CapMan

ANNUAL REPORT 2013

Table of Contents

Group 2013

CEO's review

FROM STRONG DEFENCE TO GREAT SHOTS

IN SPORTS TERMS, we trimmed our defensive game in 2013. We have built a solid financial position for CapMan while strengthening the operating model of our organisation, recruiting new key personnel to our investment teams and clarifying our compensation scheme. Now we are well positioned to expand our focus with the development of offensive tactics. Our goal is to create great opportunities to score and a high success rate at the hoop.

WE HAVE A VANTAGE POINT as we develop our game in a global society. This development is founded on a broad understanding of the industries and economies where we operate. The growth of investable wealth in the world remains a prevailing long-term trend. In a low interest rate environment, the real challenge is a dearth of viable investments that offer sufficient returns. Investors have, to a growing extent, allocated their wealth into alternative investments in addition to stocks and debt instruments.

Our goal is to create great opportunities to score and a high success rate at the hoop.

PRIVATE EQUITY GENERAL PARTNERS HAVE TAKEN ADVANTAGE of the growing interest in private equity by bringing a record number of new funds to the market, which tightens competition. Despite the challenging environment, we have raised €390 million in total into the CapMan Buyout X, CapMan Russia II and CapMan Nordic Real Estate funds. Fundraising for all three funds continues.

ACTIVE OWNERSHIP BECOMES INCREASINGLY IMPORTANT IN ALL MARKETS

THE INSTITUTIONALISATION of capital has increased the need for active ownership. The intent and know-how of the owner have a central role especially when it comes to growth industries or industries in need of restructuring, where global megatrends create a multitude of opportunities. CapMan's key investment partnerships offer investors attractive return opportunities in a low interest environment. We take advantage of our established position in our home markets and the competences of an international organisation. The Nordic countries provide an excellent operating platform due to their strong educational system and stable infrastructure. Russia offers great potential as the structural growth and the professionalisation of business creates a natural foundation for economic growth. We bring the principles of active ownership also to real estate investment, where our team controls the entire value chain from the investment decision to property development and management instead of outsourcing these services.

>

OUR INVESTMENT STRATEGY based on active ownership has also generated results. Fund distributions to investors were significantly larger compared to the previous year due to exits made in 2013.

WE ADVANCE WITH 25 YEARS OF EXPERIENCE

CAPMAN CELEBRATES ITS 25TH anniversary this spring. Like people our age, we have built our careers, broken boundaries, reached goals and learned from our mistakes. The sorest growth spurts and teenage defiance is behind us. We refuse to fall in a rut, however. Instead we focus on the opportunities that lie ahead.

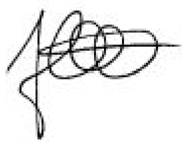
Profitable growth is the basis for improved results and dividend distribution.

WE HAVE EXPERIENCED hundreds of different situations and several economic cycles during the past 25 years. Together with entrepreneurs we have created growth stories ranging from international brands like Lumene to strong expert organisations like Eltel Networks. Over the years, we have built local networks and we find a large percentage of our portfolio companies and real estate through our own channels instead of undergoing a public auction process. A strong position both in the Nordic countries and in Russia provides a clear competitive advantage.

A QUARTER CENTURY also holds challenges. The financial crisis casts its shadow on the funds that were established before it in the form of relatively low absolute returns. Moderate growth expectations in Finland and Russia have affected the development of certain portfolio companies and industries. In addition, structural changes have taken longer to execute for some industries in the years following the crisis.

GOING FORWARD, we focus on the development of our key investment partnerships while we consider new growth targets. Our operating environment offers several interesting opportunities. The funds that were established after the financial crisis have shown promising returns and we are confident in the continued demand for the private equity asset class. Our experience in fundraising enables us to broaden our client base internationally and to new investor groups, for example selectively to individual investors. Profitable growth is the basis for improved results and dividend distribution. We want to be a successful player capable of evolving in the European private equity markets also in the future.

I WOULD LIKE TO THANK, above all, our investors, shareholders and staff for the past year. Together, our journey towards our goal to become the best-performing private equity firm in Europe by 2020 will pass much faster.



Heikki Westerlund
CEO

Main events during 2013

FUNDRAISING IN ITS FINAL STAGES FOR THREE INVESTMENT PARTNERSHIPS

THE CAPMAN BUYOUT X, CapMan Nordic Real Estate and CapMan Russia II funds had raised a total of €390 million in equity in the beginning of 2014. Fundraising for all three funds continues and their final sizes will be established in 2014.

SEVERAL EXITS AND AN ABUNDANCE OF RETURNED CAPITAL

2013 WAS AN ACTIVE YEAR in terms of exits for funds managed by CapMan. The exit from Cardinal Foods had the most significant result and cash flow impact for CapMan Plc. During the year, funds made additional complete exits from IT2 Treasury Solutions, Locus Holding, MQ Retail, Tieturi, Ontime Logistics, Noleva Group, Nice Entertainment Group, Curato, SciBase and Russia Baltic Pork Invest, and partial exits from Pohjolan Design-Talo, Solera and Intrum Justitia. Funds returned a total of €294 million to investors as a result of the exits. Commitments totalling €83 million were called in 2013.

NEW FUNDS HAVE SHOWN PROWESS AS INVESTORS

THE NEWLY ESTABLISHED funds have been active on the investment front. The CapMan Russia II fund made its first investment in MAYKOR Group, a leading IT outsourcing service provider in Russia. The CapMan Nordic Real Estate fund invested in a retail and residential property in central Copenhagen and completed its investment in Pfizer's Nordic headquarters located in the Greater Stockholm area. In addition, CapMan announced in the beginning of 2014 that the Buyout X fund had invested in Kämp Group, a Finnish hotel chain, The North Alliance, a leading Nordic digital communications group, and LämpöLux, a provider of window and door renovation services.

A FAMILIAR CEO AND NEW INVESTMENT PROFESSIONALS

HEIKKI WESTERLUND was appointed CapMan's new CEO in August. Supported by an extensive career at CapMan, he will focus on building CapMan's competitive position on established strengths and grow the business trough a selective launch of new products and potential acquisitions.

CapMan strengthened its investment teams by recruiting new partners. Dan Johnson's appointment as partner strengthens the operations of CapMan Buyout in Sweden and supports the execution of the investment strategy focused on Nordic mid-sized buyouts. CapMan Real Estate appointed Nigel Pedroz as partner in London, strengthening the international competence of CapMan's Nordic Real Estate team.

IMPROVED FINANCIAL POSITION AND LOWER FINANCING COSTS

CAPMAN ISSUED a €15 million senior bond and a €15 million hybrid bond at the end of 2013. The bonds were used to replace the company's previous hybrid bond. The new financing arrangement lowers CapMan's financing costs significantly.

RESPONSIBILITY

CAPMAN FORMALISED its processes for responsible investment in all investment teams and prepared for the implementation of reporting as required under the UN PRI. CapMan's first reporting year is 2014.

Funds in 2013

AS OF 31 DECEMBER 2013, CapMan's capital under management was €3,098.3 million. Of the total capital under management, €1,608.2 million was held in funds making investments in portfolio companies and €1,490.0 million in real estate funds. Capital under management decreased from the beginning of the year due to completed exits. The decrease was offset by fundraising into the CapMan Buyout X, CapMan Russia II and CapMan Nordic Real Estate funds. The new funds under management have received a total of €390 million in new commitments during the ongoing fundraising round.

At the end of the year, funds under CapMan's five key investment partnerships had a total of 33 portfolio companies and 58 real estate investments.

€294 MILLION IN CASH FLOW RETURNED TO INVESTORS

FUNDS MANAGED by CapMan returned a total of €294 million to investors in 2013 due to complete exits from 11 portfolio companies and one real estate and partial exits from three portfolio companies. The combined investment volume of the funds amounted to €82.9 million, of which €66.0 million was invested in portfolio companies and €16.9 million in real estate. The funds invested in two new companies and two new real estate targets and made several add-on investments into existing portfolio companies and real estate.

HIGH HISTORICAL FUND RETURNS

THE AVERAGE IRR p.a. of all exits made by private equity funds in key investment partnerships in 2013 was 13% and the return multiple was 1.9. Buyout investments have historically returned 29% p.a. and CapMan Public Market investments 30% p.a. CapMan Russia's latest fully exited fund has returned 41% p.a., while the historical return for real estate funds is 54% p.a.

FUNDS IN EXIT AND VALUE CREATION PHASE HOLD SIGNIFICANT RETURN POTENTIAL

CAPMAN GROUPS its funds into four categories in terms of their life cycle as follows: funds generating carried interest, funds in exit and value creation phase, funds in active investment phase, and funds with no carried interest potential for CapMan.

Exits made by funds generating carried interest provide CapMan with immediate carry income, while those in the exit and value creation phase can be expected to start generating carried interest within the next 1-5 years. The carry potential of funds in active investment phase is likely to be realised over the next 5-10 years. The last category comprises funds that do not offer any carried interest potential for CapMan, either because CapMan's share of carry in the funds concerned is small or because the funds are not expected to transfer to carry.

CapMan received €2.9 million in carried interest during 2013 from funds already in carry. The fair value of the equity of funds in exit and value creation phase was €1,316.4 million at the end of the year. These funds hold significant short- and medium term carry potential.

>

FUNDS INVESTING IN PORTFOLIO COMPANIES, MILLION EUROS

	Size	Paid-in capital	Fund's current portfolio		Net cash assets	Distributed cash flow		Amount of cash flow needed to transfer the fund to carry as of 31.12.2013	CapMan's share of cash flow if fund generates carried interest
			At cost	At fair value		To investors	To mgmt company		
Funds generating carried interest									
Fenno Program[1], FM II B, FV V, FM IIIB, CME VII B [6]									
Total	314.5	308.8	25.4	16.4	4.1	504.3	22.1		10–20%
Funds in exit and value creation phase									
FM III A	101.4	100.6	18.4	19.3	0.4	128.2		2.8	20 %
CME VII A [6]	156.7	156.7	44.2	24.0	6.4	204.5		14.3	15 %
CME Sweden [6]	67.0	67.0	18.9	10.3	2.7	86.9		7.6	15 %
CMB VIII [2] [6]	440.0	397.4	174.0	225.7	2.6	227.4		351.9	12 %
CMLS IV	54.1	57.2	35.5	28.7	0.1	18.1		60.9	10 %
CMT 2007 [2]	99.6	77.6	33.5	31.0	1.0	44.6		64.1	10 %
CMPM	138.0	132.6	91.5	149.4	0.0	81.7		118.8	10 %
CMR	118.1	101.8	62.5	79.6	0.5	18.6		112.7	3.4 %
CMB IX	294.6	269.5	202.4	272.8	1.0	42.5		286.2	10 %
Total	1,469.5	1,360.4	680.9	840.8	14.7	852.5			
Funds in active investment phase									
CMM V	95.0	29.8	17.8	23.9	-0.1	13.1			10 %
CMB X[2]	205.6	7.3	0.0	0.0	1.1	0.0			8 %
CMR II	97.2	13.8	11.3	11.3	0.3	0.0			8 %
Total	397.8	50.9	29.1	35.2	1.3	13.1			
Fund with no carried interest potential- for CapMan									
FV IV, FV VET, SWE LS [3], SWE Tech [2, 3], CME VII C[6], FM II A, C, D [2], FM III C, CMM IV [4]									
Total	580.3	555.9	94.9	93.4	5.0	445.1			
Total- private equity funds	**2,762.1**	**2,276.0**	**830.3**	**985.8**	**25.1**	**1,815.0**	**22.1**		

FUNDS INVESTING IN REAL ESTATE, MILLION EUROS

	Investment capacity	Paid-in capital	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 mgmt-company	Amount of cash flow needed to transfer the fund to carry as of 31.12.2013	CapMan's share of cash flow if fund generates carried interest
Funds in exit and value creation phase									
CMRE I [5)]									
Equity and bonds	200.0	188.5	63.2	40.9		207.8	27.4	77.2	26%
Debt-financing	300.0	276.6	70.5	70.5					
Total	500.0	465.1	133.7	111.4	2.2	207.8	27.4		
CMRE II									
Equity and bonds	150.0	120.0	114.7	116.9		28.4		157.5	12%
Debt-financing	450.0	289.2	223.8	223.8					
Total	600.0	409.2	338.5	340.7	-1.2	28.4			
CMRHE									
Equity and bonds	332.5	319.9	379.1	310.7		56.7		419.9	12%
Debt-financing	617.5	542.6	501.0	501.0					
Total	950.0	862.5	880.1	811.7	8.6	56.7			
PSH Fund									
Equity and bonds	5.0	3.5	3.6	7.1		1.5		2.8	10%
Debt-financing	8.0	8.0	7.7	7.7					
Total	13.0	11.5	11.3	14.8	0.0	1.5			
Total	**2,063.0**	**1,748.3**	**1,363.6**	**1,278.6**	**9.6**	**294.4**			
Funds in active investment phase									
CMNRE									
Equity and bonds	50.1	10.4	6.5	7.8		0.0			0%
Debt financing	74.9	0.0	0.0	0.0		0.0			
Total	125.0	10.4	6.5	7.8	-1.4	0.0			
Total	**125.0**	**10.4**	**6.5**	**7.8**	**-1.4**	**0.0**			
Real Estate funds total	**2,188.0**	**1,758.7**	**1,370.1**	**1,286.4**	**8.2**	**294.4**	**27.4**		

ABBREVIATIONS USED TO REFER TO FUNDS

CMB	= CapMan Buyout	CMRE	= CapMan Real Estate
CME	= CapMan Equity	CMT 2007	= CapMan Technology 2007
CMLS	= CapMan Life Science	FM	= Finnmezzanine Fund
CMM	= CapMan Mezzanine	FV	= Finnventure Fund
CMHRE	= CapMan Hotels RE	PSH Fund	= Project Specific Hotel Fund
CMNRE	= CapMan Nordic Real Estate	SWE LS	= Swedestart Life Science
CMPM	= CapMan Public Market Fund	SWE Tech	= Swedestart Tech
CMR	= CapMan Russia Fund		

EXPLANATION OF THE TERMINOLOGY USED IN THE FUND TABLES

SIZE/ORIGINAL INVESTMENT CAPACITY

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

PAID-IN CAPITAL

Total capital paid into a fund by investors as of the end of the review period.

FUND'S CURRENT PORTFOLIO AT FAIR VALUE

The determination of the fair value of fund investments for funds investing in portfolio companies is done applying the International Private Equity and Venture Capital Valuation Guidelines ("IPEVG," www.privateequityvaluation.com), taking into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Due to the nature of private equity investment activities, fund portfolios contain investments with a fair value that exceeds their acquisition cost, as well as investments with a fair value less than the acquisition cost.

NET CASH ASSETS

When calculating the investors' share, a fund's net cash assets must be taken into account in addition to the portfolio at fair value. The proportion of debt financing in real estate funds is presented separately in the table.

AMOUNT OF CASH FLOW NEEDED TO TRANSFER THE FUND TO CARRY

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

CAPMAN'S SHARE OF CASH FLOW IF A FUND GENERATES CARRIED INTEREST

When a fund has generated the cumulative preferential return for investors specified in the fund agreements, the management company is entitled to an agreed share of future cash flows from the fund, known as carried interest.

After the previous distribution of profits, any new capital called in, as well as any annual preferential returns on it, must be returned to investors before any new distribution of profits can be paid.

>

FOOTNOTES TO THE TABLES

1) Fenno Fund and Skandia I together form the Fenno Program, which is jointly managed with Fenno Management Oy.
2) The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).
3) Currency items are valued at the average exchange rates quoted at 31 December 2013.
4) CapMan Mezzanine IV: The paid-in capital includes a €192 million bond issued by Leverator Plc. Distributed cash flow includes payments to both bond subscribers and to the fund´s partners.
5) CapMan Real Estate I: Distributed cash flow includes repayment of the bonds and cash flow to the fund´s partners. Following the previous payment of carried interest, a total of €42.3 million in paid-in capital had not yet been returned to investors. This capital, together with the annual income entitlement payable on it, must be paid to investors before further carried interest can be distributed.

   CapMan's management considers it unlikely, in the light of the market situation that further carried interest will be provided by the CapMan Real Estate I fund. As a result, the fund has been transferred from those funds in carry. A total of some €6 million of carried interest was not entered in CapMan's profit in 2007 but instead left in reserve in case that some of the carried interest would have to be returned to investors in the future.
6) CapMan Group's Board of Directors made a decision early 2012 to increase Buyout investment teams' share of carried interest to better reflect the prevailing industry practices. In CapMan Buyout VIII fund the investment team's share is approximately 40%, and in CapMan Equity VII funds the investment team's share is approximately 25%.

