A., Belgium	**10,270**	**4,814**	**18,198**	**3,335**	**35.00%**
BIF Management Ltd, Jersey	**70**	**4**	**380**	**4**	**33.33%**
Baltic SME Management B.V., The Netherlands	**34**	**4**	**135**	**1**	**33.33%**
Maneq 2002 AB, Sweden	**386**	**310**	**114**	**62**	**35.00%**
Maneq 2004 AB, Sweden	**1,226**	**1**	**0**	**–55**	**41.90%**
Maneq 2005 AB, Sweden	**4,560**	**4,078**	**0**	**–149**	**35.00%**
Maneq 2006 AB, Sweden	**8,205**	**7,070**	**41**	**–10**	**40.00%**
Maneq 2007 AB, Sweden	**9,244**	**8,147**	**0**	**–170**	**40.00%**
Maneq 2008 AB, Sweden	**11,741**	**7,194**	**0**	**–177**	**40.00%**
Yewtree Holding AB, Sweden	**865**	**1,313**	**0**	**–563**	**35.00%**

2007					
Access Capital Partners Group S.A., Belgium	n/a	n/a	n/a	1,600	35.00%
BIF Management Ltd, Jersey	68	4	449	0	33.33%
Baltic SME Management B.V., The Netherlands	34	7	158	–1	33.33%
Maneq 2002 AB, Sweden	543	528	812	–30	35.00%
Maneq 2004 AB, Sweden	1,272	1	1,033	1,006	41.90%
Maneq 2005 AB, Sweden	4,699	4,068	51	–20	35.00%
Maneq 2006 AB, Sweden	6,782	5,803	0	–52	40.00%
Maneq 2007 AB, Sweden	6,978	6,067	0	–28	40.00%
Yewtree Holding AB, Sweden	1,375	1,294	0	–223	35.00%

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

Access Capital Partners manages funds of funds and private equity investment mandates. The funds invest mainly in European based funds.

17. Investments at fair value through profit and loss

€ ('000)	**2008**	2007
Investments in funds		
Investments in funds at 1 January	**44,230**	33,122
Additions	**26,326**	15,384
Disposals	**–3,700**	–9,972
Fair value gains/losses of investments	**–13,709**	5,696
Investments in funds at 31 December	**53,147**	44,230

The cumulative fair value losses of investments in funds is €4.8 million (2007: profit €9.0 million).

€ ('000)	**2008**	2007
Other financial assets		
Other investments at 1 January	**878**	848
Additions/disposals	**–50**	30
Other investments at 31 December	**828**	878

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

18. Receivables – Non-current

€ ('000)	**2008**	2007
Loan receivables from associated companies [1)]	**21,257**	12,497
Other loan receivables [2)]	**1,909**	1,500
Other receivables [3)]	**1,285**	2,194
Total	**24,451**	16,191

Receivables include mainly fixed-interest loan receivables from the funds. Loan receivables from associated companies are presented in Table 32. Related party disclosures. Other loan receivables include receivables from Maneq 2002 Ky €0.8 million and Leverator Plc €0.6 million. Non-current receivables have a fair value equal to their book value.

€ ('000)	**2008**	2007
1) Loan receivables from associated companies		
Senior loans	**9,287**	5,006
Mezzanine loans	**10,945**	6,060
Other loans receivables	**1,025**	1,431
	21,257	12,497
2) Other loan receivables		
Mezzanine loans	**800**	800
Subordinated loan	**600**	600
Other loans receivables	**509**	100
	1,909	1,500

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

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

19. Deferred tax assets and liabilities

€ ('000)	2008	2007
Deferred tax assets		
Accrued differences	**3,707**	3,547
Total	**3,707**	3,547
Deferred tax liabilities		
Accrued differences	**1,897**	1,689
Fair value gains/losses of investments	**–1,375**	2,188
Employee benefits	**–238**	–143
Total	**284**	3,734

20. Trade and other receivables

€ ('000)	2008	2007
Trade receivables	**1,891**	701
Receivables from associated companies	**2,196**	878
Loan receivables	**133**	126
Accrued income	**5,249**	3,960
Other receivables	**3,496**	2,172
Total	**12,965**	7,837

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

Trade and other receivables by currency at end of year

Trade and other receivables	Amount in foreign currency	Amount in euros	Proportion
EUR		11,466	88%
NOK	68	7	0%
SEK	14,957	1,376	11%
DKK	864	116	1%

21. Other financial assets at fair value

€ ('000)	2008	2007
Other financial assets at fair value	**942**	14,857
Total	**942**	14,857

Other financial assets at fair value includes deposits and shares in external investment fund companies.

22. Cash and bank

€ ('000)	2008	2007
Bank accounts	**24,330**	19,741
Total	**24,330**	19,741

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:			
Share capital at 31 December 2006	8,000	69,159	77,159
Shares subscribed with options		2,810	
Own shares purchased	–2,000	2,000	
Share capital at 31 December 2007	6,000	73,969	79,969
Share issue		983	
Shares subscribed with options		507	
Other change		–136	
Share capital at 31 December 2008	6,000	75,323	81,323

Effect of the movements in the number of shares:	Share capital € ('000)	Share premium account € ('000)	Invested unrestricted shareholders' equity € ('000)	Total € ('000)
Share capital at 31 December 2006	772	38,968	0	39,740
Shares subscribed with options			1,726	1,726
Share capital at 31 December 2007	772	38,968	1,726	41,466
Share issue			2,392	2,392
Shares subscribed with options			639	639
Own shares purchased			–275	–275
Share capital at 31 December 2008	772	38,968	4,482	44,222

CapMan Plc has two series of shares, A (10 votes) and B (1 vote). The shares have no nominal value.

Invested unrestricted shareholders' equity

The invested unrestricted shareholders' equity reserve includes other equity investments and share subscription prices, not pertaining to decisions to record the share subscription price in shareholders' equity. The share subscription prices received on the basis of stock option programs that expire after the new Finnish Companies Act entered into force are recorded in their entirety in invested unrestricted shareholders' equity. The invested unrestricted shareholders' equity reserve includes a hybrid bond.

Translation difference

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

Other reserves

Other reserves include granted stock option subscription rights. The stock option programs are presented in Table 31. Share-based payments. Includes also the hybrid bond.

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 2008 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have a material impact on the share value of CapMan Plc.

Distribution of A and B shareholdings by number of shares and sector as at 31 December 2008

Shareholding	Number of holdings	%	Number of shares	%	Number of votes	%
1 – 100	952	21.09%	42,375		42,375	0.03%
101 – 1,000	2,181	48.32%	1,141,454		1,141,454	0.84%
1,001 – 10,000	1,195	26.47%	3,730,039		3,730,039	2.75%
10,001 – 10,000	134	2.97%	3,284,242		3,284,242	2.42%
100,001 –	52	1.15%	73,241,547		127,241,547	93.95%
Total	4,514	100.00%	81,439,657		135,439,657	99.99%
Nominee registered	9		24,016,655	29.48%	24,016,655	17.73%
On the book-entry register joint account			18,767	0.02%	18,767	0.01%
Total shares outstanding			81,458,424	100.00%	135,458,424	100.00%

Sector	Number of holdings	%	Number of shares	%	Number of votes	%
Corporations	247	5.47%	25,659,029	31.50%	52,659,029	38.88%
Financial and insurance corporations	14	0.31 %	1,765,493	2.17%	25,758,289	20.56%
Public sector institutions	5	0.11 %	5,026,522	6.17%	5,026,522	3.71%
Households	4,191	92.84 %	11,525,009	14.15%	11,525,009	8.51%
Non-profit organisations	30	0.67 %	3,967,374	4.87%	3,967,374	2.93%
Foreign shareholders	27	0.60 %	9,479,575	11.64%	36,503,434	26.95%
Total	4,514	100.00 %	57,423,002	99.98%	133,949,953	99.99%
Nominee registered			24,016,655	29.48%	24,016,655	17.73%
On the book-entry register joint account			18,767	0.02%	18,767	0.01%
Total shares outstanding			81,458,424	100.00%	135,458,424	100.00%

Source: Finnish Central Securities Depository Ltd, as at 31 December 2008. Figures are based on the total number of shares 81,458,424 and total number of shareholders 4,514. There are 6,000,000 A shares, which are owned by companies under control or authority of CapMan Plc's Senior Partners. CapMan Plc had 135,503 B shares as at 31 December 2008.