CapMan's ESG Approach

OUR MISSION is to build successful businesses that contribute to the enrichment of society. CapMan plays an important role in society by managing the capital invested in its funds by institutional investors – such as private and state pension funds, funds of funds, life insurance companies, and foundations – and actively developing the companies and properties in its funds' portfolios. As part of this, we want to ensure that high Environmental, Social and Governance (ESG) standards are respected in our own operations, as well as in our portfolio companies and real estate investments. Through active ownership, we are committed to integrating ESG policies in investment analysis and decision-making processes on an ongoing basis. Our commitment to responsibility is also reflected in our values: high ethics, active ownership, and dedication.

ESG IN 2013

WE STRIVE to continuously improve our ESG practices. CapMan published its Responsible Investment Statement and signed the United Nations Principles of Responsible Investing (UN PRI) in 2012. We formalized our **ESG process** in 2013 to ensure that sustainable practices are implemented systematically in all our portfolio companies. In addition, we started preparing for **reporting** on the implementation of ESG practices, based on the UN PRI reporting guidelines, in 2014.

>

The timeline highlights CapMan's recent progress in the ESG area:

2008
CapMan reporting on ESG in Russia

Feb 2012
CapMan published its Responsible Investment Statement

Dec 2012
CapMan signed the UN PRI

Jun 2013
CapMan developed and started implementing an internal ESG process

2014
CapMan will start reporting regularly on the implementation of ESG practises in line with the UN PRI

ESG PROCESS AT CAPMAN

WE ARE COMMITTED to incorporating the following six UN Principles of Responsible Investing in our operations:

1. We will incorporate ESG issues into our investment analysis and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek to ensure that the entities in which we invest make appropriate disclosure on ESG issues
4. We will promote acceptance and implementation of the UN Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the UN Principles
6. We will each report on our activities and progress towards implementing the UN Principles.

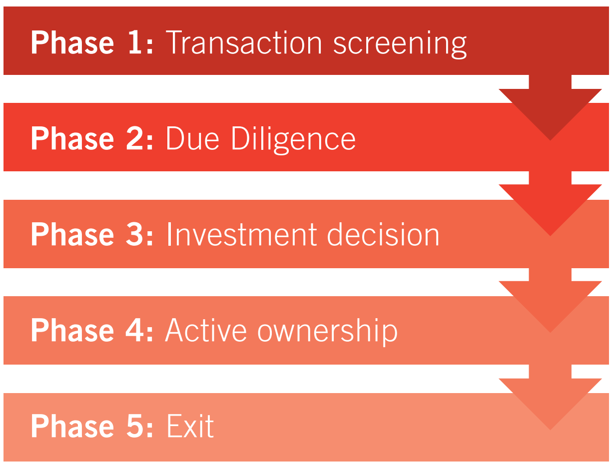
ALL OUR PORTFOLIO COMPANIES comply with local laws, rules, and regulations, and abide by modern corporate governance and transparent communication standards.

We also follow general and industry-specific international standards, such as the ten principles of the Global Compact, covering human and labor rights, protecting the environment, and combating corruption. Other requirements and expectations may vary depending on factors such as the sector, geography, and business model of the portfolio company in question.

IN ADDITION to complying with the rules and standards detailed above, CapMan formalized its own ESG process in 2013 to ensure that all ESG issues are implemented systematically during the various stages of each investment: transaction screening, Due Diligence, active ownership, and exit.

>

Analyzing ESG issues at every stage of an investment:



ANALYSIS WORK is carried out with the help of specific screening criteria and checklists, which support us in identifying the need for further evaluating ESG risks and opportunities and in engaging with company management from the start of our investment analysis.

The table below demonstrates some examples of the transaction screening criteria used for portfolio companies:

Environmental	Social	Governance
Does the company comply with environmental laws, standards, and regulations?	Does the company respect minimum wage standards?	Does the company have adequate internal controls and risk management?
Are there risks to water, soil, or air quality?	Are any limits placed on freedom of association?	Is financial information properly recorded?
Is there a risk of a loss of biodiversity?	Is there any kind of discrimination?	Is the company politically involved?
Does the company generate significant emissions?	How are occupational health & safety risks managed?	Is ESG integrated into the management process?
Does the company produce waste or hazardous waste?		

Our active approach to ownership focuses on long-term development. As a result, a low ESG score at the transaction screening stage does not automatically prevent an investment if a company has the potential for value creation through improvements in ESG performance. Together with management and key employees, we strive to continuously improve the ESG performance of our portfolio companies through all stages of our investment.

The new ESG process currently applies to all our new Buyout investments and is being piloted by our Buyout team. Our Real Estate investments and investments in Russia have slightly different ESG processes. Real Estate focuses mainly on environmental issues and energy efficiency, ensuring that we comply with international standards such as LEED (Leadership in Energy and Environmental Design); while in Russia we have published specific environmental and social performance reports from 2008 onwards, following the environmental and social policies and procedures outlined by our major investors. The comprehensive yearly report contains information on compliance with risks, progress of the ESG Action Plan and objectives achieved during the reporting period with regard to each portfolio company in Russia.

FIND OUT MORE ABOUT our ESG analysis and practise during the different stages of an investment in our Responsible Investment Statement at: **http://www.capman.com/capman-group/Responsibility_group/responsible-investment-statement_group**

MONITORING AND REPORTING

OUR ESG PERFORMANCE is evaluated against the six principles of the UN PRI. CapMan's first reporting year for ESG issues is 2014, based on the framework defined by the UN PRI and we continue reporting on the progress of our ESG implementation annually. We start monitoring our portfolio companies from the beginning of the investment process and report ESG issues to interested fund investors during fundraising and regularly during the life of a fund. In case of an ESG-related incident, fund investors are informed immediately.

ESG IN OUR PORTFOLIO COMPANIES

MANY OF OUR PORTFOLIO COMPANIES and real estate properties are pioneers in terms of ESG practices. Good ESG management can have a positive material impact on the competitiveness of our portfolio companies. In addition to controlling ESG risks, best practices help enhance long-term revenue and reduce costs. Sustainable business practices also help promote brand perceptions, as well as higher customer and employee satisfaction. Sustainability also offers companies opportunities for developing new innovative products and processes. ESG management is an efficient way to reduce costs related to energy consumption or high employee turnover, for example.

"We started proactively developing new energy-efficient housing solutions, as ecological criteria have become increasingly important to our customers. We also wanted to be the forerunner in occupational safety issues in our industry, which is naturally important for our employees, but also for our clients, who normally bear full responsibility for occupational safety issues during the construction process. We wanted to take on this responsibility for our clients. By focusing on both of these areas, we want to communicate that we are a responsible business partner. We have received excellent feedback on our energy-efficient housing solutions and the significant savings in maintenance costs that they offer and the benefits they provide in enhancing the long-term value of an investment. Our occupational safety campaign has been warmly welcomed by our personnel, business partners, and clients,"

– **Saku Sipola**, CEO, Pohjolan Design-Talo Oy

FUTURE ESG OBJECTIVES

WE AIM TO IMPROVE our ESG processes continuously and actively monitor potential risks and ESG-related opportunities for our portfolio companies. After piloting the new ESG process, our aim is to apply it in all new investments in all our key investment partnerships and develop new training material, tools, and templates, combined with screening of our current portfolio companies where necessary.

25 years as a private equity pioneer

THIS YEAR MARKS CapMan's 25th anniversary. CapMan is one of the longest operating private equity firms in the Nordic countries. The industry experienced a growth spurt in the '90s and CapMan established a total of 12 funds investing in Finland over the decade. The successful investment activity provided a good foundation for the international expansion of the business, and at the start of the new millennium CapMan began operations in Sweden, Norway and Denmark. The company went public on the Helsinki Stock Exchange in 2001 in order to execute its growth plan. Soon after the listing CapMan expanded into new regions and introduced new teams. In 2005, CapMan established its presence in a new niche with regards to real estate funds and the product has gained a following also among international investors. Having established a solid presence in the Nordic region, CapMan looked east for growth and expanded into Russia in 2008.

THE FINANCIAL CRISIS dealt a heavy blow to the industry and funds demonstrating poor returns forced many GPs to shut down. The survivors – CapMan among them – returned to the market even stronger than before.

DURING THE LAST QUARTER century, private equity has become a mainstream asset class and the industry is increasingly diverse. CapMan has sharpened its business model and organisation over the last few years and focuses on the further development of its own strengths in order to better respond to the challenges of a changing industry. The CapMan Purchasing Scheme (CaPS) and the expanded focus into debt markets are examples of an innovative approach these past few years. Due to its unique investment focus and know-how, CapMan has excellent prerequisites to remain at the industry's forefront for the next 25 years.

Senior Partners responsible for CapMan's Nordic expansion in 1999.

CapMan in brief

- **Five** key investment partnerships
- Capital under management **€3.1 billion** in 2013
- **33** portfolio companies* and **58** real estate properties
- Aggregate net sales of portfolio companies **€5.4 billion** and number of employees approx. **43,200** in 2013
- Lettable area of the properties **690,000 m²** in total and approx. **500** tenants

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

CAPMAN GROUP is a leading private equity fund manager in the Nordic countries and Russia. We have 25 years of experience in supporting business growth in the region. Altogether, CapMan employs approx. 100 people in Helsinki, Stockholm, Oslo, Moscow, and Luxembourg. CapMan was established in 1989 and has been listed on the Helsinki Stock Exchange since 2001.

INVESTMENT TEAMS AT CAPMAN

CapMan has five key investment partnerships - CapMan Buyout, CapMan Russia, CapMan Credit, CapMan Public Market, and CapMan Real Estate - each of which has its own dedicated investment team and funds.

CAPMAN BUYOUT makes controlling investments in unlisted Nordic mid-market companies in various industries. The main targets set for our companies are growth, improved profitability and strengthened strategic position. Our portfolio companies have a competitive and sustainable market position, a unique business with standout products and services, clear growth potential and positive cash flow. Our team comprises 20 investment professionals in Helsinki, Stockholm and Oslo.

CAPMAN RUSSIA provides growth financing for Russian small and mid-sized enterprises. We have operated in the Russian private equity market since 1995 and are one of the strongest teams in Russia. We help our portfolio companies to grow into domestic champions and expand internationally. We invest in fast-growing non-strategic sectors that benefit from Russia's expanding middle class. Our team comprises approx. 10 investment professionals in Moscow.

CAPMAN CREDIT makes mezzanine investments in leveraged buyouts in the Nordic region. Mezzanine is a flexible debt instrument that shares characteristics of both debt and equity. We invest in Nordic businesses with strong and defendable market positions, positive and predictable cash flow and experienced management teams. Our team comprises three investment professionals in Stockholm.

CAPMAN PUBLIC MARKET invests in listed Nordic mid cap companies. Through substantial minority investments we obtain genuine governance positions in companies where we identify significant value potential. Our aim is to develop the companies through active ownership in co-operation with other owners and the board. A total of six investment professionals work with Public Market investments in Stockholm.

CAPMAN REAL ESTATE manages four private equity real estate funds, which invest in office and retail properties in the Nordic region. We have extensive experience in real estate investments in Finland and Sweden and work in close cooperation with our tenants to continuously develop our properties. Our team comprises 18 investment professionals in Helsinki and Stockholm.

Investment teams

CapMan Buyout

Mari Killingmo
Investment Director

Q: What were the most important achievements for the CapMan Buyout team in 2013?
A: We exited several portfolio companies in 2013 and succeeded in achieving the targets based on our investment strategy. The investment in Cardinal Foods AS proved an excellent one for our fund investors and, thanks to several value creation initiatives, the company became one of the leading producers and distributors of eggs and poultry products in Norway. In the case of Nice Entertainment Group, we actively supported the company's development from a local Finnish player into a leading Nordic content producer, and Nice is now continuing to grow as part of the international media company Modern Times Group MTG AB (publ). We are also very glad to see that Curato AS has become the leading medical imaging service provider in Norway as a result of a successful expansion program over the past five years.

Another important achievement was the amount of additional commitments received in the CapMan Buyout X fund. Our ability to successfully raise a tenth buyout fund in today's environment is a testament to the resilience of our investment strategy.

Q: How does the Nordic market differ from other European markets and why should investors invest in Nordic businesses?
A: The Nordic markets have recovered relatively well at the macro level from the economic downturn compared to other European markets. The Nordic business environment is also stable and transparent, and there is an open business culture. Furthermore, cultural differences within the Nordic area are relatively small, which is a competitive advantage in implementing cross-border expansion and consolidation strategies. It is also worth mentioning that the returns on private equity investments have historically been higher in the Nordic region. Finally, Nordic banks are healthy, which gives us good access to bank financing and the active bond market in the region provides an alternative source of financing.

Q: What are the main drivers of the Nordic transaction market over the short term?
A: 2013 saw a resurgence particularly in large-cap M&A activity. When it comes to our team, we have seen quite a few company auctions in the region and we have also had access to a number of proprietary deals. Over the longer term, we expect exit activity in the market to increase, as many Nordic private equity funds are now in the exit phase.

>

Q: What makes the Buyout X fund stand out from the competition?

A: We have complete investment teams in place in all the Nordic markets we operate in: Finland, Sweden, and Norway. Thanks to this local presence, our transaction screening process is very efficient and enables us to identify the right companies easier and faster, instead of being dependent on public auctions. To be successful, we need to find pockets of growth in the right industries and actively work to create value to ensure that exits proceed as planned. The solid and extensive experience of our teams represents a significant success factor in helping us reach our targets.

At any one time, we focus on a few sectors that we believe will show interesting growth opportunities going forward. One good example is the travel and leisure sector, where we were involved in through Royal Ravintolat Oy, which grew into Finland's largest restaurant chain between 1999 and 2002. We also have extensive experience in leisure and entertainment from our investments in Bright Group and Nice Entertainment Group, for example. In addition, we believe that there are a number of interesting opportunities in the digital communications sector in the Nordic region.

We have been active in making new investments. In early 2014 we agreed to acquire majority holdings in the Kämp Group, a Finnish hotel chain, The North Alliance, a leading Nordic digital communications group, and LämpöLux, a provider of window and door renovation services.

To be successful, we need to find pockets of growth in the right industries and actively work to create value to ensure that exits proceed as planned.

CapMan exited Cardinal Foods in April 2013.

CapMan Russia

Maxim Popov
Investment Director

Q: What were the three most important achievements for the CapMan Russia team in 2013?
A: Our first important achievement was the first closing of the CapMan Russia II fund; we successfully raised EUR 97 million, despite a challenging fundraising market. A second major achievement was the continued value creation that took place in the portfolio companies of the CapMan Russia fund, established in 2008. One tangible example of our value creation was the successful exit from Russia Baltic Pork Invest ASA, a large-scale pork producer based in Kaliningrad, which we sold to Charoen Pokphand Foods Plc, a SET-listed large agro-food company based in Thailand, in December 2013.

In August, the CapMan Russia II fund invested in MAYKOR, a leading Russian IT outsourcing service provider. We are happy to announce that the investment, the fund's first, was chosen as the best deal of the year by PREQVECA.ru, an information and analytical website devoted to the private equity industry and venture financing in Eastern Europe.

Q: How would you describe the current atmosphere in the Russian private equity market?
A: As there are only a few private equity managers with a proven track record in the Russian market in addition to CapMan, competition remains low. This provides us with an opportunity to make better deals. There are a number of attractive growth opportunities in Russia, especially in the mid-sized consumer and B2B service segment. From a fundraising perspective, the market remains challenging.

Q: How is the Russian consumer market likely to develop over the mid-term in your opinion?
A: The Russian market is currently maturing and we need to choose the sectors we invest in very carefully. In other words, as the growth rate is lower today than it was before the financial crisis, it is crucial to choose the fastest-growing sectors. A good example of one of these is the Russian B2B services market, as companies are outsourcing many functions and operations today, and this trend is expected to continue in the future. The first investment made by CapMan Russia II, in MAYKOR, is a good example of the opportunities offered by a sector experiencing rapid growth. Other interesting sectors with plenty of growth potential are healthcare and software. >

Q: What are the most important factors you take into account when investing in Russian businesses?
A: The most important factor for a new investment is to choose the management team carefully. This is by far the most crucial criterion, as management teams in Russia have a major impact on companies' networks, clients, and investor relations. Having the right people is particularly important compared to Western Europe, where the corporate governance model is better established. When evaluating companies, we prefer to look for market leaders with a range of competitive advantages that operate in a growing sector.

Q: What kind of challenges do you face in the market and how can these be overcome?
A: Although the macroeconomic environment poses some challenges, I believe the market is full of interesting, attractively priced investment opportunities. These are present especially in the aforementioned growth sectors, which are benefiting from Russia's expanding middle class. Carefully selecting the right businesses in the right sectors will become more important as the economy matures. Our previous exclusive focus on smaller growth companies posed some challenges in terms of deal sourcing. Now that we have acquired a broader set of skills from recent deals, we are increasingly concentrating on buyout deals.

The first investment made by CapMan Russia II, in MAYKOR, is a good example of the opportunities offered by a sector experiencing rapid growth.

CapMan Russia invests in MAYKOR – a leading Russian IT outsourcing service provider – in August 2013.

CapMan Credit

Felix Vilval
Investment Director

Q: What financing options are available in the Nordic region today?
A: The Nordic region has been a very bank-dependent market historically in terms of financing. This is still the case, but we have seen a clear shift towards a broader range of financing sources. Banks today are more selective in their lending, both in terms of the size of the loans they grant and leverage. As a result, it has become harder for companies to access financing, generating increased demand for alternative sources of capital.

The main development in this area has been the emergence of an unrated Nordic bond market and bond investors with a significant appetite for investments. This is positive, but we are seeing some build-up of risk here, as investors are moving out further on the risk curve in their search for high yields. It is also a young and unpredictable market that is not suitable or available for all types of borrowers, particularly smaller ones.

This provides an opportunity for alternative lenders such as CapMan Credit. Financing is high on the corporate agenda in terms of acquisition financing, expansion financing, and refinancing, and we believe that the market will become increasingly diverse going forward, with very interesting opportunities for alternative lenders.

Q: Have the credit terms for some businesses become tighter in your experience?
A: Yes. While banks remain generally open for business, they have become more selective in terms of what they are interested in, how much financing they are willing to provide, and on what terms. For larger, investment-grade businesses where banks can generate significant ancillary business, attractive financing is easily available, but the picture is quite different for mid-sized companies looking for leverage to finance their acquisitions or expansion.

We are seeing a clear tightening of credit availability and terms in cases where there is some complexity or limited size, or both. Banks have less appetite in these types of situations and borrowers face a more difficult financing environment. Whether or not complexity or size actually represent a real increase in credit risk, banks are hesitant and the terms they offer tend to be unfavorable – if loans are available at all. This is an area where experienced alternative lenders can add value and structure financing packages that are suitable for specific borrowers and situations.

>

Q: What are the main criteria that you look for in a potential investment?
A: Cash flow generation, downside protection and an attractive risk/reward ratio. Every situation that we look at is unique. An investment should be well-structured, suit the borrower, and provide us with sufficient compensation for the risk that we take.

Debt service is key and a leveraged financing structure is not suitable for every business. It is important to identify the companies that can handle leverage and determine how a debt investment can best be structured. We approach opportunities largely from a credit angle, and consider everything from management quality and market position to cyclicality and a second-way out in a negative scenario in our analysis and structuring work.

Q: What do you expect will be the main trends in the Nordic credit market in the foreseeable future?
A: The main trend will be a move towards the use of a wider variety of financing sources. Historically, the Nordic region has been very bank-dependent. As financing has become more complex for many companies, there is clear room for alternative lenders to provide financing structures for borrowers, both as a complement and an alternative to what banks can offer.

More diversity in the financial landscape is here to stay and will provide investment opportunities for local and experienced alternative lenders that have the sourcing capabilities and the structuring expertise needed to access the market and provide investors with attractive returns.

The main trend will be a move towards the use of a wider variety of financing sources. Historically, the Nordic region has been very bank-dependent.

CapMan Public Market

Joakim Rubin
Head of CapMan Public Market, Senior Partner

Q: What were the main milestones for CapMan Public Market in 2013?
A: The CapMan Public Market fund performed well from a portfolio perspective, as our team's value creation agenda was given an even more central role during 2013. While positive stock market developments provided a general boost, the real value creation effort was focused on the operational level in our portfolio companies, and the CapMan Public Market fund outperformed the Nordic indices in 2013 as a result.

The second milestone for our team was the launch of a second fund based on an activist strategy in listed equities. Although the fund is independent from CapMan, CapMan will have a role in fundraising. I will devote my time both to the new fund and the original CapMan Public Market fund, which is still in the value creation and exit phase.

Q: What are the main criteria that you look for in a potential investment?
A: We look for companies where we, as active owners, can contribute to helping businesses reach their full potential. There are a lot of exciting cases out there, including businesses that are currently not living up to their earnings potential, as well as companies that are inadequately understood by the stock market where we can add value through a strategic repositioning. In general, we prefer Nordic companies with a market cap of between €200 million and 900 million. We do not have any sector preferences and believe that being a local player gives us a competitive edge.

Q: What are the main areas for value creation in an activist investment strategy?
A: Our value creation strategies focus on growing core businesses and reducing operational complexity. In the wake of the financial crisis, many Nordic businesses went into a cost-cutting mode, working hard to streamline their existing businesses. Companies have now moved on from this consolidation phase and are giving increased focus to growth. In addition to promoting operational improvements, we strive to build value by providing a transparent shareholder agenda and improving companies' internal governance. In general, CEOs are positive towards friendly activist owners, as they help clarify what shareholders want companies to accomplish. This approach requires owners to promote a long-term strategy focused on operational improvements.

>

Q: What is the current IPO climate in the Nordic region and what are its main drivers?
A: The IPO market in 2013 was the most active since 2007, driven by high valuations and the increased risk appetite of the stock market. A well-functioning stock market offers attractive valuations for private equity funds looking to exit. The strong position of today's market is, of course, relative. The current enthusiasm for going public is not necessarily due to stock markets offering a more attractive form of ownership for companies compared to being privately held, but rather because alternative exit routes offer lower valuations.

Our value creation strategies focus on growing core businesses and reducing operational complexity.

CapMan Real Estate

Torsten Bjerregaard
Partner

Q: What were the main milestones for CapMan Real Estate in 2013?
A: We were successful in leasing and repositioning the remaining assets in our first real estate fund, while our second real estate fund and our hotel funds continued providing strong cash flows and dividends to fund investors.

The highpoint of 2013 was the establishment of the CapMan Nordic Real Estate fund, which had its first closing in March. Over the summer, we strengthened the team with the addition of Nigel Pedroz, a very experienced real estate professional, who is now in charge of fundraising and Investor Relations for CapMan Real Estate. We also retained the services of two placement agents for our fundraising, one for Europe and one for the US. In September, we commenced an intensive fundraising program and held almost 100 investor meetings by the end of the year, including two trips to the US and one to Asia. Thus far, we have already signed three deals for the fund, one in Sweden and two in Denmark.

Q: What are the main trends that you see shaping the Nordic property market at the moment?
A: The Nordic economies, especially Sweden, are generally strong and stable relative to the rest of Europe, and growth is expected to take off over the next few years. This will benefit the office market, particularly in larger cities. Prime yields remain at very low levels, while those for secondary properties remain historically wide compared to prime properties, although this gap will probably narrow over the next few years. The retail sector is also seeing the benefits of an improved economy. The strong residential market in larger cities is mainly being driven by people moving from smaller towns for jobs and education.

Interest rates continue to be at historically low levels and seem likely to stay low for some time, which provides us with attractive financing for our transactions. On the other hand, rising interest rates tend to pave the way for acquisition opportunities, as banks may force owners to put properties that are struggling to service their debt because of higher interest rates on the market.

Investor appetite is increasing in the Nordic region, with new capital entering the market looking for deals. Barriers to entry, including the availability of bank financing from Nordic relationship-focused banks, give local players an advantage here.

Q: Has the economic slowdown in Europe impacted investor interest in Nordic real estate?
A: The financial crisis clearly put a dampener on investor demand, and transaction volumes fell to half the level seen in 2006 and 2007. The Nordic countries were less affected than the EU as a whole, however, which experienced uncertainty about the viability of

the Eurozone and concerns about a possible economic collapse. International investors are now looking to enter the European real estate market again, perhaps to diversify after having had a good run over the past few years in the US, South America, and Asia and being underweight in European real estate. Looking at Europe as a whole, Southern Europe is for the more adventurous and the UK and Germany have already seen an increase in international capital. The Nordic countries represent a safer choice, although perhaps not with as much upside as a lucky or well-placed bet in more distressed economies. Our Nordic fund appeals to international investors, as we are active, hands-on managers that can deliver strong returns, even in a market that is flat or growing only slightly.

Q: How will you create value for investors through your latest fund?

A: To put it briefly, our approach is to buy well, fix things up, and sell. We like transactions that have defensive characteristics, such as multi-letting, good visibility, accessible location, and positive cash flow. We add value by rolling up our sleeves and working with both assets and tenants. We are a vertically integrated operator, which means that we like to do all our property and asset management ourselves in-house. Our focus is on strengthening tenancy schedules and working to achieve higher occupancy, higher rents, and longer leases. We also often need to invest in properties to upgrade them or make vacant space attractive to new tenants. We like to stay close to tenants and are always looking for ways to help them improve their space to ensure that they stay and potentially pay higher rent and sign a longer lease.

Our aim is to give investors more than just a market play, which means trying to outperform the Nordic markets by being selective and developing our assets. Any general market improvements just come on top of the returns we provide. Our current main emphasis is on offices in major Swedish and Finnish cities, residential properties in Denmark, and necessity-driven retail centres in great locations in Sweden, Finland, and Denmark.

We add value by rolling up our sleeves and working with both assets and tenants.

CapMan Nordic Real Estate acquired a mixed residential & retail portfolio along Amagerbrogade high street in central Copenhagen in September 2013.

Corporate Governance

Corporate Governance Statement 2013

APPLICABLE RULES AND REGULATIONS

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

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

For further information regarding CapMan's corporate governance, please visit the company's website at www.capman.com/capman-group/governance.

DEVIATIONS FROM THE CODE

The Board of Directors has decided, in accordance with the Code's Recommendation 22, that due to the overall small size of the Board, the Audit Committee and the Nomination Committee comprise only two members. CapMan deviates from the Code's Recommendation 29, which corresponds to the independence of the majority of the Nomination Committee members. Ari Tolppanen, the other member of the two-member Nomination Committee, is non-independent of the company. The Board of Directors considers the Nomination Committee membership of Mr Tolppanen to be justified due to his significant ownership of the company's stock. In addition, the Nomination Committee's preparation process for the election of members of the Board of Directors includes consultation with the largest shareholders.

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

BOARD OF DIRECTORS

COMPOSITION

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

The AGM held on 20 March 2013 elected six members to the Board. Mr Koen Dejonckheere, Mr Claes de Neergaard, Mr Karri Kaitue, Ms Nora Kerppola, Mr Ari Tolppanen and Mr Heikki Westerlund were elected to the Board. The Board elected from among its members Heikki Westerlund as the Chairman of the Board and Karri Kaitue as the Vice Chairman of the Board. Heikki Westerlund stepped down from the Board of Directors on 7 August 2013 following his appointment as CEO. The Board elected in its meeting on 7 August 2013 from among its members Karri Kaitue as the new Chairman of the Board and Nora Kerppola as the Vice Chairman of the Board.

Teuvo Salminen was a member of the Board until the close of the AGM 2013.

Their biographical details are presented in the table *Board of Directors 2013* on page 33 and in the section Board of Directors on page 36.

>

INDEPENDENCE OF THE BOARD MEMBERS

The Board has in its organizing meeting on 20 March 2013 assessed its members' independence of the company and of its significant shareholders. Karri Kaitue, Nora Kerppola and Claes de Neergaard were independent of both the company and its significant shareholders. Koen Dejonckheere was independent of the company, but non-independent of its significant shareholders. Ari Tolppanen and Heikki Westerlund (stepped down from the Board on 7 August 2013 following his appointment as CEO), CapMan's Senior Partners and members of CapMan Buyout investment team, were non-independent of both the company and its significant shareholders.

DUTIES AND RESPONSIBILITIES

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

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

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

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

WORK OF THE BOARD IN 2013

In 2013, the Board met ten times (eight meetings for the Board elected by the 2013 AGM and two meetings for the Board elected by the 2012 AGM). The table on page 33 presents Board members' attendance at the meetings in 2013.

BOARD COMMITTEES

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

In its organizing meeting held on 20 March 2013, CapMan's Board established Audit, Nomination and Remuneration Committees.

AUDIT COMMITTEE

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

The duties of the Audit Committee include:

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

>

The Board has in its organizing meeting on 20 March 2013 elected Karri Kaitue (Chairman) and Nora Kerppola as members of the Audit Committee. In 2013, the Audit Committee met four times in this composition. Prior to AGM 2013, the members of the Audit Committee were Teuvo Salminen (Chairman), Karri Kaitue and Nora Kerppola in which composition the Committee met once in 2013. The table on page 33 presents the Committee members' attendance at the meetings.

NOMINATION COMMITTEE

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

The Board has in its organizing meeting on 20 March 2013 elected Heikki Westerlund (Chairman), Koen Dejonckheere and Ari Tolppanen as members of the Nomination Committee in which composition the Committee met once in 2013.

Heikki Westerlund stepped down from the Board on 7 August 2013 following his appointment as CEO. The Board decided, in accordance with the Code's Recommendation 22, that due to the overall small size of the Board, the Nomination Committee comprises only two members and thus did not elect in its meeting on 7 August 2013 a new member in place of Heikki Westerlund. Koen Dejonckheere was elected as new Chairman.

Prior to AGM 2013, the members of the Nomination Committee were Heikki Westerlund (Chairman), Koen Dejonckheere and Teuvo Salminen in which composition the Committee met once in 2013. The table on page 33 presents the Committee members' attendance at the meetings.

REMUNERATION COMMITTEE

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

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

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

The Committee shall further contribute to securing:

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

The Board has in its organizing meeting on 20 March 2013 re-elected Nora Kerppola (Chairman), Koen Dejonckheere and Claes de Neergaard as members of the Remuneration Committee. In 2013, the Remuneration Committee met three times. The table on page 33 presents the Committee members' attendance at the meetings.

CHIEF EXECUTIVE OFFICER (CEO)

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

In 2013, CapMan's CEO was Senior Partner Lennart Simonsen (born 1960, LLM, M. Sc. (Law)) until 8 February 2013. The company's Interim CEO during 8 February – 8 August 2013 was CFO Niko Haavisto (born 1972, M. Sc. (Business)). The company's CEO since 8 August 2013 was Senior Partner Heikki Westerlund (born 1966, M.Sc. (Econ.)).

>

BOARD OF DIRECTORS IN 2013

Name	Personal information	Attendance at the Board meetings	Attendance at the Committee meetings
Karri Kaitue	Chairman of the Board since 7 August 2013. Vice Chairman of the Board during 20 March – 7 August 2013. Member of the Board since 2012. Born 1964, LL. Lic. Main occupation: Board professional. Chairman of the Audit Committee. Independent of the company and significant shareholders.	9/10	Audit Committee: 5/5
Nora Kerppola	Vice Chairman of the Board since 7 August 2013. Member of the Board since 2011. Born 1964, MBA. Main occupation: CEO of Nordic Investment Group Oy. Chairman of the Remuneration Committee, member of the Audit Committee. Independent of the company and significant shareholders.	10/10	Audit Committee: 5/5 Remuneration Committee: 3/3
Koen Dejonckheere	Member of the Board since 2010. Born 1969, MBA, M.Sc. (Eng.). Main occupation: CEO of Gimv NV. Chairman of the Nomination Committee since 7 August 2013, member of the Remuneration Committee. Independent of the company.	9/10	Nomination Committee: 2/2 Remuneration Committee: 2/3
Claes de Neergaard	Member of the Board since 2011. Born 1949, M.Sc. (Econ.). Main occupation: CEO of Industrifonden and board professional. Member of the Remuneration Committee. Independent of the company and significant shareholders.	10/10	Remuneration Committee: 3/3
Ari Tolppanen	Member of the Board since 2013. Born 1953, M.Sc. (Eng.). Main occupation: Senior Partner at CapMan. Member of the Nomination Committee. Non-independent Board member.	8/8	Nomination Committee: 1/1
Heikki Westerlund	Chairman of the Board during 31 March 2010 – 7 August 2013. Member of the Board during 2010 – 2013. Born 1966, M.Sc. (Econ.). Main occupation: Senior Partner at CapMan, CEO of CapMan since 8 August 2013. Chairman of the Nomination Committee until 7 August 2013. Non-independent Board member.	7/7	Nomination Committee: 2/2

The following persons were members of the Board until the end of the AGM 2013.

Name	Personal information	Attendance at the Board meetings	Attendance at the Committee meetings
Teuvo Salminen	Vice Chairman of the Board during 31 March 2005 – 20 March 2013. Member of the Board during 2001-2013. Born 1954, M. Sc. (Econ.), Authorised Public Accountant. Main occupation: Board professional. Chairman of the Audit Committee, member of the Nomination Committee. Independent of the company and significant shareholders.	2/2	Audit Committee: 1/1 Nomination Committee: 1/1

INTERNAL CONTROL AND RISK MANAGEMENT PERTAINING TO THE FINANCIAL REPORTING

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

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

The aim of CapMan's internal control is to:

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

GENERAL DESCRIPTION OF THE FINANCIAL REPORTING PROCESS

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

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

>

FINANCIAL REPORTING PROCESS CONTROL

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

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

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

RISK ASSESSMENT AND CONTROL ACTIVITIES

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

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

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

INFORMATION AND COMMUNICATION PERTAINING TO THE FINANCIAL REPORTING

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

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

MONITORING

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

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

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

Board of Directors

KARRI KAITUE

Chairman of the Board
Independent Member of the Board

Born 1964
Education LL. Lic.
Board of directors since 2012
Board committees
Audit Committee (Chairman)
Main occupation
Board professional
Key Board memberships
Destia Ltd. (Chairman)
Key employment history
Karri Kaitue has worked as Deputy Chief Executive Officer of Outokumpu Group during 2005–2011. He was a member of the Outokumpu Group Executive Committee during 2002–2011, of which the latest six years he was the Vice Chairman. His responsibilities at Outokumpu included among others Tornio Works, Group strategy, business development and M&A. He joined Outokumpu Group in 1990.