CapMan's largest shareholders as at 31 December 2008

		Number of A shares	Number of B shares	Total number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
1	**Aristo Invest Oy + Ari Tolppanen***	**1,220,200**	**7,418,720**	**8,638,920**	**10.61%**	**19,620,720**	**14.48%**
	Aristo Invest Oy	1,220,200	6,918,192	8,138,392	9.99%	19,120,192	14.12%
	Ari Tolppanen		500,528	500,528	0.61%	500,528	0.37%
2	**CapMan Partners B.V.****	**3,000,000**	**2,000,000**	**5,000,000**	**6.14%**	**32,000,000**	**23.62%**
3	**Winsome Oy + Tuomo Raasio***	**680,663**	**3,080,873**	**3,761,536**	**4.62%**	**9,887,503**	**7.30%**
	Winsome Oy	680,663	2,867,129	3,547,792	4.36%	9,673,759	7.14%
	Tuomo Raasio		213,744	213,744	0.26%	213,744	0.16%
4	**Vesasco Oy**		**3,375,158**	**3,375,158**	**4.14%**	**3,375,158**	**2.49%**
5	**Heiwes Oy + Heikki Westerlund***	**258,020**	**2,718,260**	**2,976,280**	**3.65%**	**5,298,460**	**3.91%**
	Heiwes Oy	258,020	2,440,584	2,698,604	3.31%	5,020,784	3.71%
	Heikki Westerlund		277,676	277,676	0.34%	277,676	0.20%
6	**Geldegal Oy + Olli Liitola***	**796,564**	**1,982,520**	**2,779,084**	**3.41%**	**9,948,160**	**7.34%**
	Geldegal Oy	796,564	1,768,776	2,565,340	3.15%	9,734,416	7.19%
	Olli Liitola		213,744	213,744	0.26%	213,744	0.16%
7	**The State Pension Fund**		**2,500,000**	**2,500,000**	**3.07%**	**2,500,000**	**1.85%**
8	**Åbo Akademi University Foundation**		**2,000,000**	**2,000,000**	**2.46%**	**2,000,000**	**1.48%**
9	**Varma Mutual Pension Insurance Company**		**1,712,924**	**1,712,924**	**2.10%**	**1,712,924**	**1.26%**
10	**Novestra Ab + Peter Buch Lund**		**1,371,656**	**1,371,656**	**1.68%**	**1,371,656**	**1.01%**
	Novestra Ab		1,171,656	1,171,656	1.44%	1,171,656	0.86%
	Peter Buch Lund		200,000	200,000	0.25%	200,000	0.15%
11	**Degato International SARL (Lennart Jacobsson***)**		**1,129,217**	**1,129,217**	**1.39%**	**1,129,217**	**0.83%**
12	**Svenska litteratursällskapet i Finland r.f.**		**1,012,000**	**1,012,000**	**1.24%**	**1,012,000**	**0.75%**
13	**Norum Russia Carry Limited (Hans Christian Dall Nygård***, Knut J Borch***, Alberto Morandi***)**		**982,539**	**982,539**	**1.21%**	**982,539**	**0.73%**
14	**OP-Finland Small Firms Fund**		**941,800**	**941,800**	**1.16%**	**941,800**	**0.70%**
15	**Guarneri Oy + Petri Saavalainen***	**44,553**	**882,663**	**927,216**	**1.14%**	**1,328,193**	**0.98%**
	Guarneri Oy	44,553	567,775	612,328	0.75%	1,013,305	0.75%
	Petri Saavalainen		314,888	314,888	0.69%	314,888	0.23%
16	**Icecapital Pankkiiriliike Oy**		**903,124**	**903,124**	**1.11%**	**903,124**	**0.67%**
17	**Mateus International SARL (Jan Lundahl***)**		**839,217**	**839,217**	**1.03%**	**839,217**	**0.62%**
18	**Torpet International SARL (Lars Hagdahl***)**		**753,936**	**753,936**	**0.93%**	**753,936**	**0.56%**
19	**Jensen Leif**		**699,469**	**699,469**	**0.86%**	**699,469**	**0.52%**
20	**Joensuun Kauppa ja Kone Oy**		**590,000**	**590,000**	**0.72%**	**590,000**	**0.44%**
	Total	6,000,000	36,894,076	42,894,076	52.67%	96,894,076	71.54%
	Nominee registered		24,016,655	24,016,655	29.48%	24,016,655	17.73%
	Shareholdings of management and employees******	6,000,000	23,596,108	29,596,108	36.33%	89,596,108	63.34%

* *Employed by CapMan.*

** *The shareholding of CapMan Partners B.V. is equally divided among corporations under control by Senior Partners of CapMan.*

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

**** *Shareholders among the 100 largest shareholders of the Company.*

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

€ ('000)	2008	2007
Bank loans	43,125	16,000
Total	43,125	16,000

The loan maturity is five years. The interest is paid monthly. €4 million of the €50 million loan was still undrawn at year-end.

25. Other liabilities – Non-current

€ ('000)	2008	2007
Other liabilities	6,600	701
Total	6,600	701

Other liabilities include the liability of the sabbatical €0.9 million, the liability of €4.4 million regarding the right to buy the remaining 49% of Norum shares and the derivative instrument at fair value €1.3 million.

26. Derivative instruments at fair value

	2008	2008	2008
Fair values	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Unhedged items	12	–1,251	–1,239

	2007	2007	2007
Fair values	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Unhedged items	261	–151	110

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

27. Trade and other payables – Current

€ ('000)	2008	2007
Trade payables	798	975
Advance payments received	616	63
Accrued expenses	11,402	12,077
Other liabilities	2,935	8,241
Total	15,751	21,356

The maturity of trade payables is normal terms of trade. Trade payables do not include debts due. Accrued expenses include the clawback reserve for the carried interest and accrued salaries and social benefit expenses.

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		15,282	97%
NOK	390	40	0%
SEK	2,391	220	2%
DKK	1,557	209	1%

28. Interest-bearing loans and borrowings – Current

€ ('000)	2008	2007
Bank loans		
Current portion of long term loans	2,875	0
Total	2,875	0

As at 31 December 2008 the Group had a €10 million committed revolving credit facility available. The facility was not utilised as at the year-end.