CLAES DE NEERGAARD

Member of the Board
Independent member of the Board

Born 1949
Education M.Sc. (Econ.)
Board of directors since 2011
Board committees
Remuneration Committee (Member)
Main occupation
CEO of Industrifonden and board professional
Key Board memberships
CONNECT Sverige (Chairman)
Key employment history
Previously, Claes de Neergaard was Vice-President at the European Investment Bank and Executive Director at the European Bank for Reconstruction and Development (EBRD). Prior to that he was CEO at Nordbanken Luxembourg SA. He has a long track record of Board assignments in the financial, industrial and property sectors. He has been Chairman of Nordic Investment Bank and the Third AP-fund and First Deputy Chairman of the Swedish Export Credits Guarantee Board.

KOEN DEJONCKHEERE

Koen Dejonckheere
Member of the Board
Non-independent of CapMan Plc's significant shareholders, independent of the company

Born 1969
Education MBA, M. Sc. (Eng.)
Board of directors since: 2010
Board committees
Nomination committee (Chairman)
Remuneration committee (Member)
Main occupation
CEO of Gimv NV since 2008
Key Board memberships
Hospital Group AZ Delta, Belgian Venturing Association, Home Invest REIT, Member of the Executive Committee of Belgian Employers' Association (VBO), Director of the Board of Flemish Employers' Association (VOKA), non-executive Director Enternext SA.
Key employment history
Earlier Koen Dejonckheere was Managing Director and head of Corporate Finance at KBC Securities, where he made major contributions to the European expansion of the corporate finance activities. Previously, he worked for the venture capital fund NeSBIC Groep (now part of Fortis Group), buyout company Halder, Price Waterhouse Corporate Finance Europe, and the former BBL (now part of ING). Dejonckheere has extensive experience as a dealmaker in investment banking and private equity in Belgium and abroad.

NORA KERPPOLA

Vice Chairman of the Board
Independent member of the Board

Born 1964
Education MBA
Board of directors since 2011
Board committees
Remuneration Committee (Chairman)
Audit Committee (Member)
Main occupation
Managing Director of Nordic Investments Oy
Key Board memberships
Finnish Fund for Industrial Cooperation Ltd. (Finnfund).
Key employment history
Nora Kerppola has over 20 years of experience in private equity industry in Europe and North America. She has been a partner at GMT Communications in London and a partner at Weiss, Peck & Greer Private Equity (now Robeco) in New York. Previously, Kerppola worked at Investor International (U.S), a subsidiary of Investor AB and affiliated with the Wallenberg family of Sweden. Kerppola started her career in the corporate finance department of Credit Suisse First Boston.

ARI TOLPPANEN

Member of the Board
Non-independent of both the company and its significant shareholders

Born 1953
Education M.Sc. (Eng.)
Board of directors since: 2013
Board committees
Nomination Committee (Member)
Main occupation
Senior Partner, CEO of CapMan Plc between 1989–2005. Worked at CapMan since 1989.
Key Board memberships
Esperi Care Oy (Chairman), Bright Group Oy.
Key employment history
Ari Tolppanen has 25 years of experience in private equity. Tolppanen is one of the founders of CapMan and he acted as the CEO of CapMan during the years 1989–2005. He also acted as the Chairman of the European Venture Capital Association (EVCA) during the years 2000–2001. Tolppanen was the Chairman of CapMan's Board of Directors during the years 2005–2010.

Management group

HEIKKI WESTERLUND

CEO, Senior Partner

Born 1966
Education M.Sc. (Econ.)
In Management Group since 2005–2010, 2013
Key positions of trust
Walki Group Oy, Orion Corporation
Key employment history
Heikki Westerlund is CEO and Senior Partner at CapMan. He was CapMan's Chairman of the Board 2010–2013 and CapMan's CEO 2005–2010. Westerlund joined CapMan in 1994 and has headed CapMan's Technology and Buyout teams. Prior to CapMan he worked for the Finnish Innovation Fund, Sitra.

NIKO HAAVISTO

CFO

Born 1972
Education M.Sc. (Business)
In Management Group since 2010
Key positions of trust -
Key employment history
Prior to joining CapMan Niko worked for Oriola-KD Corporation as Director of Financial Control and Planning. Before that he worked as financial controller at GE Healthcare Finland and as Authorised Public Auditor at PricewaterhouseCoopers.

JEROME BOUIX

Head of Business Development and Investor Relations, Senior Partner

Born 1971
Education M.Sc. (Econ.)
In Management Group since 2007
Key positions of trust -
Key employment history
Prior to CapMan Jerome served as Senior Adviser in the Ministry of Trade and Industry. He focused on finance policy, privatization of state-owned companies and on coordinating private equity related initiaves during Finland's first Presidency in the European Union in 1999.

KAI JORDAHL

Head of CapMan Buyout, Senior Partner

Born 1960
Education M.Sc. (Econ.)
In Management Group since 2007
Key positions of trust
Espira Gruppen and EastAvab Norway
Career history
Prior to joining CapMan Kai worked five years as Investment Director at Industrifinans forvaltning ASA and Alfred Berg Industrifinans ASA. He was responsible for private equity investment activities in the Nordic countries. In prior years, Kai has held various senior positions at McKinsey & Company, Norsk Hydro ASA and the Norwegian Ministry of Petroleum and Energy.

HANS CHRISTIAN DALL NYGÅRD

Head of CapMan Russia,
Senior Partner

Born 1968
Education M.Sc. (Econ.), MBA, CEFA
In Management Group since 2009
Key positions of trust
Bank Evropeisky, ROK-1.
Career history
Hans Christian is responsible for all the investment activity and management of the CapMan Russia team. Prior to joining CapMan Dall Nygård worked at Norum for 12 years, most recently as Managing Director. CapMan acquired Norum in 2008.

MIKA MATIKAINEN

Head of CapMan Real Estate,
Senior Partner

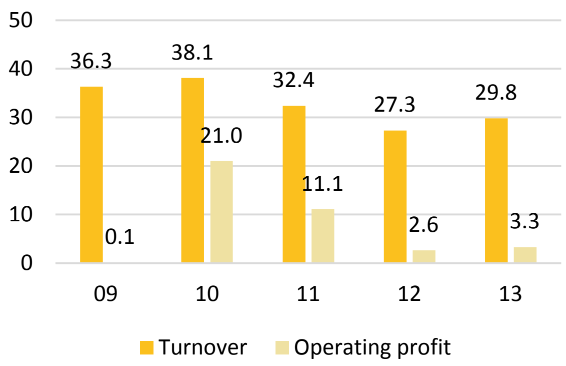
Born 1975
Education M.Sc. (Econ.), M.Sc. (Pol.)
In Management Group since 2010
Key positions of trust: -
Career history
Prior to CapMan Mika worked for UBS Investment Bank in London.

Financial Statements

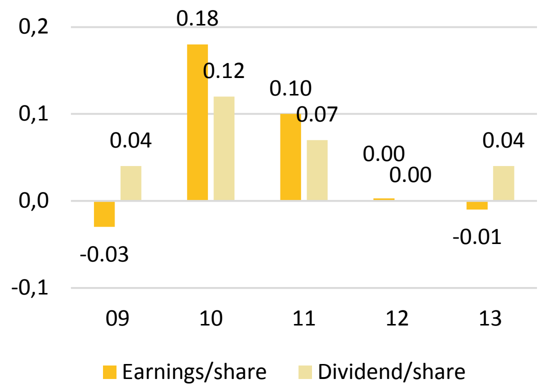
Key figures 2013

KEY FIGURES – CAPMAN GROUP

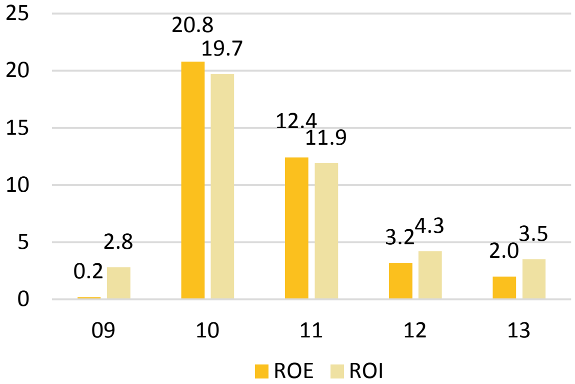
Group turnover and operating profit, M€



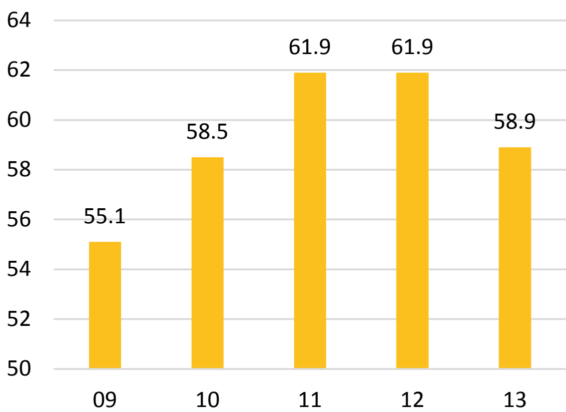
Earnings/share and dividend/share, €



ROE and ROI, %



Equity ratio, %



Key performance indicators for CapMan Group

M€	2009	2010	2011	2012	2013
Turnover	36.3	38.1	32.4	27.3	29.8
Fees	33.9	33.9	28.3	25.5	26.9
Carried interest	0.0	2.6	3.1	1.8	2.9
Income from real estate consulting	2.4	1.6	1.0	0.0	0.0
Other operating income	0.1	23.0	0.6	0.2	0.0
Operating expenses	-33.0	-42.8	-34.9	-30.3	-27.9
Fair value gains/losses of investments	-3.3	2.7	12.8	5.3	1.2
Operating profit/loss	0.1	21.0	11.1	2.6	3.3
Financial income and expenses	-0.2	0.6	0.6	0.1	-0.7
Share of associated companies' result	1.3	2.4	2.1	0.6	-0.6
Profit/loss before taxes	1.2	23.9	13.7	3.3	2.0
Profit/loss for the financial year	0.1	17.6	11.1	2.7	1.5
Return on equity (ROE), %	0.2	20.8	12.4	3.2	2.0
Return on investment (ROI),%	2.8	19.7	11.9	4.3	3.5
Equity ratio, %	55.1	58.5	61.9	61.9	58.9
Net gearing, %	34.8	7.3	14.4	32.2	22.3
Dividend paid *)	3.4	10.1	5.9	0.0	3.4
Personnel (at year end)	150	150	122	109	103

*) Proposal of the Board of Directors to the Annual General meeting for year 2013

Key ratios per share

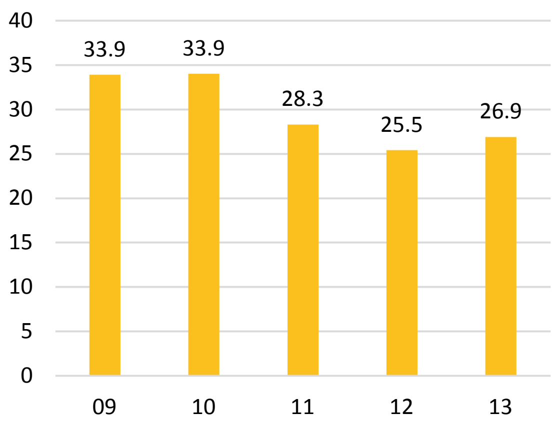
	2009	2010	2011	2012	2013
Earnings/share, cents	-3.0	17.7	10.1	0.3	-1.2
Diluted, cents	-3.0	17.7	10.1	0.3	-1.2
Shareholders' equity/share, cents	94.2	107.7	104.7	93.9	77.0
Dividend/share, cents *)	4.0	12.0	7.0	0.0	4.0
Dividend/earnings % *)	0.0	68.0	70.0	0.0	0.0
Average share issue adjusted number of shares during the financial year ('000)	83,016	84,255	84,255	84,255	84,269
Share issue adjusted number of shares at year-end ('000)	84,282	84,282	84,282	84,282	85,267
Number of shares outstanding ('000)	84,255	84,255	84,255	84,255	85,240
Own shares at year-end ('000)	26	26	26	26	26

*) Proposal of the Board of Directors to the Annual General meeting for year 2013

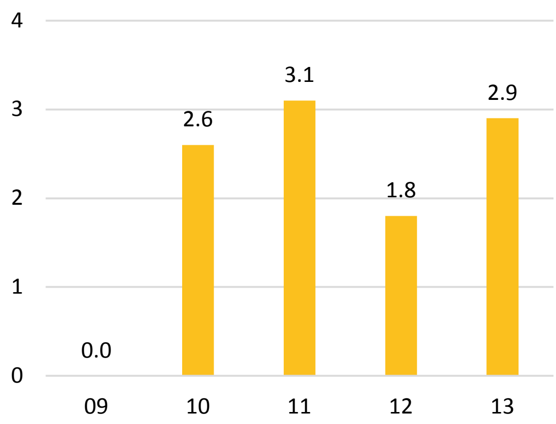
In line with IFRS standards, the MEUR 15 (2012: MEUR 29) hybrid bond has been included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the financial year has been deducted when calculating earnings per share.

MANAGEMENT COMPANY BUSINESS

Fees, M€



Carried interest, M€

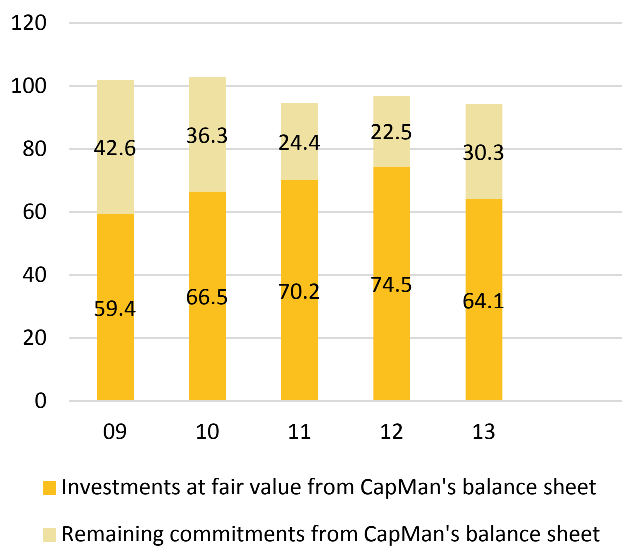


Result of Management Company business

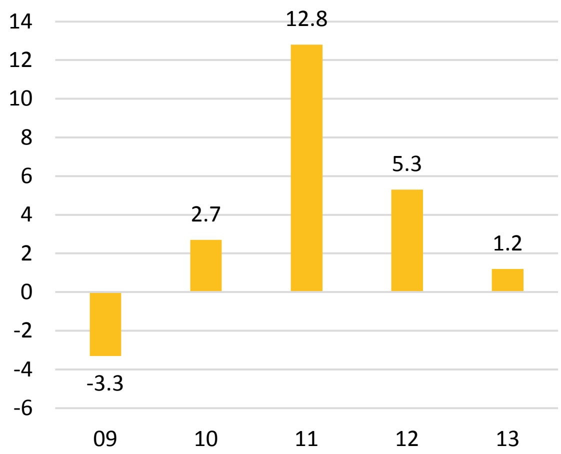
M€	2013	2012
Turnover	**29.8**	27.3
Fees	**26.9**	25.5
Carried interest	**2.9**	1.8
Operating profit / loss	**2.8**	-2.3
Profit / loss	**1.5**	-2.5

FUND INVESTMENT BUSINESS

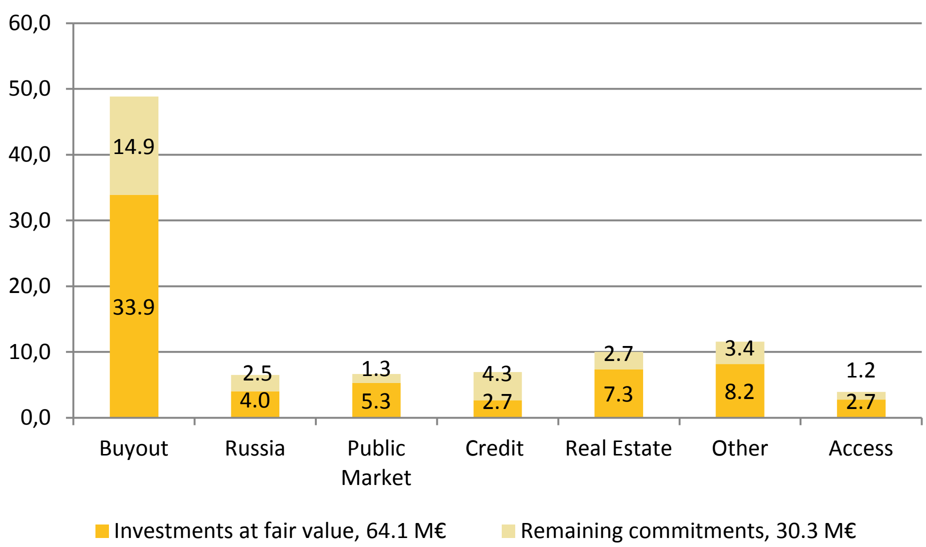
Fund investments and commitments, M€



Profit impact from own fund investments, M€



Fund investments and commitments by fund type, M€



Result of Fund Investment business

M€	2013	2012
Fair value changes of investments	**1.2**	5.3
Operating profit / loss	**0.5**	4.9
Profit / loss	**-0.1**	5.3

Report of the Board of Directors

Business operations

CapMan Group is a private equity fund manager operating in the Nordic countries and Russia. The Group also makes investments in its own funds. The Group operates through two segments: a Management Company business and a Fund Investment business.

In its Management Company business, CapMan raises capital from Nordic and international institutions for the funds that it manages. The investment teams invest this capital in Nordic and Russian companies and Nordic real estate. The Management Company business has two main sources of income: fees and carried interest from funds.

Through its Fund Investment business, CapMan makes investments from its own balance sheet in the funds that it manages. Income in this business is generated by increases in the fair value of investments and realised returns.

Group turnover and result in 2013

The Group's turnover during 2013 grew by 9.1% from 2012 and totalled MEUR 29.8 (2012: MEUR 27.3). The increase in turnover for the year was mainly due to higher fees and carried interest compared to 2012.

Operating expenses totalled MEUR 27.9 (MEUR 30.3). Expenses decreased from last year as a result of lower personnel costs. Expenses for the financial year included the investment teams' share, MEUR 0.9, of total carried interest and approx. MEUR 1.5 non-recurring expenses related to the change in CapMan's CEO, the establishment of the CapMan Nordic Real Estate fund and the assessment of possible M&A activity.

The Group recorded an operating profit of MEUR 3.3 (MEUR 2.6), which represented an increase of 28.6% from last year as a result of higher fees and carried interest income as well as lower expenses.

Financial income and expenses amounted to MEUR -0.7 (MEUR 0.1). The change was due to MEUR 0.4 of non-recurring expenses related to the Group's new financing package. CapMan's share of the profit of its associated companies was MEUR -0.6 (MEUR 0.6). The decrease was mainly due to the fair value change in Maneq investments. The return profile of Maneq investments is largely consistent with that of our own fund investments. Profit before taxes was MEUR 2.0 (MEUR 3.3) and profit after taxes was MEUR 1.5 (MEUR 2.7). Earnings per share were -1.2 cents (0.3 cents) after deducting the (net of tax) interest on the hybrid bond for the financial year.

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

Management Company business

Turnover generated by the Management Company business during the financial year totalled MEUR 29.8 (MEUR 27.3). Fees increased 5.5% from last year and totalled MEUR 26.9 (MEUR 25.5), due to management fees from CapMan Buyout X, CapMan Russia II and CapMan Nordic Real Estate funds as well as fees generated by CapMan's purchasing scheme (CaPS) and accounting services, among others.

Carried interest income totalled MEUR 2.9 (MEUR 1.8) and was mainly received from the CapMan Equity VII B fund following the exit from MQ Retail AB, Tieturi Oy and Cardinal Foods AS.
The operating profit of Management Company business improved significantly and was MEUR 2.8 (loss of MEUR 2.3) and the profit for the year was MEUR 1.5 (loss of MEUR 2.5). The status of the funds managed by CapMan is presented in more detail on the company's website at www.capman.com/capman-group/funds.

Fund Investment business

Fair value changes related to fund investments in 2013 were MEUR 1.2 (MEUR 5.3) and represented a 1.6% increase in 2013 (7.0% increase in value during 2012). The modest change in fair values in relation to the objectives was mainly due to weaker financial development of certain portfolio companies. Fair value changes were also influenced by developments in the market value of the listed peers of our portfolio companies and changes in exchange rates. The aggregate fair value of fund investments as of 31 December 2013 was MEUR 64.1 (31 December 2012: MEUR 74.5).

Operating profit for the financial year for the Fund Investment business was MEUR 0.5 (MEUR 4.9) and loss for the financial year was MEUR 0.1 (profit of MEUR 5.3). The Fund Investment business includes the results of Maneq companies, of which CapMan sold part in June 2013.

CapMan invested a total of MEUR 5.5 (MEUR 6.3) in its funds during 2013. The majority of this was allocated to the CapMan Buyout IX fund. CapMan received distributions from funds totalling MEUR 14.1 (MEUR 4.0). CapMan made new commitments in total of MEUR 4.4 into the CapMan Nordic Real Estate and CapMan Russia II funds during the financial year.

The amount of remaining commitments not yet called totalled MEUR 30.3 as of 31 December 2013 (31 December 2012: MEUR 22.5). The aggregate fair value of existing investments and remaining commitments as of the same date was MEUR 94.4 (MEUR 96.9). CapMan invests 1-5% of the original capital in the new funds that it manages, depending on fund size.

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

Investments at fair value and remaining investment capacity by investment area are presented in the Notes to the Financial Statements in Section *16. Investments at fair value through profit and loss* and *Section 29. Commitments and contingent liabilities*.

Balance sheet and financial position as of 31 December 2013

CapMan's balance sheet totalled MEUR 110.4 as of 31 December 2013 (31 December 2012: MEUR 128.8). Non-current assets amounted to MEUR 87.9 (MEUR 112.4), of which goodwill totalled MEUR 6.2 (MEUR 6.2).

Fund investments booked at fair value totalled MEUR 64.1 (MEUR 74.5). Long-term receivables amounted to MEUR 2.4 (MEUR 20.0). In the end of 2012, Maneq receivables amounted to MEUR 18.7.

In June, CapMan transferred its ownership in 2005-2011 Maneq funds and long-term receivables from the funds to a Luxembourg company founded by CapMan, Maneq Investments Luxembourg, and sold part of that company to an external investor for a cash consideration of MEUR 14. CapMan's share of Maneq Investments Luxembourg and that company's loan are shown as investments in associated companies. The transaction did not have a material impact on CapMan's results for 2013. As of 31 December 2013, investments in associated companies were MEUR 9.6 at fair value (MEUR 5.2).

Current assets amounted to MEUR 22.6 (MEUR 15.5). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 17.4 (MEUR 7.0). The increase in liquid assets was due to completed exits during 2013 and the partial sale of Maneq assets.

In the Interim Report published on 8 August 2013, CapMan revised the retained earnings and investments in associated companies retrospectively in the opening balance as of 1.1.2012. The mistake relates to the booking of interest receivables in previous financial years. A table showing the change is included in the notes to the financial statements.

CapMan redeemed its MEUR 29 hybrid bond on 18 December in accordance with the bond terms by issuing MEUR 30 million in debt securities, consisting of a MEUR 15 senior bond and a MEUR 15 hybrid bond. The senior bond will have an annual coupon rate of 5.5% and a maturity of four years. The annual coupon rate of the new hybrid bond is 8.0%. The interest on the hybrid bond is deducted from equity as interest is paid, which is annually. The hybrid bond has no maturity, but CapMan has the right to call it in four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions.

CapMan Plc had a bank financing package totalling MEUR 43.0 (MEUR 45.0) available as of 31 December 2013, of which MEUR 16.9 (MEUR 32.2) was utilised. Trade and other payables totalled MEUR 11.3 (MEUR 13.2). The Group's interest-bearing net debt amounted to MEUR 14.5 (MEUR 25.5).

CapMan Plc's bank loans include financing covenants, which are conditional to the equity ratio, the ratio of interest bearing bank loans to fund investments from the balance sheet and the level of rolling 12 month EBITDA. CapMan honoured all covenants as of 31 December 2013.

The Group's cash flow from operations totalled MEUR -3.0 for the financial year (MEUR -8.8). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 26.8 (MEUR 0.9) and includes, *inter alia*, fund investments and repaid capital received by the Group. Cash flow before financing totalled MEUR 23.8 (MEUR -7.9), while cash flow from financing was MEUR -13.4 (MEUR -7.4) as CapMan repaid some of its senior debt.

Loans from related parties

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

Key figures 31 December 2013

CapMan's equity ratio was 58.9% as of 31 December 2013 (31 December 2012: 61.9%), its return on equity 2.0% (3.2%), and its return on investment 3.5% (4.3%). The target levels for the company's equity ratio and return on equity are at least 60% and over 20%, respectively.

Key Figures	**31.12.13**	31.12.12
Earnings per share, cents	**-1.2**	0.3
Diluted, cents	**-1.2**	0.3
Shareholders' equity / share, cents *	**77.0**	93.9
Share issue adjusted number of shares	**84,268,963**	84,255,467
Number of shares at the end of period	**85,266,991**	84,281,766
Number of shares outstanding	**85,240,692**	84,255,467
Company's possession of its own shares, end of period	**26,299**	26,299
Return on equity, %**	**2.0**	3.2
Return on investment, %**	**3.5**	4.3
Equity ratio, %	**58.9**	61.9
Net gearing, %	**22.3**	32.2

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

Board's proposal for distribution of profit

CapMan Plc's goal is to distribute at least 50% of net profit as dividends. CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 19 March 2014 that a dividend of EUR 0.04 per share will be paid to shareholders. No dividend was paid for 2012. CapMan Plc's distributable assets amounted to MEUR 23.5 on 31 December 2013 (MEUR 12.8 on 31 December 2012).

Fundraising during 2013 and capital under management as of 31 December 2013

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

The CapMan Buyout X, CapMan Russia II and CapMan Nordic Real Estate funds secured slightly more than MEUR 350 in total commitments by the end of 2013. Fundraising for all three funds continues.

The challenging fundraising market has impacted also CapMan's ongoing fundraising rounds. In 2013, the number of funds in the market increased further from last year with traditional fund investors being increasingly selective in making investment decisions as a result. CapMan has broadened its network geographically and obtained new fund commitments from investor groups, which have not previously invested in private equity funds.

Capital under management was MEUR 3,098.2 as of 31 December 2013 (31 December 2012: MEUR 3,126.7). The decrease was due to completed exits during the financial year. Of the total capital under management, MEUR 1,608.2 (MEUR 1,686.5) was held in funds making investments in portfolio companies and MEUR 1,490.0 (MEUR 1,440.2) in real estate funds.

CapMan Plc's Board of Directors and Management Group

The members of CapMan Plc's Board of Directors as of the end of 2013 were Karri Kaitue (Chairman), Nora Kerppola (Vice Chairman), Koen Dejonckheere, Claes de Neergaard and Ari Tolppanen.

The members of CapMan Plc's Management Group as of the end of 2013 were CEO Heikki Westerlund, CFO Niko Haavisto, Head of Business Development and IR Jerome Bouix, Head of CapMan Buyout Kai Jordahl, Head of CapMan Russia Hans Christian Dall Nygård and Head of CapMan Real Estate Mika Matikainen.

Personnel

CapMan employed a total of 103 people as of 31 December 2013 (31 December 2012: 109), of whom 65 (71) worked in Finland and the remainder in the other Nordic countries, Russia, and Luxembourg. A breakdown of personnel by country and team is presented in the Notes to the Financial Statements in Section *4. Employee benefit expenses*.

Authorisations held by the Board of Directors

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's B shares. The number of B shares concerned shall not exceed 8,000,000, and the authorisation shall remain in force until the end of the following AGM and 30 June 2014 at the latest. The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 17,500,000 B shares and the authorisation shall remain in force until the end of the following AGM and 30 June 2014 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 20 March 2013.

Shares and share capital

There were no changes in CapMan Plc's share capital during 2013. Share capital totalled EUR 771,586.98 as of 31 December 2013. Between 26 October and

29 November 2013, a total of 985,225 new CapMan Plc series B shares were subscribed for with the company's stock options 2008B. As a result, the number of B shares increased to 79,516,991. The number of A shares was 5,750,000 as of 31 December 2013.

B shares entitle holders to one vote per share and A shares to 10 votes per share. A shares entitled holders to 41.97% of the company's voting rights and B shares to 58.03%. A shares are held by CapMan Plc's current senior partners. Both classes of shares have an equal dividend entitlement. CapMan Plc's shares are included in the Finnish book-entry system. Redemption obligation clauses associated with shares are detailed in the Notes to the Financial Statements in Section *23. Share capital and shares*.

Shareholders and management shareholding

The number of CapMan Plc shareholders increased by 7.0% during 2013 and totalled 6,567 as of 31 December 2013 (31 December 2012: 6,137). CapMan issued two flagging notices in 2013 related to transactions during the financial year.
In December a flagging notification was issued as Gimv NV's share of the total number of shares in CapMan Plc fell below 10%. The change was due to an increase of total shares outstanding of CapMan Plc following the share subscriptions based on stock options 2008B.

In September CapMan issued a flagging notification related to Eläkekassa Verso's shareholding falling below 5%.

As of 31 December 2013, the members of the Board of Directors and the CEO held a total of 10,006,950 A and B shares either directly or through companies they control, representing 11,74% of CapMan Plc's shares and 29,94% of voting rights. The Chairman of the Board of Directors and the CEO also held a total of 400,000 2013A options as of the end of the year, entitling them to subscribe to an equivalent number of B shares, representing 0.5% of CapMan Plc's shares and 0.3% of voting rights.

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

Company shares

As of 31 December 2013, CapMan Plc held a total of 26,299 CapMan Plc B shares, representing 0.03% of both classes of shares and 0.02% of voting rights. The market value of shares held by CapMan was EUR 29,981 as of 31 December 2013 (31 December 2012: EUR 22,091). No changes occurred in the number of shares held by CapMan Plc during the financial year.

Stock option programmes

As of 31 December 2013, CapMan Plc had two stock option programmes–Option Programme 2008 and Option Programme 2013–in place as part of its incentive and commitment arrangements for key personnel. The Board of Directors decides annually upon the distribution of stock options to the key personnel employed by or to be recruited by the Group.

The share subscription period for stock option programme 2008A ended on 31 December 2012. The stock option programme 2008B covers a maximum of 2,135,000 option entitlements, which will carry an entitlement to subscribe to a maximum of 2,135,000 new B shares. The share subscription period for 2008B options started 1 May 2012 and ended on 31 December 2013. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. As of 31 December 2013, 2,070,000 2008B stock option entitlements were allocated. Between 1 January and 31 December 2013, a total of 2,035,000 CapMan Plc series B new shares were subscribed for with the company's stock options 2008B, of which 985,225 shares were registered and listed in 2013 and the remaining 1,049,775 shares will be registered and listed during February 2014.

The maximum number of stock options issued under Option Programme 2013 will be 4,230,000, which will carry an entitlement to subscribe to a maximum of 4,230,000 new B shares. The programme is divided into A, B and C series, each of which covers a maximum of 1,410,000 option entitlements. The share subscription price of the 2013A options is EUR 0.92 (the trade volume weighted average quotation of the share during 1 April–31 May 2013 with an addition of 10%), of the 2013B options the trade volume weighted average quotation of the share during 1 April–31 May 2014 with an addition of 10%, and of the 2013C options the trade volume weighted average quotation of the share during 1 April–31 May 2015 with an addition of 10%. The subscription period for 2013A options starts on 1 May 2016, for 2013B options on 1 May 2017 and 2013C options on 1 May 2018. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. A total of 1,125,000 stock option entitlements under the Option Programme 2013A were allocated between 1 January and 31 December 2013. The terms for the stock option programme are available on CapMan's website.

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

Trading and market capitalisation

CapMan Plc's B shares closed at EUR 1.14 on 31 December 2013 (31 December 2012: EUR 0.84). The trade weighted average price during the financial year was EUR 0.93 (EUR 0.94). The highest price paid was EUR 1.19 (EUR 1.19) and the lowest EUR 0.78 (EUR 0.80). The number of CapMan Plc B shares traded totalled 20.2 million (20.4 million), valued at MEUR 18.9 (MEUR 19.0).

The market capitalisation of CapMan Plc B shares as of 31 December 2013 was MEUR 90.7 (31 December 2012: MEUR 66.0). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 97.2 (MEUR 70.8).

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2014

CapMan Group's Financial Statements and the Report of the Board of Directors for 2013 will be published as part of the company's Annual Report for 2013 in February 2014 during week 9. CapMan Plc's 2014 Annual General Meeting will be held on Wednesday 19 March 2014 at 10:00 am in Helsinki. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on the company's website by 26 February 2014 at the latest.