29. Classification of financial assets and liabilities by valuation category 2008

€ ('000)	Loans and other recivables	Fair value through P/L	Financial liabilities		
Valuation principles	Amortised cost	Fair value	Amortised cost	Balance sheet value	Fair value
Non-current assets					
Other investments					
Investments available-for-sale		53,975		53,975	53,975
Receivables					
Interest-bearing loan receivables from associated companies	21,257			21,257	21,257
Interest-bearing other loan receivables	1,909			1,909	1,909
Trade and other receivables	1,285			1,285	1,285
Current assets					
Trade and other receivables	12,965			12,965	12,965
Cash and bank	24,330	942		25,272	25,272
Total	61,746	54,917	0	116,663	116,663
Non-current interest-bearing loans					
Interest-bearing loans			43,125	43,125	43,125
Other liabilities			6,600	6,600	6,600
Current liabilities					
Trade and other liabilities			15,751	15,751	15,751
Interest-bearing loans and borrowings			2,875	2,875	2,875
Total	0	0	68,351	68,351	68,351

Classification of financial assets and liabilities by valuation category 2007

€ ('000)	Loans and other receivables	Fair value through P/L	Financial liabilities		
Valuation principles	Amortised cost	Fair value	Amortised cost	Balance sheet value	Fair value
Non-current assets					
Other investments					
Investments available-for-sale		45,108		45,108	45,108
Receivables					
Interest-bearing loan receivables from associated companies	12,497			12,497	12,497
Interest-bearing other loan receivables	1,500			1,500	1,500
Trade and other receivables	2,194			2,194	2,194
Current assets					
Trade and other receivables	7,837			7,837	7,837
Cash and bank	19,741	14,857		34,598	34,598
Total	43,769	59,965	0	103,734	103,734
Non-current interest-bearing loans					
Interest-bearing loans			16,000	16,000	16,000
Other liabilities			701	701	701
Current liabilities					
Trade and other liabilities			21,356	21,356	21,356
Total	0	0	38,057	38,057	38,057

30. Commitments and contingent liabilities

€ ('000)	2008	2007
Leasing agreements – CapMan Group as lessee		
Operating lease commitments		
Within one year	**238**	249
After one but not more than five years	**300**	191
Total	**538**	440
Other hire purchase commitments		
Within one year	**1,483**	1,244
After one but not more than five years	**3,854**	3,854
Beyond five years	**3,212**	4,175
Total	**8,549**	9,273

The Group has leased the offices. The rental agreements are for 1 to 15 years. Index, renewal and other terms of the agreements differ from each other.

€ ('000)	2008	2007
Securities and other contingent liabilities		
Contingencies for own commitment		
Mortgage bonds	**60,000**	20,000
Pledged deposit for own commitment	**12**	9
Loan commitments to Maneq funds	**8,292**	5,284
Other contingent liabilities	**1,300**	2,075
Remaining commitments to funds		
Equity funds		
CapMan Equity VII	**1,780**	2,927
CapMan Buyout VIII	**11,965**	23,152
CapMan Life Science IV	**5,655**	6,892
CapMan Technology Fund 2007	**10,760**	12,444
CapMan Public Market Fund	**15,000**	0
CapMan Russia Fund	**11,090**	0
CapMan Buyout IX	**13,000**	0
Other	**1,195**	1,637
	70,445	47,052
Mezzanine funds		
CapMan Mezzanine IV L.P.	**972**	2,719
CapMan Mezzanine IV Classic Ky	**1,477**	1,744
Other	**55**	62
	2,504	4,525
Fund of funds		
Access Capital LP II	**1,925**	2,216
Other	**481**	27
	2,406	2,243
Real estate funds		
CapMan Real Estate I Ky	**350**	502
CapMan RE II Ky	**1,092**	1,672
CapMan RE Hotels Ky	**437**	0
	1,879	2,174
Remaining commitments to funds	**77,234**	55,994

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

31. Share-based payments

The stock option programs 2003 and 2008 cover all employees and members of the Board. Stock options granted after 7 November 2002 and not vesting before 1 January 2005 are entered in the financial statements in accordance with IFRS 2 Share-based Payment. The fair value of stock options has been assessed at the grant date and expensed straight-line in the income statement over the vesting period. Fair value of options at the grant date is determined in accordance with the Black-Scholes model. Key information on the stock option programs is presented in the table below.

	Stock option program 2003		Stock option program 2008	
	Stock option 2003A	Stock option 2003B	Stock option 2008A	Stock option 2008B
Stock options, number	625,000	625,000	2,135,000	2,135,000
Entitlement to subscribe for B shares	625,000	625,000	2,135,000	2,135,000
Share subscription period begins	1.10.2006	1.10.2007	1.5.2011	1.5.2012
Share subscription period ended/ends	31.10.2008	31.10.2009	31.12.2012	31.12.2013
Share subscription price	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.12.–31.12.2003 €1.72 less dividends from 2004 onwards	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.6–30.6.2004 €1.60 less dividends from 2005 onwards	Trade volume weighted average price of the B share on the OMX Nordic Exchange Helsinki 1.5.–30.6.2008 with an addition of ten (10) per cent	Trade volume weighted average price of the B share on the OMX Nordic Exchange Helsinki 1.5.–30.6.2009 with an addition of ten (10) per cent
Number of shares subscribed with stock options as at 31 December 2008	556,494			

Information applied	Stock option program 2003		Stock option program 2008	
in the Black-Scholes model	Stock option 2003A	Stock option 2003B	Stock option 2008A	Stock option 2008B
Expected volatility	20.00%	20.00%	20.00%	20.00%
Risk-free interest	2.75%	2.75%	2.75%	2.75%

Stock option program 2003A ended on 31 October 2008. The program originally included 625,000 stock options with entitlement to subscribe an equivalent number of CapMan Plc B shares. A total of 556,494 B shares were subscribed for with year 2003 stock options in 2008. According to the AGM, subscription prices were recorded in the Company's invested unrestricted shareholders' equity.

The lowest trading price of 2003B stock options was €0.12 and the highest was €2.00, with an average price of trades of €1.11. The closing price on 31 December 2008 was €0.15.

Shares and stock options

			Shares 31.12.2008		Stock options 31.12.2008			
	Number	Distributed stock options 31.12.2008	of shares %	of votes %	of shares % if all distributed stock options will be exercised	of votes % if all distributed stock options will be exercised	of shares % if all stock options of option programs will be exercised	of votes % if all stock options of option programs will be exercised
A shares	6,000,000		7.4%	44.3%				
B shares	75,458,424		92.6%	55.7%				
2003B options	625,000	625,000			0.8%	0.5%	0.8%	0.5%
2008A options	2,135,000	250,000			0.3%	0.2%	2.6%	1.6%
2008B options	2,135,000	250,000			0.3%	0.2%	2.6%	1.6%

32. Related party disclosures

Subsidiaries		Group ownership of shares, %	Parent company ownership of shares, %	Share capital, €
CapMan Capital Management Oy, Finland		100%	100%	
Finnmezzanine Oy, Finland		100%		
EastMan Advisors Oy, Finland		100%		
ScanEast Managing Partner Ltd., Guernsey		70%		
CapMan Invest A/S, Denmark		100%	100%	
NPE General Partner II Limited, Jersey		100%	100%	
CapMan Sweden AB, Sweden		100%	100%	
CapMan Holding AB, Sweden		100%	100%	
CapMan AB, Sweden		100%		
CapMan Norway AS, Norway		100%	100%	
CapMan (Guernsey) Limited, Guernsey		100%	100%	
CapMan Mezzanine (Guernsey) Limited, Guernsey		100%	100%	
CapMan (Guernsey) Buyout VIII GP Limited, Guernsey		100%	100%	
CapMan (Sweden) Buyout VIII GP AB, Sweden		100%	100%	
CapMan Classic GP Oy, Finland		100%	100%	
CapMan Real Estate Oy, Finland		80%	80%	
Dividum Oy, Finland		80%	80%	
Realprojekti Oy, Finland		80%	80%	
CapMan RE II GP Oy, Finland		80%	80%	
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		80%	80%	
Public Market Manager S.A., Luxembourg		100%	100%	
Norum Private Equity Advisors Ltd, Cyprus		100%	100%	
CapMan (Guernsey) Russia GP Ltd, Guernsey		51%	51%	
CapMan (Guernsey) Investment Limited, Guernsey	1)	100%	100%	100
CapMan Germany GmbH, Germany	1)	100%	100%	25,000
CapMan (Guernsey) Buyout IX GP Limited, Guernsey	1)	100%	100%	20,000