Corporate Governance Statement

CapMan Plc's Corporate Governance Statement will be published separately from the Report of the Board of Directors as part of the company's Annual Report for 2013 during week 9 and will be available on the company's website by 26 February 2014 at the latest.

Other events during the year

Funds managed by CapMan completed the sale of Cardinal Foods AS in June. The transaction contributed a total of MEUR 1.8 to CapMan's result for 2013. The cash flow impact from the transaction was MEUR 3.7 for 2013.

Funds managed by CapMan completed exits from Curato AS and Nice Entertainment Group in November and Russia Baltic Pork Invest ASA in December. The exits had no significant impact on CapMan's result as the exiting funds are not in carry and as the valuation of the companies at exit was largely already reflected in the fair value change of CapMan's fund investments reported earlier.

Joakim Rubin, Head of CapMan Public Market, stepped down from CapMan's Management Group on 11 November 2013. After the change, CapMan's Management Group consists of Heikki Westerlund, Niko Haavisto, Jerome Bouix, Kai Jordahl, Hans Christian Dall Nygård and Mika Matikainen.

The Public Market Fund continues its exit and value creation activities in line with its strategy. CapMan participates in the fundraising of a new fund focusing on publicly listed companies, and the fund will pay management fees and carried interests to CapMan based on the commitments to the fund made through CapMan. As a result of the arrangement, Public Market will be reported together with investment areas categorised as “Others” going forward.

Events after the end of the financial year

CapMan announced the first investments of CapMan Buyout X fund in January 2014. The fund agreed to acquire The North Alliance Group (NOA), a network focused on digital communication in the Nordic markets, and Kämp Group, the leading luxury and lifestyle hotel chain in Finland.

Significant risks and short-term uncertainties

Financial market uncertainty, weak economic development of CapMan’s key markets and structural changes in industries central to CapMan’s portfolio companies may affect CapMan’s operations by delaying exits and reducing the fair value of the Group’s fund investments. Fluctuations in exchange rates could also affect the valuation of CapMan’s portfolio companies.

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

The projections related to the profitability of the Management Company business involve significant uncertainty especially related to timing of exits. Due to limitations in forecasting the timing of carried interest and the change in fair value developments, providing financial guidance remains challenging over the short term.

The CapMan Real Estate I fund transferred into carry in 2007. At the end of 2013, a total of MEUR 42.3 in paid-in capital, together with the preferred return to be paid on that capital, had yet to be returned to investors. In light of the current market situation, it is considered unlikely that any further carried interest would be paid from the CapMan Real Estate I fund. Of the 2007 carried interest, some MEUR 6.4 was not entered in CapMan’s profit in 2007 but instead left in a reserve in case that some of the carried interest would have to be returned to investors in future. It is possible that the required return of carried interest will exceed the reserved amount at the time of terminating the fund.

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

The EU’s Basel III and Solvency II regulatory initiatives limit the ability of European banks and insurance companies to invest in private equity funds, and could therefore impact CapMan’s fundraising activity. The coming to force of the AIFMD may impact the reporting requirements of funds and their marketing outside of the EU.

The risks associated with CapMan Plc’s operations and the company’s risk management are described in more detail in the Notes to the Financial Statements in Section *33. Financial risk management*, and in the company’s Corporate Governance Statement.

Business environment

2013 saw a resurgence in large-cap M&A activity. The overall value of European buyouts increased in 2013 compared to the previous year, although the number of deals decreased by approximately 10%.[1] The exit market in turn picked up markedly in 2013 with the highest number of exits globally since 2006.[2]

The competition in fundraising remained tough as the number of funds in the market further increased

[1] 2013 buyouts: overall value stabilises around €75bn” unquote | 13 Jan 2014

[2] Preqin 2013 Private Equity-Backed Buyout Deals and Exits January 2014

from the previous year.[3] However, the increased exit activity in 2013 resulted in abundant distributions from Europe-focused private equity funds, enabling investors to re-allocate their capital into new funds.[4] According to a survey by Preqin, 90% of investors plan to maintain or increase their allocations to private equity in 2014. In addition, more than half of the investors felt that Europe presents the best investment opportunities in the current financial climate.[5] The Nordic countries in particular are considered the most popular investment destinations in 2014.[6]

The availability of bank financing remains bifurcated in Europe. There is financing available for solid companies and deals, while smaller businesses have difficulties in accessing the capital markets. As expected, credit standards eased for short-term loans towards the end of the year, while they remained more or less unchanged for long-term loans.[7] According to a survey by Finnvera, companies have increasingly diverse financing structures and the demand for alternative sources is on the rise. Large companies are increasingly looking into senior bonds and small companies in turn for private equity financing.[8]

Russia is still considered an important growth region, although the growth of the Russian economy has slowed down to some degree. Sectors such as IT, B2B services and healthcare, which are independent on the development of oil prices, are expected to continue growing rapidly. These sectors are also the investment focus of CapMan Russia.

In 2013 the volume of real estate transactions in Finland remained at the previous year's level at BEUR 2.1. The volume increased in the fourth quarter due to a couple of larger transaction, where the buyers were mainly international real estate investors.[9] In Sweden the transaction volumes decreased to BEUR 10 from circa BEUR 12.5 a year before. Investors in Finland and Sweden continued to focus mainly on prime real estate with stable rents although there have been signs of an increased interest towards better secondary properties, especially in Sweden. The yield gap between prime and secondary assets continues to be high. Prime rents were generally stable in the Nordic countries during the fourth quarter of 2013, while there has been increasing pressure on rents and occupancy rates outside the prime areas.[10] Availability of traditional senior financing remained scarce, although there have been signs of a recovery in this respect.

Regulatory environment

The European Directive on Alternative Investment Fund Managers (AIFM directive) came into force on 21 July 2011 and AIFMD Level 2, the supplementing act that guides its implementation, was released on 19 December 2012. The act was scheduled to be integrated into member states' national legislation by 22 July 2013. The implementation of the directive in Finland has been delayed by some months, but it is intended to be integrated into the national legislation during spring 2014. The directive stipulates an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. CapMan evaluates that its organisation and operating model enables it to comply with the requirements of these new regulations, as applicable.

CapMan actively monitors other regulatory developments affecting the industry, including the Basel III and Solvency II initiatives, which are designed to set capital requirements for European banks and insurance companies.

Estimate for 2014:

We estimate our earnings per share to improve significantly from the level achieved in 2013 primarily due to increasing operating profit.

[3] Preqin 2013 Private Equity Fundraising January 2014
[4] Preqin Private Equity Spotlight, December 2013
[5] Preqin 2013 Private Equity Fundraising January 2014
[6] The 2014 Global outlook & Review – Dow Jones
[7] ECB The Euro Area Bank Lending Survey January 2014
[8] Finnvera, Corporate financing survey 2013.
[9] KTI Transactions information service – January 2014
[10] The Nordic property Monthly update – January 2014

Outlook for 2014:

Our fees will cover our expenses before possible non-recurring expenses related to acquisitions or larger development projects.

CapMan receives carried interest income from funds as a result of a completed exit in the event that the fund already is in carry or will enter carry due to the exit. Our current portfolio holds several investments, which we are ready to exit during 2014.

The fair value development of our own fund investments will have a substantial impact on our overall result in 2014. We expect disparity in the development of individual portfolio companies and real estate also during 2014 depending on their industry and geographical location. In addition, our portfolio companies and real estate are also influenced by various other factors, among others the general development of industries and local economies, valuation multiples of peer companies and exchange rates.

CapMan Plc
Board of Directors

Group Statement of Comprehensive Income (IFRS)

€ ('000)	Note	1.1.–31.12.2013	1.1.–31.12.2012
Turnover	2	**29,774**	27,304
Other operating income	3	**187**	216
Employee benefit expenses	4	**-15,560**	-17,411
Depreciation	5	**-664**	-822
Other operating expenses	6	**-11,630**	-12,017
Fair value gains/losses of investments	7	**1,240**	5,333
Operating profit		**3,347**	2,603
Finance income	8	**940**	1,813
Finance costs	8	**-1,687**	-1,682
Share of associated companies' result	9	**-610**	598
Profit before taxes		**1,990**	3,332
Income taxes	10	**-531**	-624
Profit for the financial year		**1,459**	2,708
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		**-103**	0
Items that may be subsequently reclassified to profit or loss			
Translation difference		**83**	5
Total comprehensive income		**1,439**	2,713
Profit attributable to:			
Equity holders of the Company		**1,459**	2,708
Total comprehensive income attributable to:			
Equity holders of the Company		**1,439**	2,713
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share (basic), cents	11	**-1.2**	0.3
Earnings per share (diluted), cents	11	**-1.2**	0.3

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

€ ('000)	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Tangible assets	12	**282**	364
Goodwill	13	**6,204**	6,204
Other intangible assets	14	**1,047**	1,491
Investments in associated companies	15	**9,583**	5,170
Investments at fair value through profit and loss			
Investments in funds	16	**64,122**	74,465
Other financial assets		**94**	99
Receivables	17	**2,432**	19,957
Deferred tax assets	18	**4,111**	4,681
		87,875	112,431
Current assets			
Trade and other receivables	19	**5,199**	8,532
Other financial assets at fair value	20	**361**	365
Cash and bank	21	**17,004**	6,625
		22,564	15,522
Non-current assets held for sale	22	**0**	848
Total assets		**110,439**	128,801
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		**26,107**	38,814
Translation difference		**126**	43
Retained earnings		**-1,112**	553
Total equity		**64,861**	79,150
Non-current liabilities			
Deferred tax liabilities	18	**1,820**	2,360
Interest-bearing loans and borrowings	24	**25,854**	22,678
Other liabilities	25	**0**	1,241

Post-employment benefits	31	**299**	169
		27,973	26,448
Current liabilities			
Trade and other payables	26	**11,344**	13,219
Interest-bearing loans and borrowings	27	**6,000**	9,785
Current income tax liabilities		**261**	199
		17,605	23,203
Total liabilities		**45,578**	49,651
Total equity and liabilities		**110,439**	128,801

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

		Attributable to the equity holders of the Company					
€ ('000)	Note	Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total
Equity on 1 January 2012		**772**	**38,968**	**38,679**	**38**	**9,784**	**88,241**
Change to the opening balance						-3,784	-3,784
Defined pension benefits						-113	-113
Equity on 1 January 2012 (restated)		**772**	**38,968**	**38,679**	**38**	**5,887**	**84,344**
Profit for the year						2,708	2,708
Other comprehensive income for the year:							
Translation differences					5		5
Total comprehensive					**5**	**2,708**	**2,713**
Options				135		272	407
Dividends						-5,898	-5,898
Hybrid bond, interest (net of tax)						-2,463	-2,463
Other changes						47	47
Equity 31.12.2012	23	**772**	**38,968**	**38,814**	**43**	**553**	**79,150**
Profit for the year						1,459	1,459
Other comprehensive income for the year							
Defined pension benefits						-103	-103
Translation differences					83		83
Total comprehensive income for the year					**83**	**1,356**	**1,439**
Share issues				877			877
Options				416		-388	28
Hybrid bond, interest (net of tax)						-2,508	-2,508
Redemption of hybrid bond				-29,000			-29,000
Issue of hybrid bond				15,000			15,000
Other changes						-125	-125
Equity 31.12.2013	23	**772**	**38,968**	**26,107**	**126**	**-1,112**	**64,861**

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

€ ('000)	Note	1.1.–31.12.2013	1.1.–31.12.2012
Cash flow from operations			
Profit for the financial year		**1,459**	2 708
Adjustments:			
Unpaid income and expenses		**363**	-240
Change in working capital:			
Change in current non-interest-bearing receivables		**2,819**	-4 653
Change in current trade payables and other non-interest-bearing liabilities		**-1,898**	-2 222
Interest paid		**-5,126**	-4 978
Interest received		**37**	65
Dividends received		**0**	211
Taxes paid		**-619**	351
Cash flow from operations		**-2,965**	-8 758
Cash flow from investing activities			
Investments in tangible and intangible assets		**-144**	-379
Investments at fair value through profit and loss		**11,477**	-2 876
Proceeds from sale of other investments		**19**	704
Long-term loan receivables granted		**-1,541**	-1 592
Receivables from long-term receivables		**1,747**	1 549
Proceeds from sale of non-current assets		**718**	2 055
Sale of interest in an associated company		**14,000**	0
Dividends received		**203**	0
Interest received		**313**	1 401
Cash flow from investing activities		**26,792**	862
Cash flow from financing activities			
Share issue		**877**	0
Issue of hybrid bond	23	**15,000**	0
Redemption of hybrid bond	23	**-29,000**	0
Loan repayments received from other		**0**	729
Proceeds from borrowings	24	**15,000**	40 000
Repayment of long-term loan		**-15,325**	-42 197
Dividends paid		**0**	-5 898
Cash flow from financing activities		**-13,448**	-7 366
Change in cash and cash equivalents		**10,379**	-15 262
Cash and cash equivalents at start of year		**6,625**	21 887
Cash and cash equivalents at end of year	21	**17,004**	6 625

The Notes are an integral part of the Financial Statements.

Notes to the Group Financial Statements

GROUP INFORMATION

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

The parent company of the Group is CapMan Plc and is domiciled in Helsinki, with a registered office address at Korkeavuorenkatu 32, 00130 Helsinki, Finland.

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

The Consolidated Financial Statements for 2013 have been approved for publication by CapMan Plc's Board of Directors on 5 February 2014. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the financial statements and make decisions on amendments to them at the Annual General Meeting.

1. ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements for 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as applied in the European Union. The appendices to the Consolidated Financial Statements have been prepared in accordance with Finnish accounting standards as and where they supplement IFRS requirements.

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

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

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

New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013. The adoption of these standards did not have a material impact on the Group's financial statements.

Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income
The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

Amendment to IAS 19, 'Employee benefits'
These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. All actuarial profits and losses must be accounted immediately in other comprehensive income.

Amendment to IFRS 7, 'Financial instruments:
Disclosures', on asset and liability offsetting
This amendment includes new disclosures to enhance the presentation of financial assets and financial liabilities and when those can be offset.

IFRS 13, 'Fair value measurement'
IFRS 13 aims to improve consistency in fair value measurement and provide new disclosure requirements when such measurements are required or permitted by other IFRSs. Standard incorporate the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

New standards and interpretations not yet adopted

Amendment to IFRSs 10, 11 and 12 on transition guidance
These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

IFRS 10, 'Consolidated financial statements'
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and

therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 11, 'Joint arrangements'
IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12, 'Disclosures of interests in other entities'
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 9, 'Financial instruments'
The IFRS 9 is to replace IAS 39. Currently IFRS 9 contains new requirements for the classification and measurement of financial assets and liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for) financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new guidance for hedge accounting aligns hedge accounting more closely with risk management. Also IFRS 9 relaxes the requirements for hedge effectiveness and change what qualifies as a hedged item. IFRS 9 allows hedge accounting for example for risk components of commodities, aggregated exposures, groups of items when hedging foreign currency and equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard has not yet endorsed by EU.

The Group will adopt in 2014 the above standards.

Consolidation principles

The Consolidated Financial Statements include the accounts of all Group companies and associated companies in which the Group has a controlling interest. A controlling interest is defined as existing when the Group holds, either directly or indirectly, more than 50% of the voting rights of a subsidiary or when the Group has the authority to govern the financial and operating policies of a company and receive the financial benefit thereof.

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

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

An associated company is an entity in which the Group has significant influence but does not hold a controlling interest. This is generally defined as existing when the Group holds, either directly or indirectly, more than 20% of a company's voting rights. Associated companies have been consolidated in accordance with the equity method. Under this, the investment in an associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the company's net assets, less any impairment value. If the Group's share of the loss incurred by an associated company exceeds the book value of its investment, the investment is booked at zero in the balance sheet, and losses exceeding book value are not combined unless the Group is committed to meeting the obligations of the company concerned. The Group's share of the profit recorded by an associated company during the financial year in accordance with its holding in the company is presented as a separate item in the income statement after operating profit. The investments in associated companies include also the loan receivables at fair value. The change of fair value is shown as the share of associated companies' result in the income statement.

At the end of every reporting period, the Group reviews whether there is objective evidence that the value of its investment in an associated company has declined in value. If there is evidence of such decline, the resulting impairment loss is defined as the difference between the amount recoverable from the company and its book value, and is booked in the income statement under 'Share of profits/losses of associated companies'.

Segment reporting

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

Translation differences

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

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

In the consolidated financial statements, the income statements of subsidiaries that use a functional currency other than the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date. All resulting exchange differences are recognised in other comprehensive income.
Translation differences caused by changes in exchange rates for the cumulative shareholders' equity of foreign subsidiaries have been recognised in other comprehensive income.

Tangible non-current assets

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

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

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

Intangible assets

Goodwill

Goodwill acquired in a business merger is booked as the sum paid for a holding, the holding held by owners with a non-controlling interest, and the holding previously owned that, when combined, exceeds the fair value of the net assets of the acquisition. Write-offs are not made against goodwill, and possible impairment of goodwill is tested annually. Goodwill is measured as the original acquisition cost less accumulated impairment. The goodwill acquired during a merger is booked against the units or groups of units responsible for generating the cash flow used for testing impairment. Every unit or group of units for which goodwill is booked represents the lowest level of the organisation at which goodwill is monitored internally for management purposes. Goodwill is monitored at operating segment level.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are recognised in the balance sheet only if the cost of the asset can be measured reliably and if it is probable that the future economic benefits attributable to the asset will flow to the Group.

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

The estimated useful lives are:

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

Impairment of assets

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

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

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

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

Financial instruments

The Group's financial instruments have been classified into the following categories:

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

Classification of financial assets is made on the basis of the purpose of the acquisition of financial instruments at the time of initial recognition. Transaction costs are reported in the initial cost of financial assets, excluding items valued at fair value through profit and loss. All purchases and sales of financial instruments are recognised on the trade date. An asset is eligible for derecognition and removed from the balance sheet when the Group has transferred the contractual rights to receive the cash flows or when it has substantially transferred all of the risks and rewards of ownership of the asset outside the Group. Financial assets are classified as short-term if they have been acquired for trading purposes or fall due within 12 months.

Financial assets at fair value through profit and loss have been divided into two subcategories:

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

Financial assets are classified as held for trading if they are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Financial assets held for trading and financial assets with a maturity of 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 under 'Changes in the fair value of investments' for the financial period in which they arise. Derivatives are also categorised as held for trading unless they are designated as hedges.

The majority of available-for-sale financial assets are fund investments, for which fair value is calculated 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 portfolio companies. IPEVG are generally used for fair value valuation in the private equity industry, and the guidelines have been prepared in the light of IFRS requirements. Investments in real estate are valued at fair value based on appraisals made by independent external experts.

Loans and other receivables

Loans and other receivables include receivables from associated companies, sales receivables, and other receivables. Receivables are booked at their original fair value and are subsequently valued at amortised cost using the effective interest method. Placement Agent fees associated with fundraising for CapMan's funds are amortised over five years and presented in the line item receivables. Receivables are classified as long-term if their maturity exceeds 12 months. Impairment is reviewed at the end of every reporting period and recognised if there is objective evidence that the Group will not receive a receivable under its original terms.

The majority of receivables are related to long-term receivables from associated companies, the value of which is affected by changes in the value of fund investments made by these companies. Impairment testing of receivables from associated companies takes into consideration a fund's fair value, its life cycle phase, and the fund's expected returns when all investments are realised. The associated credit risk is described in Section C (Credit risk) of Section 33 (Financial risk management).

Cash and cash equivalents

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

Financial liabilities

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

Equity

At the end of the year CapMan issued a €15 million hybrid bond and redeemed its €29 million hybrid bond, which was issued on December 2008.
The hybrid bond has been treated as equity in the Group's financial statements under IFRS. The hybrid bond has no maturity, but CapMan has the right to call it four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions. The interest on the hybrid bond is deducted from equity as interest is paid, which is annually.

Dividend payment

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

Leases

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

Provisions

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

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

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

The defined contribution pension plan is a pension plan in accordance with the local regulations and practices of its business domiciles. Payments made to these plans are charged to the income statement in the financial period to which they relate. Pension cover has been arranged through insurance policies provided by external pension institutions.
Typically defined benefit plans define an amount of pension benefit that employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined obligation at the end of the reporting period less the fair value of plan asset. The defined benefit obligation is calculated annually by independent actuaries according to IAS 19.

Share-based payments

The fair value of stock options is assessed on the date they are granted and are expensed in equal instalments in the income statement over the vesting period of the rights concerned. An evaluation of how many options will generate an entitlement to shares is made at the end of every reporting period. Fair value is determined using the Black-Scholes pricing model. The terms of the stock option programs are presented in Section 30: Share-based payments.

Revenue recognition

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

1. Management fees paid by the funds are accounted for on a straight-line basis over the agreement terms on an ongoing basis.
2. Carried interest received from funds that are generating carry is accounted for when funds have exited a portfolio company (closing). An exit has been closed when approval has been received from the relevant competition authority and when all significant risks and benefits related to the portfolio company have been transferred to the buyer.
3. Potential repayment risk to the funds (clawback) will be considered when assessing whether revenue recognition criteria have been fulfilled. Clawback risk relates to a situation when, in conjunction with the liquidation of a fund, it is recognised that the General Partner has received more carried interest than agreed in the fund agreement. These situations can occur, for example, if there are recallable distributions or if representations and warranties have been given by the vendor in the sale and purchase agreement when the fund is towards the end of its lifecycle.

Management fees

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

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

Carried interest income

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

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

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

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

Potential repayment risk to the funds (clawback)

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

The clawback is measured estimating a weighted average of all possible outcomes (the “expected value” method). The clawback is an adjustment to the related revenue recognised and is presented in short-term accruals in the consolidated balance sheet.

Income taxes

Tax expenses in the consolidated income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes are booked in the income statement unless they relate to other areas of comprehensive income or directly to items booked as equity. In these cases, taxes are booked to either other comprehensive income or directly to equity. Taxes on taxable income for the financial period are calculated on the basis of the tax rate in force for the country in question. Taxes are adjusted on the basis of deferred income tax assets and liabilities from previous financial periods, if applicable. The Group’s taxes have been recognised during the financial year using the average expected tax rate.

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

One-off items

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

Use of estimates

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

Valuation of fund investments

The determination of the fair value of fund investments using the International Private Equity and Venture Capital Valuation Guidelines takes into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment. Because there is significant uncertainty in the valuation of, or in the stability of, the value of illiquid investments, the fair values of such investments as reflected in a fund’s net asset value do not necessarily reflect the prices that would actually be obtained when such investments are realised.

Valuation of goodwill

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

2. SEGMENT INFORMATION

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

Operating segments

2013

€ ('000)	**Management company business**			**Fund investments**	**Total**
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	22,628	7,146	29,774	0	29,774
Operating profit/loss	2,951	-150	2,801	546	3,347
Profit/loss for the financial year	1,673	-150	1,523	-64	1,459
Assets	7,326	301	7,627	80,248	87,875
Total assets includes:					
Investments in associated companies	0	0	0	9,583	9,583
Non-current assets held for sale	0	0	0	0	0

2012

€ ('000)	**Management company business**			**Fund investments**	**Total**
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	20,529	6,775	27,304	0	27,304
Operating profit/loss	-1,401	-895	-2,296	4,899	2,603
Profit/loss for the financial year	-1,614	-931	-2,545	5,253	2,708
Assets	7,817	444	8,261	104,170	112,431
Total assets includes:					
Investments in associated companies	0	0	0	5,170	5,170
Non-current assets held for sale	848	0	848	0	848

3. OTHER OPERATING INCOME

€ ('000)	2013	2012
Sales of tangible assets	19	216
Other items	168	0
Total	187	216

4. EMPLOYEE BENEFIT EXPENSES

€ ('000)	2013	2012
Salaries and wages	13,424	14,382
Pension expenses - defined contribution plans	1,743	2,053
Pension expenses - defined benefit plans	106	0
Share-based compensation expenses	28	322
Other personnel expenses	259	654
Total	15,560	17,411

Remuneration of the management is presented in Note *32. Related party disclosures*.
The shared based compensations recognised in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model.

The counter-entry to the expenses entered in the income statement is retained earnings, and therefore the expense has no effect on total equity.

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

Personnel	**2013**	**2012**
By country		
Finland	65	71
Sweden	18	16
Norway	8	8
Russia	11	13
Luxembourg	1	1
In total	103	109
By team		
CapMan Private Equity	44	47
CapMan Real Estate	23	23
CapMan Platform	36	39
In total	103	109
Average number of people employed	**104**	**115**

5. DEPRECIATION

€ ('000)	2013	2012
Depreciation by asset type		
Intangible assets		
Other intangible assets	554	632
Total	554	632
Tangible assets		
Machinery and equipment	110	190
Total	110	190
Total depreciation	664	822

6. OTHER OPERATING EXPENSES

€ ('000)	**2013**	**2012**
Included in other operating expenses:		
Other personnel expenses	740	938
Office expenses	2,674	2,743
Travelling and entertainment	775	1,132
External services	5,506	4,786
Other operating expenses	1,935	2,418
Total	11,630	12,017
Audit fees		
PricewaterhouseCoopers Oy,		
Authorised Public Accountants		
Audit fees	214	203
Tax advices	17	16
Other fees and services	72	40
Total	303	259

7. FAIR VALUE GAINS/LOSSES OF INVESTMENTS

€ ('000)	2013	2012
Investments at fair value through profit and loss		
Gains/losses of investments, realised	2,981	3,326
Fair value gains/losses of investments, unrealised	-1,741	2,007
Total	1,240	5,333

8. FINANCE INCOME AND COSTS

€ ('000)	2013	2012
Finance income		
Interest income, loan receivables	698	1,668
Interest income, deposits	26	62
Dividend income	21	27
Other interest income	108	0
Exchange gains	87	56
Total	940	1,813
Finance costs		
Interest expenses/loans	-839	-848
Interest and finance expenses, derivative instruments	-209	-190
Other interest and finance expenses	-529	-557
Exchange losses	-110	-87
Total	-1,687	-1,682

9. SHARE OF ASSOCIATED COMPANIES’ RESULT

€ ('000)	2013	2012
Share of associated companies' result	-610	598
Total	-610	598

10. INCOME TAXES

€ ('000)	2013	2012
Current income tax	264	427
Taxes for previous years	-27	300
Deferred taxes		
Temporary differences	207	-103
Impact of change in the Finnish tax rate	87	0
Total	531	624

Income tax reconcilliation

€ ('000)	2013	2012
Profit before taxes	1,990	3,332
Tax calculated at the domestic corporation tax rate of 24,5%	487	817
Effect of different tax rates outside Finland	109	-85
Tax exempt income	-401	-244
Non-deductible expenses	30	26
Effect of consolidation	246	-190
Taxes for previous years	-27	300
Impact of change in the Finnish tax rate	87	0
Income taxes in the Group Income Statement	531	624

After completing a tax audit 2010-2011 in Finland, the Finnish tax authorities asserted that some of the operations of the Group's parent company, CapMan Plc, include financial services exempt from VAT and that the parent company should not deduct VAT on certain costs incurred as a result. CapMan Plc disagrees with this assertion and has appealed the decision and submitted a request for rectification. The claim from the tax authorities is approximately MEUR 1.0. CapMan has not booked a contingency to cover this in its Financial Statements for 2011, 2012 or 2013.

11. EARNINGS PER SHARE

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

	2013	**2012**
Attributable to the equity holders of the Company, € ('000)	1,459	2,708
Interest expense on hybrid bond (net of tax) € ('000)	-2,436	-2,463
Profit/loss used determine diluted earnings per share € ('000)	-977	245
Weighted average number of shares ('000)	84,295	84,281
Own shares ('000)	-26	-26
Weighted average number of shares ('000)	84,269	84,255
Effect of options ('000)	0	0
Weighted average number of shares adjusted for the effect of dilution ('000)	84,269	84,255
Earnings per share (basic), cents	-1.2	0.3
Earnings per share (diluted), cents	-1.2	0.3

12. TANGIBLE ASSETS

€ ('000)	2013	2012
Machinery and equipment		
Acquisition cost at 1 January	1,907	1,784
Additions	35	143
Disposals	0	-20
Acquisition cost at 31 December	1,942	1,907
Accumulated depreciation at 1 January	-1,663	-1,466
Accumulated depreciation in changes	-7	-7
Depreciation for the financial year	-110	-190
Accumulated depreciation at 31 December	-1,780	-1,663
Book value on 31 December	162	244
Other tangible assets		
Acquisition cost at 1 January	120	120
Book value on 31 December	120	120
Tangible assets total	282	364

13. GOODWILL

€ ('000)	2013	2012
Acquisition cost at 1 January	13,169	13,169
Disposals	0	0
Acquisition cost at 31 December	13,169	13,169
Accumulated impairment at 1 January	-6,965	-6,965
Accumulated impairment at 31 December	-6,965	-6,965
Book value on 31 December	6,204	6,204

Impairment testing of goodwill

The majority of goodwill consists of CapMan's acquisition on 27 August 2008 of private equity house Norum, whose goodwill was €5.7 million as at 31 December 2013.

The management of the Russian funds form a cash generating unit. Cash flow projections have been prepared for ten years with no residual value consideration. The cash flow is based on a long term contract, whereby the cash flows for the current fund can be estimated with reasonable reliability. The discount percentage used is 12.7%. There is no significant country risk attached to these cash flows, as they relate to management fees received from international investors.

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

14. OTHER INTANGIBLE ASSETS

€ ('000)	2013	2012
Acquisition cost at 1 January	5,065	4,828
Additions	109	237
Acquisition cost at 31 December	5,174	5,065
Accumulated depreciation at 1 January	-3,574	-2,947
Depreciation for the financial year	-554	-632
Translation difference	1	5
Accumulated depreciation at 31 December	-4,127	-3,574
Book value on 31 December	1,047	1,491

Other intangible assets include software €0.2 million and the management fee agreement of €0.7 million regarding the purchase of Norum.

15. INVESTMENTS IN ASSOCIATED COMPANIES

€ ('000)	2013	2012
Acquisition cost at 1 January	5,170	4,563
Share of the result	-610	607
Additions / disposals	5,023	0
Acquisition cost at 31 December	9,583	5,170

In June, CapMan transferred its ownership in 2005-2011 Maneq funds (including equity and loan receivables) to a Luxembourg company founded by CapMan and sold part of that company for a cash consideration of MEUR 14. After the transaction, the Group's share of the Maneq funds is approx. MEUR 9.6, including the loan of MEUR 6.7, at fair value as of 31 December 2013.

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

2013

€ ('000)						
Associated companies:						
		Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd	Jersey	34	0	0	-19	33.33%
Baltic SME Management B.V.	The Netherlands	3	12	0	-15	33.33%
Maneq 2002 AB	Sweden	241	1	26	-10	35.00%
Maneq 2004 AB	Sweden	533	1	443	457	41.90%
Maneq Investments Luxembourg S.a.r.l.	Luxembourg	22,183	16,720	0	19	18.18%
Yewtree Holding AB	Sweden	679	1	0	-83	35.00%
Total		23,673	16,735	469	349	

2012

€ ('000)						
Associated companies:						
		Assets	Liabilities	Turnover	Profit/loss	Ownership %
BIF Management Ltd	Jersey	53	0	144	-11	33.33%
Baltic SME Management B.V.	The Netherlands	14	13	0	-17	33.33%
Maneq 2002 AB	Sweden	416	0	0	-8	35.00%
Maneq 2004 AB	Sweden	568	7	133	154	41.90%
Maneq 2005 AB	Sweden	5,165	1,748	169	384	33.60%
Maneq 2006 AB	Sweden	2,644	2	0	10	33.60%
Maneq 2007 AB	Sweden	8,205	5,862	0	127	37.40%
Maneq 2008 AB	Sweden	15,918	11,883	49	469	33.80%
Maneq 2009 AB	Sweden	2,789	2,470	0	-139	34.40%
Maneq 2010 AB	Sweden	3,421	1,972	0	-19	32.40%
Maneq 2011 AB	Sweden	2,176	1,533	0	40	36.40%
Yewtree Holding AB	Sweden	846	1	47	204	35.00%
Total		42,215	25,491	542	1,194	

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

€ ('000)	2013	2012
Investments in funds		
Investments in funds at 1 January	74,465	70,167
Additions	5,496	6,333
Disposals	-14,098	-4,042
Fair value gains/losses of investments	-1,741	2,007
Investments in funds at 31 December	64,122	74,465

The cumulative fair value losses of investments in funds are €6.3 million (2012: €8.0 million).

Investments in funds at fair value through profit and loss at the end of period

€ ('000)	2013	2012
Buyout	33,897	39,562
Mezzanine	2,660	3,647
Russia	4,036	4,202
Public Market	5,296	4,009
Real Estate	7,345	6,862
Others	8,153	11,833
Access	2,735	4,350
Total	64,122	74,465
Other financial assets		
Other investments at 1 January	99	597
Additions/disposals	-5	-498
Other investments at 31 December	94	99

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 policies*.

17. RECEIVABLES - NON-CURRENT

€ ('000)	**2013**	**2012**
Loan receivables from associated companies 1)	0	18,721
Other loan receivables 2)	2,094	1,217
Other receivables 3)	338	19
Total	2,432	19,957

Loan receivables from associated companies are presented in Table *32. Related party disclosures.*

Other loan receivables include receivables from Norum Russia Co-Investment Ltd €1.1 million and receivables from NEP Priedvidza S.a.r.l. €0.6 million.