1) *Not consolidated, included in the total of other investments.*

Associated companies	Group ownership of shares, %	Parent company ownership of shares, %
Access Capital Partners Group S.A., Belgium	35.00%	35.00%
BIF Management Ltd, Jersey	33.33%	33.33%
Baltic SME Management B.V., The Netherlands	33.33%	33.33%
Maneq 2002 AB, Sweden	35.00%	35.00%
Maneq 2004 AB, Sweden	41.90%	41.90%
Maneq 2005 AB, Sweden	35.00%	35.00%
Maneq 2006 AB, Sweden	40.00%	40.00%
Maneq 2007 AB, Sweden	40.00%	40.00%
Maneq 2008 AB, Sweden	40.00%	40.00%
Yewtree Holding AB, Sweden	35.00%	35.00%

Services sold to related parties in 2008

The Group received a return of €0.7 million from the sale of services to Access Capital Partners Group S.A.

Loan receivables from related parties as at 31 December 2008

M€	**Non-current loan receivable 2008**	Non-current loan receivable 2007
Access Capital Partners Group S.A.	**0.0**	0.4
Maneq 2002 AB	**0.3**	0.5
Maneq 2005 AB	**2.2**	2.2
Maneq 2006 AB	**5.0**	3.9
Maneq 2007 AB	**5.2**	4.2
Maneq 2008 AB	**7.6**	0.0
Yewtree Holding AB	**1.0**	1.3

Management remuneration

€ ('000)	**2008**	2007
CEO	**467**	350
Deputy CEO	**240**	184
Members of the Board	**168**	137

The retirement age and retirement benefits for the CEO and Deputy CEO are specified according to the statute on employee pensions. The term of notice for the CEO, Deputy CEO and the Company is 12 months, during which time the normal monthly salary is paid.

Board members' holding of share-based payments

As at 31 December 2008 the members of the Board of Directors held no stock options (no stock options at 31 December 2007). The stock options granted to the members of the Board are subject to the same terms as for stock options granted to employees.

33. Financial risk management

CapMan Group has centralised financial risk management and control. 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 Group's CFO is responsible for financial risk management and control.

The policy of the management is to constantly monitor cash flow forecasts and the Group's liquidity position on behalf of all Group companies. In addition, the Group's principles for liquidity management include rolling 12-month covenant assessments.

The Group has a Performance Monitoring team, which monitors the performance of the investment portfolio (financial assets entered at fair value through profit and loss) independently and objectively of the investment teams. The Performance 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 Performance Monitoring team and subsequently approved by the Valuation Committee, which comprises the Group CEO, CFO, Deputy CEO and Heads of investments teams.

a) Liquidity risk

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

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

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

CapMan has made commitments to the funds it manages. Most of the existing commitments are typically called in to the funds within the next four years. Management aims to have at least 50% financing capacity available for the commitments. As at 31 December 2008 the undrawn commitments to the funds amount to €77.2 million and the financing capacity available (cash and third party financing facilities) amount to €38.3 million (49.6%).

The Group has the following financing arrangements:

€10 million short-term loan facility, phased drawdowns to October 2009 (full drawdown 31 December 2008). €50 million senior loan, maturity in 2013 (€4 million undrawn at 31 December 2008). Hybrid bond, no maturity date, call option in 2013 (€20 million drawn at 31 December 2008).

A maturity analysis of the Group's contractual assets and liabilities is presented in the following table.

Maturity analysis

31 December 2008, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
Non-current financial assets					
Loan receivables		967		1,071	22,090
Current financial assets					
Account receivables	1,891				
Loan receivables		133			
Other financial assets at fair value	942				
Cash and bank	24,329				
Non-current financial liabilities					
Interest-bearing loans and borrowings			11,500	31,625	
Other financial liabilities				4,439	
Current financial liabilities					
Accounts payable	798				
Interest-bearing loans and borrowings		2,875			

31 December 2007, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years	Due beyond 5 years
Non-current financial assets					
Loan receivables		100	600		13,297
Current financial assets					
Account receivables	700				
Loan receivables		126			
Other financial assets at fair value	14,857				
Cash and bank	19,741				
Non-current financial liabilities					
Interest-bearing loans and borrowings			16,000		
Current financial liabilities					
Accounts payable	975				

b) Interest rate risk

The Group's exposure to interest rate risk arises primarily 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 approximately half of the interest rate risk is converted back to fixed with regard to the loan maturity date.

The interest rate for the hybrid bond is fixed to 11.25%. Long-term loan receivables from Maneq funds are fixed to five-year interest rate periods.

c) Credit risk

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

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

Loan receivables from associated companies and others

€ ('000)	CapMan's receivables total	Receivables total (incl. write-downs)	Capital account at fair value (excl. external debts)
Funds where fair value < receivables	15,682	14,470	12,214
Funds where fair value > receivables	7,729	7,729	11,882
	23,411	22,199	24,096
Other loan receivables	2,252	2,252	n/a
Total	25,663	24,451	

d) Currency risk

CapMan has subsidiaries outside of the Eurozone whose equity is exposed to movements in foreign currency exchange rates (Sweden, Denmark and Norway). However, the Group does not hedge currency as the impact of exposure to currency movements on equity is relatively small.

The Group's turnover is almost wholly denominated in euros and consequently turnover does not include any significant foreign currency risk. In 2008 €0.5 million of the Group's turnover was denominated in Swedish crowns, and approx. €6 million of the Group's expenses were denominated in Swedish crowns, Danish crowns, Norwegian crowns and Russian roubles (approx. 17% of operating expenses). Of the foreign currencies there was a weakening, in particular, of Swedish crowns and Norwegian crowns against the euro during the final quarter of 2008. Compared to 2007 exchange rate levels, foreign currency conversion into euros is estimated to have a positive impact of €0.2 million on the Group's result.

e) Market risk

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 observed for comparable publicly traded companies or transactions. Changes in valuation multiples can lead to significant changes in fair values depending on the leverage ratio of the investee company.

Sensitivity analysis of fund investments (excluding funds of funds)

	Impact on result, M€	
	Change –10%	Change +10%
Average profitability of portfolio companies in the 2009 financial year	–2.24	2.21
Average peer group multiples	–4.51	4.56
EUR/SEK FX rate	0.47	–0.38
EUR/NOK FX rate	0.32	–0.26
EUR/DKK FX rate	0.15	–0.12

34. Events after the closing date

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

Parent Company Income Statement (FAS)

€	Note	1.1.–31.12.2008	1.1.–31.12.2007
Turnover	1	**1,595,637.71**	686,256.45
Other operating income	2	**4,000.00**	164,108.96
Employee benefit expenses	3	**–4,777,851.30**	–4,032,219.09
Depreciation	4	**–456,484.75**	–88,557.01
Other operating expenses	5	**–3,855,657.03**	–3,558,734.80
Operating loss		**–7,490,355.37**	–6,829,145.49
Finance income and costs	6	**1,865,231.08**	15,490,592.99
Profit/loss before extraordinary items		**–5,625,124.29**	8,661,447.50
Extraordinary items	7	**8,500,000.00**	6,100,000.00
Profit before taxes		**2,874,875.71**	14,761,447.50
Income taxes	8	**–285,178.65**	–375,697.69
Profit for the financial year		**2,589,697.06**	14,385,749.81

Parent Company Balance Sheet (FAS)

€	Note	31.12.2008	31.12.2007
ASSETS			
Non-current assets			
Intangible assets	9	**1,652,650.30**	392,462.73
Tangible assets	10	**946,432.94**	44,311.64
Investments	11		
Shares in subsidiaries		**14,886,038.41**	11,102,456.36
Investments in associated companies		**336,775.68**	340,760.49
Other investments		**49,519,088.49**	33,159,989.05
Investments total		**64,741,902.58**	44,603,205.90
		67,340,985.82	45,039,980.27
Current assets			
Long-term receivables	12	**27,390,088.46**	18,906,692.67
Deferred tax receivables	13	**1,963,729.67**	1,573,673.07
Short-term receivables	14	**24,616,826.46**	21,909,782.76
Marketable securities		**39,679.36**	3,081,972.98
Cash and bank		**19,526,915.19**	2,802,751.10
		73,537,239.14	48,274,872.58
Total assets		**140,878,224.96**	93,314,852.85
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Share capital		**771,586.98**	771,586.98
Share premium account		**38,968,186.24**	38,968,186.24
Invested unrestricted shareholders' equity		**4,482,255.00**	1,726,604.17
Retained earnings		**4,512,711.92**	2,921,972.11
Profit/loss for the financial year		**2,589,697.06**	14,385,749.81
		51,324,437.20	58,774,099.31
Liabilities			
Non-current liabilities	16	**64,507,803.66**	16,382,547.66
Current liabilities	17	**25,045,984.10**	18,158,205.88
		89,553,787.76	34,540,753.54
Total shareholders' equity and liabilities		**140,878,224.96**	93,314,852.85

Parent Company Cash Flow Statement (FAS)

€	1.1.–31.12.2008	1.1.–31.12.2007
Cash flow from operations		
Profit/loss before extraordinary items	–5,625,124	8,661,448
Finance income and costs	–1,865,231	–15,490,593
Adjustments to operating profit/loss	456,485	–25,547
Change in net working capital	4,905,195	–1,315,170
Interest paid	–2,396,309	–729,532
Interest received	626,480	518,121
Dividends received	2,049,338	15,341,380
Taxes paid	–1,771,284	–1,372,378
Cash flow from operations	–3,620,450	5,587,729
Cash flow from investments		
Investments in tangible and intangible assets	–2,618,794	–308,447
Investments in other placements	–17,173,789	–4,551,664
Cash flow from investments	–19,792,583	–4,860,111
Cash flow from financing activities		
Share issue	638,903	1,726,604
Own shares purchased	–274,748	0
Short-term loan receivables granted	0	–150,000
Long-term loan receivables granted	–14,870,466	–12,327,518
Repayment of long-term loans	5,896,224	6,552,672
Issued hybrid bond	20,000,000	0
Proceeds from borrowings	61,000,000	16,000,000
Repayment of loans from financial institutions	–31,000,000	–13,478,256
Dividends paid	–12,795,010	–9,259,044
Other financial assets at fair value	3,042,294	–3,081,973
Group contributions received	8,500,000	6,100,000
Cash flow from financing activities	40,137,197	–7,917,515
Change in cash and cash equivalents	16,724,164	–7,189,897
Cash and cash equivalents at start of year	2,802,751	9,992,648
Cash and cash equivalents at end of year	19,526,915	2,802,751
Change in working capital:		
Change in current non-interest-bearing receivables	–9,577,822	–7,055,140
Change in current trade payables and other non-interest-bearing liabilities	14,483,017	5,739,970
	4,905,195	–1,315,170

Notes to the Parent Company Financial Statements (FAS)

1. Turnover by area	2008	2007
€		
Finland	809,222	302,777
Foreign	786,416	383,479
Total	1,595,638	686,256

2. Other operating income	2008	2007
Capital gain	0	12,000
Gains from sale of shares in associated companies	0	114,104
Other	4,000	38,005
Total	4,000	164,109

3. Personnel	2008	2007
Salaries and wages	3,946,055	3,249,710
Pension expenses	712,643	449,563
Other personnel expenses	119,153	332,946
Total	4,777,851	4,032,219
Salaries and other remuneration of the CEO and Deputy CEO	706,271	533,617
Board members	168,000	136,500
Average number of employees	41	29

4. Depreciation	2008	2007
Depreciation by asset type:		
Intangible rights	65,638	6,706
Other long-term expenditure	158,248	63,636
Machinery and equipment	232,599	18,215
Total	456,485	88,557

5. Other operating expenses	2008	2007
Other personnel expenses	219,641	435,494
Office expenses	793,874	1,111,958
Travelling and entertainment	360,192	297,268
External services	1,293,434	1,340,030
Other operating expenses	1,188,516	373,985
Total	3,855,657	3,558,735
Audit fees	51,565	35,150

6. Finance income and costs	2008	2007
€		
Dividend income		
Group companies	**3,333,515**	14,528,880
Others	**445,822**	812,500
Total	**3,779,337**	15,341,380
Other interest and finance income		
Group companies	**289,554**	201,731
Others	**1,819,998**	1,271,730
Total	**2,109,552**	1,473,461
Interest and other finance costs		
Group companies	**–141,786**	–465,425
Others	**–3,881,872**	–858,823
Total	**–4,023,658**	–1,324,248
Finance income and costs total	**1,865,231**	15,490,593

7. Extraordinary items	2008	2007
Extraordinary income		
Group contributions received	**8,500,000**	6,100,000

8. Income taxes	2008	2007
Income taxes	**–675,235**	–1,754,073
Deferred taxes	**390,057**	1,378,376
Total	**–285,178**	–375,697

9. Intangible assets	2008	2007
Intangible rights		
Acquisition cost at 1 January	**296,123**	42,623
Additions	**211,701**	253,500
Acquisition cost at 31 December	**507,824**	296,123
Accumulated depreciation at 1 January	**–19,896**	–13,190
Depreciation for the financial year	**–65,638**	–6,706
Accumulated depreciation at 31 December	**–85,534**	–19,896
Book value on 31 December	**422,290**	276,227
Other long-term expenditure		
Acquisition cost at 1 January	**428,465**	374,968
Additions	**1,272,372**	53,497
Acquisition cost at 31 December	**1,700,837**	428,465
Accumulated depreciation at 1 January	**–312,229**	–248,593
Depreciation for the financial year	**–158,248**	–63,636
Accumulated depreciation at 31 December	**–470,477**	–312,229
Book value on 31 December	**1,230,360**	116,236
Intangible rights total	**1,652,650**	392,463

10. Tangible assets	2008	2007
Machinery and equipment		
Acquisition cost at 1 January	**102,996**	129,828
Additions	**1,019,968**	1,450
Disposals	**0**	–28,282
Acquisition cost at 31 December	**1,122,964**	102,996
Accumulated depreciation at 1 January	**–63,609**	–73,676
Accumulated depreciation in changes	**0**	28,282
Depreciation for the financial year	**–232,599**	–18,215
Accumulated depreciation at 31 December	**–296,208**	–63,609
Book value on 31 December	**826,756**	39,387
Other tangible assets		
Acquisition cost at 1 January	**4,925**	4,925
Additions	**114,752**	0
Book value on 31 December	**119,677**	4,925
Tangible assets total	**946,433**	44,312

11. Investments	2008	2007
€		
Shares in subsidiaries		
Acquisition cost at 1 January	**11,102,456**	11,069,496
Additions	**3,809,282**	33,600
Disposals	**–25,700**	–640
Acquisition cost at 31 December	**14,886,038**	11,102,456
Shares in associated companies		
Acquisition cost at 1 January	**340,760**	864,094
Additions	**99,162**	52,738
Disposals	**–103,147**	–576,072
Acquisition cost at 31 December	**336,775**	340,760
Shares, other		
Acquisition cost at 1 January	**33,159,989**	28,117,952
Additions	**18,768,011**	13,838,972
Disposals	**–2,408,910**	–8,796,935
Acquisition cost at 31 December	**49,519,090**	33,159,989
Investments total	**64,741,903**	44,603,205

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Table 32. Related party disclosures.

12. Long-term receivables	2008	2007
Receivables from Group companies		
Loan receivables	**3,250,000**	4,648,105
Receivables from associated companies		
Loan receivables	**22,219,052**	12,497,396
Other loan receivables	**1,909,107**	1,500,000
Other receivables	**11,930**	261,192
Long-term receivables total	**27,390,089**	18,906,693

13. Deferred tax assets	2008	2007
Accrued differences	**1,963,730**	1,573,673
Deferred tax assets total	**1,963,730**	1,573,673

14. Short-term receivables	2008	2007
Accounts receivable	**765,373**	89,633
Receivables from Group companies		
Accounts receivable	**257,306**	122,961
Loan receivables	**891,507**	516,507
Other receivables	**17,306,882**	18,816,458
Total	**18,455,695**	19,455,926
Receivables from associated companies		
Accounts receivable	**116,715**	193,681
Loan receivables	**465,732**	0
Accrued income	**1,613,196**	684,819
Total	**2,195,643**	878,500
Loan receivables	**133,390**	125,939
Other receivables	**1,145,669**	931,407
Accrued income	**1,921,056**	428,377
Short-term receivables total	**24,616,826**	21,909,782

15. Shareholders' equity	2008	2007
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	**1,726,604**	0
Share issue	**2,391,500**	0
Share subscriptions with options	**638,903**	1,726,604
Own shares purchased	**–274,748**	0
Other	**–4**	0
Invested unrestricted shareholders' equity at 31 December	**4,482,255**	1,726,604
Retained earnings at 1 January	**17,307,722**	12,163,542
Dividend payment	**–12,795,010**	–9,259,044
Other change	**0**	17,474
Retained earnings at 31 December	**4,512,712**	2,921,972
Profit for the financial year	**2,589,697**	14,385,750
Shareholders' equity, total	**51,324,437**	58,774,099
Calculation of distributable assets		
Retained earnings	**4,512,712**	2,921,972
Profit for the financial year	**2,589,697**	14,385,750
Invested unrestricted shareholders' equity	**4,482,255**	1,726,604
Total	**11,584,664**	19,034,326

CapMan Plc's share capital is divided as follows:	2008	2007
Number of shares		
Series A share (10 votes/share)	**6,000,000**	6,000,000
Series B share (1 vote/share)	**75,458,424**	73,968,819

16. Non-current liabilities	2008	2007
€		
Liabilities to Group companies		
Other liabilities	**131,656**	231,656
Hybrid bond	**20,000,000**	0
Bank loans	**43,125,000**	16,000,000
Other liabilities	**1,251,148**	150,892
Non-current liabilities total	**64,507,804**	16,382,548

17. Current liabilities	2008	2007
€		
Accounts payable	**330,057**	359,042
Liabilities to Group companies		
Accounts payable	**4,498,544**	4,630,498
Other liabilities	**12,924,293**	10,421,345
Accrued expenses	**359,331**	851,157
Total	**17,782,168**	15,903,000
Bank loans	**2,875,000**	0
Other liabilities	**2,406,055**	101,476
Accrued expenses	**1,652,704**	1,794,688
Current liabilities total	**25,045,984**	18,158,206

18. Contingent liabilities	2008	2007
Leasing agreements – CapMan Group as lessee		
Operating lease commitments		
Within one year	**229,594**	0
After one but not more than five years	**299,644**	0
Total	**529,238**	0
Other hire purchase commitments		
Within one year	**963,516**	0
After one but not more than five years	**3,854,064**	0
Beyond five years	**3,211,720**	0
Total	**8,029,300**	0
Securities and other contingent liabilities		
Contingencies for own commitment		
Mortgage bonds	**60,000,000**	20,000,000
Loan commitments to Maneq funds	**8,291,935**	5,284,278
Other contingent liabilities	**1,300,000**	2,075,000
Remaining commitments to funds		
Equity funds		
CapMan Equity VII	**1,961,520**	2,927,030
CapMan Buyout VIII	**10,565,347**	23,151,574
CapMan Life Science IV	**5,654,565**	6,892,000
CapMan Technology Fund 2007	**10,759,991**	12,444,491
Swedestart Tech KB	**658,899**	967,294
CapMan Public Market Fund	**15,000,000**	0
CapMan Russia Fund	**11,090,709**	0
CapMan Buyout IX	**13,000,000**	0
Other	**159,321**	589,622
	68,850,352	46,972,011
Mezzanine funds		
CapMan Mezzanine IV L.P.	**971,500**	2,718,750
CapMan Mezzanine IV Classic Ky	**1,476,875**	1,743,750
	2,448,375	4,462,500
Fund of funds		
Access Capital LP II	**1,925,000**	2,216,316
Other	**481,177**	26,490
	2,406,177	2,242,806
Remaining commitments to funds	**73,704,904**	53,677,317

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

Calculation of key ratios

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

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

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

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

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

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

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

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

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

Helsinki, 28 January 2009

Ari Tolppanen Chairman	Sari Baldauf
Tapio Hintikka	Lennart Jacobsson
Conny Karlsson	Teuvo Salminen
Heikki Westerlund CEO	

Auditor's report

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 financial period 1 January – 31 December 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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 CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with 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 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.

Auditor's responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the CEO have complied with the Limited Liability Companies Act.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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, 6 March 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

SUMMARY OF RELEASES IN 2008

January

11 Jan 2008	CapMan invests in Norwegian Barnebygg
16 Jan 2008	CapMan Plc's EPS for 2007 approximately EUR 0.23 according to preliminary figures
18 Jan 2008	CapMan establishes EUR 835 million hotel real estate fund and buys 39-hotel portfolio
18 Jan 2008	CapMan Real Estate and Holiday Club Resorts Oy sign a letter of intent for four spa hotel projects
18 Jan 2008	Invitation to CapMan Plc's Press Conference at 12.00 p.m: CapMan establishes EUR 835 million hotel real estate investment fund
22 Jan 2008	CapMan and operative management acquires Talentum's TV business
23 Jan 2008	CapMan Technology 2007 fund closes at EUR 142.3 million – the fund is one of the Nordic countries' largest technology funds
25 Jan 2008	Invitation to CapMan Plc' Press Conference
31 Jan 2008	CapMan Plc Group Financial Statements Bulletin 1 January – 31 December 2007
31 Jan 2008	CapMan Plc Board of Directors convenes Annual General Meeting 2008
31 Jan 2008	Summary of CapMan Plc's releases in 2007

February

5 Feb 2008	CapMan builds Nordic logistics group, Cargo Partner
29 Feb 2008	CapMan Hotels RE Ky's acquisition of 39 hotel properties finalised

March

10 Mar 2008	CapMan's Annual Report 2007 published
11 Mar 2008	LUMENE Group to focus on beauty and hair care – Farmos Oy to become independent
17 Mar 2008	Medtronic's Per Sköld joins CapMan Life Science
26 Mar 2008	CapMan acquires land in Kivistö, Vantaa
27 Mar 2008	Decisions adopted by CapMan Plc's Annual General Meeting
31 Mar 2008	Jukka Ruuska to join CapMan

April

29 Apr 2008	Invitation to CapMan Plc' Press Conference

May

7 May 2008	CapMan Plc Group's Interim Report January–March 2008
19 May 2008	B-shares subscribed with stock options 2003A in CapMan Plc
19 May 2008	CapMan acquires Cederroth
22 May 2008	CapMan exits StaffPoint, impact on CapMan Plc's result approx. EUR 4 million
26 May 2008	CapMan expands its operations to Russia and acquires private equity house Norum
29 May 2008	CapMan builds Nordic television production company

June

18 Jun 2008	CapMan and InnovationsKapital invest in Crayon

July

1 Jul 2008	CapMan exits Spintop Netsolution
1 Jul 2008	CapMan exits Reima
3 Jul 2008	Curato acquires Norwegian Sentrum Røntgeninstitutt
11 Jul 2008	CapMan establishes a Public Market fund that will utilise private equity style value creation methods in public markets
25 Jul 2008	CapMan Plc sells its stake in Access Capital Partners, impact on 2008 result EUR 18.0 million

August

4 Aug 2008	Invitation to CapMan Plc' Press Conference
8 Aug 2008	CapMan Plc Group's Interim Report January–June 2008
8 Aug 2008	CapMan Plc starts share repurchases
11 Aug 2008	Jukka Ruuska appointed member of CapMan Plc Management Group, Joakim Rubin joins CapMan Public Market team from Handelsbanken Capital Markets
27 Aug 2008	CapMan Plc's Norum acquisition completed, two new investments from CapMan Russia Fund

September

4 Sep 2008	CapMan Real Estate to develop a new head office for OneMed
5 Sep 2008	New CapMan Plc B shares entered in the Trade Register
22 Sep 2008	Nominations at CapMan Group

October

6 Oct 2008	B-shares subscribed with stock options 2003A in CapMan Plc
9 Oct 2008	CapMan Plc's Access sale called off
23 Oct 2008	Invitation to CapMan Plc Group's Press Conference
30 Oct 2008	CapMan Plc Group's Interim Report January–September 2008
30 Oct 2008	CapMan Plc's financial reporting in 2009

November

6 Nov 2008	CapMan Russia Fund reaches EUR 118 million at second closing
25 Nov 2008	B-shares subscribed with stock options 2003A in CapMan Plc
26 Nov 2008	CapMan invests in LTE Innovations

December

3 Dec 2008	CapMan acquires Danfysik ACP A/S
5 Dec 2008	CapMan Plc issues EUR 20.0 million hybrid bond
8 Dec 2008	Correction to CapMan Plc Stock Exchange Release on 5 December 2008
18 Dec 2008	CapMan estimates approx. 15% decline in the fair value of its fund investments in the last quarter of 2008
23 Dec 2008	CapMan Buyout IX fund established at EUR 203 million

Press release
Stock exchange release

In addition CapMan published releases on acquisition of own shares on trading days 18 August – 15 October 2008. Releases regarding acquisition of own shares are available on CapMan's Internet pages at www.capman.com.

For more information

➡ The releases in their entirety are available on CapMan's Internet pages at www.capman.com.

SHARES AND SHAREHOLDERS

The CapMan Plc B share has been listed on the Helsinki Exchange since 2001. At the end of 2008, CapMan had 4,514 shareholders. Altogether 36% of the total shares were owned by personnel.

Shares:
CapMan Plc's shares are included in the book-entry securities register. The shares have no nominal value. A and B shares carry equal dividend entitlement.

Share capital on 31 December 2008:
€771,586.98

Trading code:
CPMBV

GICS sector classification:
Finance

Market category:
Mid Cap

For more information

- Shares and shareholders on pages 50 and 63–64
- Dividend policy on page 49
- Share based incentive schemes on page 50
- Authorisations of the Board on page 50
- Insider affairs on page 44
- Contact details for investor contacts www.capman.com

Share

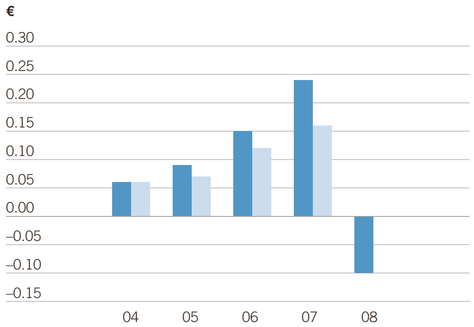
	Number of shares	Votes	Proportion of shares, %	Proportion of votes, %
A (10 votes/share)	6,000,000	60,000,000	7.4%	**44.3%**
B (1 vote/share)	75,458,424	75,458,424	92.6%	**55.7%**
Total	81,458,424	135,458,424	100.0%	100.0%

Key ratios per share (IFRS)

	2004	2005	2006	2007	2008
Earnings/share, €	0.06	0.09	0.15	0.24	**–0.10**
Diluted, €	0.06	0.09	0.15	0.24	**–0.10**
Shareholders' equity/share, €	0.60	0.64	0.74	0.86	**0.86**
Dividend/share, €*	0.06	0.07	0.12	0.16	**0.00**
Dividend/earnings, %	100.0	78.0	80.0	66.7	**–**
Average share issue adjusted number of shares	74,709,330	75,041,938	76,212,849	78,142,867	**80,432,600**
Share issue adjusted number of shares at year-end	74,709,330	75,923,348	77,158,698	79,968,819	**81,458,424**
Number of shares outstanding	74,709,330	75,923,348	77,158,698	79,968,819	**81,322,921**
Own shares held by Company at year-end	–	–	–	–	**135,503**
Return on equity (ROE), %	11.1	14.8	23.4	38.9	**–11.8**

** Proposal of the Board of Directors to the Annual General Meeting for year 2008.*

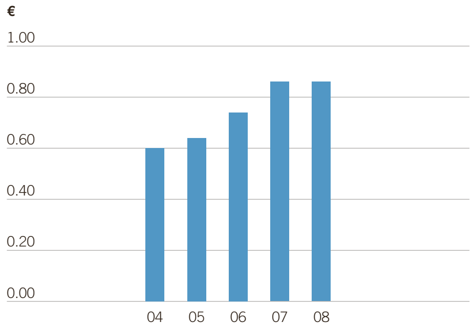
Earnings/share and dividend/share



Earnings/share, € Dividend/share, €*

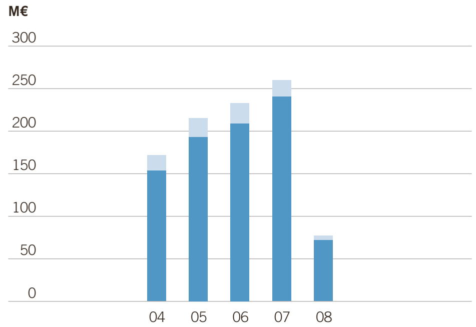
** Proposal of the Board of Directors to the Annual General Meeting for year 2009.*

Shareholder's equity per share



Shareholder's equity/share, €

Market value development



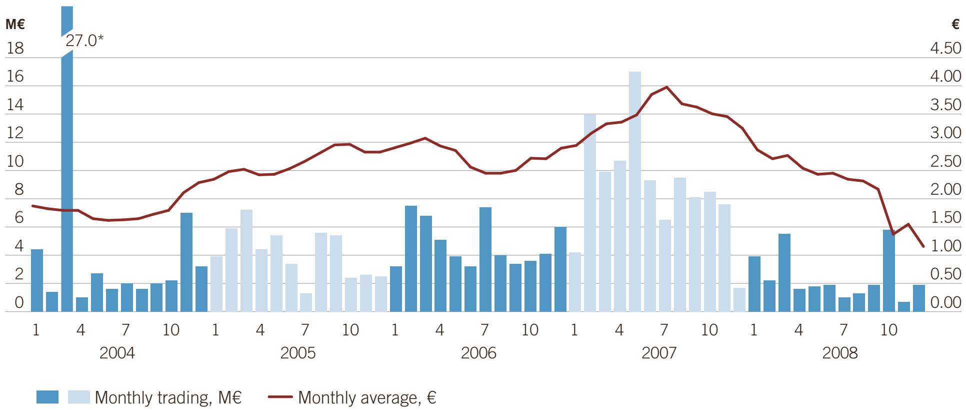
A shares B shares

Trading and price of shares and stock options

	Trading price, €								Trading turnover			
	Highest		Lowest		Volume-weighted average		Closing price 31.12.		Trading, million shares		Trading, M€	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
B shares	**3.40**	4.07	**0.79**	2.86	**2.09**	3.49	**0.95**	3.25	**14.8**	30.9	**29.6**	107
2003B options*	**2.00**	2.25	**0.12**	2.09	**1.11**	2.15	**0.15**	2.1	**0.2**	0.1	**0.2**	0.3

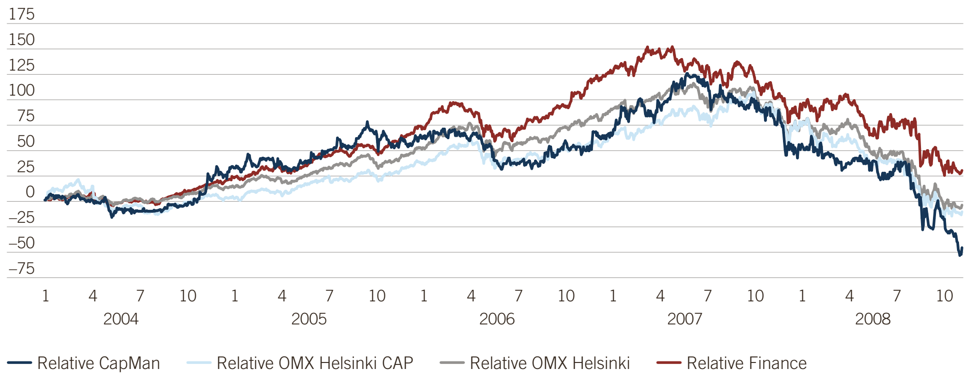
** Listing of 2003B stock options was commenced on 1 October 2007 and ends on 31 October 2009.*

CapMan B share trading and average price 1.1.2004–31.12.2008



** The share sale by Senior Partners and other employees of CapMan accounted for €17.5 million of trading.*

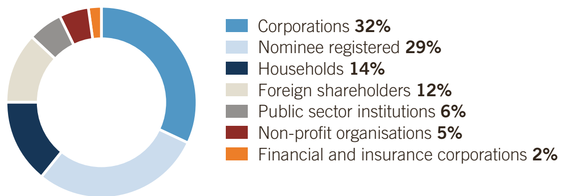
Relative development of CapMan B share and OMX indices 1.1.2004–31.12.2008



Holdings by shareholder class

** Shareholders among the 100 largest shareholders of the Company (directly or via corporations under control or authority).*

Holdings by shareholder class



Nominee registered shares

The proportion of holdings by nominee registered owners in CapMan Plc at the year-end was 29.5% (31.6%). According to information received by CapMan Plc directly from shareholders, nominee registered owners at the end of 2008 included funds managed by the following international investors: Dunedin Enterprise Investment Trust Plc, INVESCO PowerShares Capital Management LLC, Red Rocks Capital and Royce & Associates LLC and AP3. In addition to the aforementioned, Barwon Investment Partners and Hermes Investment Management managed CapMan shares on behalf of discretionary clients at year-end. The aggregate holding of these entities was approx. 59% of the total holdings by nominee registered owners in CapMan Plc according to information received by the Company.

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

CapMan Plc's Annual General Meeting for 2009 will be held on Tuesday, 7 April 2009 at 10 am in the Diana Auditorium, Erottajankatu 5, 00130 Helsinki, Finland. Shareholders who, by 27 March 2009, have been entered in the Company's Shareholder Register held by the Finnish Central Securities Depository Ltd may attend the Annual General Meeting.

A shareholder who wishes to attend the Annual General Meeting must inform CapMan at the latest by 4 pm on 30 March 2009. Shareholders can register either by written notice (CapMan Plc, Korkeavuorenkatu 32, 00130 Helsinki, Finland), on the Internet at www.capman.com/En/InvestorRelations/AnnualGeneralMeetings, by phone to Anu Mikkola on +358 207 207 586 or to Anna Ojansivu on +358 207 207 357, by e-mail to yhtiokokous@capman.com, or by fax to +358 207 207 550. Registrations must be received at CapMan before expiry of the registration period. Any proxy for exercising voting rights must be delivered to CapMan at the aforementioned postal address before expiry of the registration period.

Dividend

Owing to the loss made in 2008 and the uncertainty attached to the current market situation, CapMan Plc's Board of Directors will propose to the Annual General Meeting that no dividend be paid for 2008.

CapMan Plc's financial reporting in 2009

In 2009, CapMan Plc will publish its interim reports on the following dates:

1 January – 31 March 2009:
Tuesday, 12 May 2009
1 January – 30 June 2009:
Friday, 7 August 2009
1 January – 30 September 2009:
Friday, 30 October 2009

CapMan's financial reports are published in Finnish and English. CapMan's Annual Report, interim reports, stock exchange releases and press releases can be viewed on CapMan's Internet pages at www.capman.com. CapMan's website also contains other information for investors. In addition, those interested can subscribe to the Company's press releases electronically and be added to the mailing list for CapMan's Annual Report online.

Changes of address

Euroclear Finland Ltd maintains registers of CapMan Plc's shares, shareholders and stock options. Shareholders and holders of options are requested to notify changes in their personal particulars and address directly to Euroclear Finland or to their own account manager. Further information is available from the free customer helpline of Euroclear Finland, tel. +358 20 770 6000. CapMan is not able to update address information.

Investor contacts

The Group's CEO, Head of Investor Services team, CFO and Fundraising and IR Analyst are responsible for CapMan's investor relations. The company observes a two-week silent period before publication of its interim reports and financial statements, during which it does not comment on the Company's results or future prospects and does not meet investors, analysts or representatives of the media.

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CapMan Mezzanine (Guernsey) Ltd
CapMan (Guernsey) Buyout VIII GP Ltd
CapMan (Guernsey) Buyout IX GP Ltd
CapMan (Guernsey) Technology 2007 GP Ltd
CapMan (Guernsey) Life Science IV GP Ltd
CapMan (Guernsey) Russia GP Ltd

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