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

1) Loan receivables from associated companies

€ ('000)	**2013**	**2012**
Senior loans	0	8,792
Mezzanine loans	0	9,929
Other loans receivables	0	0
Total	0	18,721

2) Other loan receivables

€ ('000)	**2013**	**2012**
Other loans receivables	2,094	1,217
Total	2,094	1,217

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

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

18. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes during 2013:

€ (‘000)	31.12.2012	Charged to Income Statement	Charged in equity	31.12.2013
Deferred tax assets				
Accrued differences	1,463	-156	0	1,307
Fair value gains/losses of investments	294	-222	0	72
Employee benefits	526	-423	29	132
Interest expense on hybrid bond	2,398	0	202	2,600
Total	4,681	-801	231	4,111
Deferred tax liabilities				
Accrued differences	2,360	-507	-81	1,772
Employee benefits	0	0	48	48
Total	2,360	-507	-33	1,820

Changes in deferred taxes during 2012:

€ (‘000)	31.12.2011	Charged to Income Statement	Charged in equity	31.12.2012
Deferred tax assets				
Accrued differences	1,723	-260	0	1,463
Fair value gains/losses of investments	572	-278	0	294
Employee benefits	100	323	103	526
Interest expense on hybrid bond	1,630	0	768	2,398
Total	4,025	-215	871	4,681
Deferred tax liabilities				
Accrued differences	2,569	-256	0	2,313
Employee benefits	0	0	47	47
Total	2,569	-256	47	2,360

19. TRADE AND OTHER RECEIVABLES

€ ('000)	2013	2012
Trade receivables	472	470
Receivables from associated companies	51	691
Loan receivables	73	28
Accrued income	1,895	1,256
Other receivables	2,708	6,087
Total	5,199	8,532

The Group has had no bad debts.

Accrued income includes mainly accrual items.

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		3,641	70%
NOK	1,049	125	2%
SEK	12,694	1,433	28%

20. OTHER FINANCIAL ASSETS AT FAIR VALUE

€ ('000)	2013	2012
Other financial assets at fair value	361	365
Total	361	365

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

21. CASH AND BANK

€ ('000)	2013	2012
Bank accounts	17,004	6,625
Total	17,004	6,625

Cash and bank includes bank accounts.

22. NON-CURRENT ASSETS HELD FOR SALE

€ (‘000)	**2013**	**2012**
Non-current assets held for sale at fair value	0	848
1% share of Access Capital Partners Group S.A.		
Total	0	848

CapMan sold 1% of Access shares in 2013.

23. SHARE CAPITAL AND SHARES

Movements in the number of shares:	Number of A shares ('000)	Number of B shares ('000)	Total ('000)
At 31 December 2011	5,750	78,532	84,282
At 31 December 2012	5,750	78,532	84,282
Share issue		985	985
At 31 December 2013	5,750	79,517	85,267

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

The total authorised number of ordinary shares is A 156,000,000 and B 156,000,000.

All issued shares are fully paid.

	Share capital € ('000)	Share premium account € ('000)	Other reserves € ('000)	Total € ('000)
At 31 December 2011	772	38,968	38,679	78,419
Options	0	0	135	135
At 31 December 2012	772	38,968	38,814	78,554
Share issue	0	0	877	877
Options	0	0	416	416
Issue of hybrid bond	0	0	15,000	15,000
Redemption of hybrid bond	0	0	-29,000	-29,000
At 31 December 2013	772	38,968	26,107	65,847

Other reserves

Unrestricted equity reserve includes granted stock option subscription rights. The stock option programs are presented in *Note 30. Share-based payments*.

CapMan issued a MEUR 15 hybrid bond on 11 December 2013. The annual coupon rate of the new hybrid bond is 8.0%. The interest of the bond will be paid annually. The hybrid bond has no maturity, but CapMan has the right to call it four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions.

The hybrid bond is treated as equity in the Group's financial statements under IFRS.

CapMan redeemed its MEUR 29 hybrid bond on 18 December 2013 in accordance with the bond terms.

Translation difference

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

Dividends paid and proposal for profit distribution

The Board of Directors will propose to the Annual General Meeting to be held on 19 March 2014 that a dividend of EUR 0.04 per share, representing a total of MEUR 3.4. No dividend was paid for the year 2012.

Changes to the opening balance 1 January 2012

1. A mistake has been noted in the valuation of investments in associated companies relating to the booking of the interest receivables.

2. Defined pension benefits

Balance sheet 1 Jan 2012	Previously reported figures	1. Change	2. Change	Revised figures
Investments in associated companies	8,347	-3,784	0	4,563
Deferred income tax assets	4,025	0	103	4,128
Equity	88,241	-3,784	-113	84,344
Deferred income tax liabilities	2,569	0	47	2,616
Post-employment benefits	0	0	169	169

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 2013 CapMan Plc had no knowledge of agreements or arrangements related to the Company's ownership and voting rights that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of A and B shareholdings by number of shares and sector as at 31 December 2013

Shareholding	Number of holdings	%	Number of shares	%	Number of votes	%
1 – 100	1,060	16.14%	51,036	0.06%	51,036	0.04%
101 – 1 000	2,877	43.81%	1,597,834	1.87%	1,597,834	1.17%
1 001 – 10 000	2,257	34.37%	7,636,647	8.96%	7,636,647	5.57%
10 001 – 100 000	310	4.72%	7,342,699	8.61%	8,186,449	5.97%
100 001 -	14	0.21%	54,621,709	64.06%	119,526,316	87.23%
Total	6,567	100.00%	85,248,282	99.98%	136,998,282	99.99%
Nominee registered	9		12,483,102		12,483,102	
On the book-entry register joint account			18,709	0.02%	18,709	0.01%
Total shares outstanding			85,266,991		137,016,991	

Sector	Number of holdings	%	Number of shares	%	Number of votes	%
Corporations	324	4.93%	32,303,313	37.88%	83,772,063	61.14%
Financial and insurance corporations	21	0.32%	15,493,251	18.17%	15,493,251	11.31%
Public sector institutions	6	0.09%	13,388,823	15.70%	13,388,823	9.77%
Households	6,170	93.95%	18,635,332	21.86%	18,635,332	13.60%
Non-profit organisations	26	0.40%	3,566,176	4.18%	3,566,176	2.60%
European Union	19	0.29%	1,792,159	2.10%	2,073,196	1.51%
Other countries and international organisations	1	0.02%	69,228	0.08%	69,228	0.05%
Total	6,567	100.00%	85,248,282	99.98%	136,998,282	99.99%
Nominee registered	9		12,483,102	14.64%	12,483,102	14.64%
On the book-entry register joint account			18,709	0.02%	18,709	0.02%
Total shares outstanding			85,266,991	100.00%	137,016,991	100.00%

Source: Finnish Central Securities Depository Ltd, as at 31 December 2013. Figures are based on the total number of shares 85,266,991 and total number of shareholders 6,567. There are 5,750,000 A shares, which are owned by companies under control or authority of CapMan Plc's Senior Partners. A shares are included in Corporations in the sector breakdown. Largest A share shareholders are presented in the CapMan's largest shareholders as at 31 December 2013 table. CapMan Plc had 26,299 B shares as at 31 December 2013.

CapMan's largest shareholders as at 31 December 2013

	Number of A shares	Number of B shares	Total number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
Ilmarinen Mutual Pension Insurance Company		7,178,500	7,178,500	8.42%	7,178,500	5.24%
OY Inventiainvest AB (Ari Tolppanen**)	2,192,296	4,832,498	7,024,794	8.24%	26,755,458	19.53%
Winsome Oy + Tuomo Raasio*	863,447	2,920,873	3,784,320	4.44%	11,555,343	8.43%
Winsome Oy	863,447	2,867,129	3,730,576	4.38%	11,501,599	8.39%
Tuomo Raasio*		53,744	53,744	0.06%	53,744	0.04%
Varma Mutual Pension Insurance Company		3,675,215	3,675,215	4.31%	3,675,215	2.68%
Joensuun Kauppa Ja Kone Oy		3,627,530	3,627,530	4.25%	3,627,530	2.65%
Vesasco Oy		3,375,158	3,375,158	3.96%	3,375,158	2.46%
Stiftelsen för Åbo Akademi		3,000,000	3,000,000	3.52%	3,000,000	2.19%
Heiwes Oy + Heikki Westerlund**	1,253,896	1,718,260	2,972,156	3.49%	14,257,220	10.41%
Heiwes Oy	1,253,896	1,440,584	2,694,480	3.16%	13,979,544	10.20%
Heikki Westerlund		277,676	277,676	0.33%	277,676	0.20%
Geldegal Oy** + Mom Invest Oy** + Olli Liitola*	1,144,984	1,467,103	2,612,087	3.06%	12,916,943	9.43%
Geldegal Oy	1,144,984	808,359	1,953,343	2.29%	12,258,199	8.95%
Mom Invest Oy		613,744	613,744	0.72%	613,744	0.45%
Olli Liitola*		45,000	45,000	0.05%	45,000	0.03%
The State Pension Fund		2,500,000	2,500,000	2.93%	2,500,000	1.82%
Sr. Taaleritehdas Arvo Markka Osake		2,300,000	2,300,000	2.70%	2,300,000	1.68%
Sr Arvo Finland Value		1,395,441	1,395,441	1.64%	1,395,441	1.02%
Guarneri Oy + Petri Saavalainen*	201,627	809,302	1,010,929	1.19%	2,825,572	2.06%
Guarneri Oy	201,627	494,414	696,041	0.82%	2,510,684	1.83%
Petri Saavalainen		314,888	314,888	0.37%	314,888	0.23%
Icecapital Pankkiiriliike Oy		903,124	903,124	1.06%	903,124	0.66%
Erikoissijoitusrahasto Fourton Fokus Suomi		670,000	670,000	0.79%	670,000	0.49%
Nordea Henkivakuutus Suomi Oy		600,000	600,000	0.70%	600,000	0.44%
Erikoissijoitusrahasto Visio Allocator		557,661	557,661	0.65%	557,661	0.41%
Mandatum Life		541,000	541,000	0.63%	541,000	0.39%
Stadigh Kari Henrik		476,959	476,959	0.56%	476,959	0.35%
Enabla Oy		465,505	465,505	0.55%	465,505	0.34%
Total	5,656,250	43,014,129	48,670,379	57.08%	88,490,362	64.59%
Nominee registered		12,483,102	12,483,102		12,483,102	9.11%
Shareholdings of management and employees* **	5,656,250	12,772,414	18,428,664	21.61%	69,748,164	50.90%

Below is a list of flagging notifications that CapMan Plc has received regarding transactions in 2013. Updated information of all flagging notifications can be found at www.capman.com.

Two flagging notifications were issued during the year. In December a flagging notification was issued due to an increase of total shares outstanding of CapMan Plc by 985 225 shares following share subscriptions based on stock options 2008B. As a result, Gimv NV's share of the total number of shares in CapMan Plc fell below 10%. On September 20 CapMan disclosed a flagging notification related to Eläkekassa Verso's shareholding decreasing below 5% as a result of share transactions on 19 September 2013.

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

24. INTEREST-BEARING LOANS AND BORROWINGS – NON CURRENT

€ ('000)	2013	2012
Bank loans	10,854	22,678
Senior bond	15,000	0
Total	25,854	22,678

The loan is amortised twice a year with the final payment due in 6 June 2017.

The interest is paid quarterly.

The senior bond will have an annual coupon rate of 5.5% and a maturity of four years.

25. OTHER LIABILITIES – NON CURRENT

€ ('000)	2013	2012
Other liabilities	0	1,241
Total	0	1,241

Other liabilities include the liability of the sabbatical leave program €1.2 million in 2012.

26. TRADE AND OTHER PAYABLES - CURRENT

€ (‘000)	2013	2012
Trade payables	476	860
Advance payments received	347	894
Accrued expenses	9,868	10,678
Other liabilities	653	787
Total	11,344	13,219

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

Trade and other liabilities by currency at end of year

Trade and other liabilities

	Amount in foreign currency	Amount in euros	Proportion
EUR		9,510	84%
NOK	4,831	578	5%
SEK	6,699	756	7%

27. INTEREST-BEARING LOANS AND BORROWINGS - CURRENT

€ (‘000)	2013	2012
Bank loans	6,000	9,500
Derivative instruments at fair value	0	285
Total	6,000	9,785

28. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY 2013

Valuation principles	Loans and other receivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
€ ('000)	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		64,122		64,122	64,122
Receivables					
Interest-bearing loan receivables from associated companies				0	0
Interest-bearing other loan receivables	2,094			2,094	2,094
Other receivables	338			338	338
Current assets					
Trade and other receivables	5,199			5,199	5,199
Other financial assets at fair value		361		361	361
Cash and bank	17,004			17,004	17,004
Total	24,635	64,483	0	89,118	89,118
Non-current interest-bearing loans					
Interest-bearing loans			25,854	25,854	25,854
Other liabilities					
Current liabilities			11,344	11,344	11,344
Trade and other liabilities			6,000	6,000	6,000
Interest-bearing loans and borrowings	0	0	43,198	43,198	43,198
Total					

Classification of financial assets and liabilities by valuation category 2012

Valuation principles	Loans and other receivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
€ ('000)	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		74,465		74,465	74,465
Receivables					
Interest-bearing loan receivables from associated companies	18,721			18,721	18,721
Interest-bearing other loan receivables	1,217			1,217	1,217
Trade and other receivables	19			19	19
Current assets					
Trade and other receivables	8,532			8,532	8,532
Other financial assets at fair value		365		365	365
Cash and bank	6,625			6,625	6,625
Total	35,114	74,830	0	109,944	109,944
Non-current interest-bearing loans					
Interest-bearing loans			22,678	22,678	22,678
Other liabilities			1,241	1,241	1,241
Current liabilities					
Trade and other liabilities			13,219	13,219	13,219
Interest-bearing loans and borrowings			9,785	9,785	9,785
Total	0	0	46,923	46,923	46,923

29. COMMITMENTS AND CONTINGENT LIABILITIES

Leasing agreements - CapMan Group as lessee

€ ('000)	**2013**	**2012**
Other hire purchase commitments		
Within one year	1,998	2,093
After one but not more than five years	3,133	4,474
Beyond five years	0	318
Total	5,131	6,885

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

Securities and other contingent liabilities

€ ('000)	**2013**	**2012**
Contingencies for own commitment		
Mortgage bonds	60,000	60,000
Pledged deposit for own commitment	1	1
Commitments to Maneq funds	4,290	5,113
Other contingent liabilities	35	484

Remaining commitments to funds		
by investment area		
Buyout	14,929	10,786
Mezzanine	4,257	4,540
Russia	2,500	1,023
Public Market	1,349	1,059
Real Estate	2,664	813
Other	3,410	2,975
Access	1,196	1,260
Total	30,305	22,456

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

30. SHARE-BASED PAYMENTS

CapMan Plc had two stock option programs at the end of 2013.
The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive and commitment program for the Group key personnel.

The fair value of stock options has been assessed at the grant date and expensed straight-line in the income statement over the vesting period.

Fair value of options at the grant date is determined in accordance with the Black&Scholes model.

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

	Stock option program 2008		**Stock option program 2013**	
	Stock option 2008B	Stock option 2013A	Stock option 2013B	Stock option 2013C
Stock options, number	2,135,000	1,410,000	1,410,000	1,410,000
Entitlement to subscribe for B shares	2,135,000	1,410,000	1,410,000	1,410,000
Share subscription period begins	1.5.2012	1.5.2016	1.5.2017	1.5.2018
Share subscription period ends	31.12.2013	30.4.2018	30.4.2019	30.4.2020
Share subscription price	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.5.-30.6.2009 with an addition of ten (10) per cent less dividends i.e. €0.89	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.-31.5.2013 with an addition of ten (10) per cent less dividends i.e. €0.92	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.-31.5.2014 with an addition of ten (10) per cent less dividends	Trade volume weighted average price of the B share on the Nasdaq OMX Helsinki 1.4.-31.5.2015 with an addition of ten (10) per cent less dividends
Number of shares subscribed with stock options as at 31 December 2013	985,225			
Information applied in the Black&Scholes model				
	Stock option 2008B	Stock option 2013A		
Expected volatility	20.00%	30.88%		
Risk-free interest	2.75%	0.76%		

Shares and stock options

	Issued stock options	Distributed stock options 31.12.2013	Subscribed stock options 31.12.2013	Remaining stock options 31.12.2013	Remaining distributed stock options 31.12.2013	Shares 31.12.2013		Stock options 31.12.2013			
						of shares %	of votes %	of shares %	of votes %	of shares %	of votes %
								if all distributed stock options will be exercised		if all stock options of option programs will be exercised	
A shares	5,750,000					6.7%	42.0%				
B shares	79,516,991					93.3%	58.0%				
2008B options	2,135,000	2,070,000	985,225,	1,149,775	1,084,775			1.3%	0.8%	1.3%	0.8%
2013A options	1,410,000	1,125,000						1.3%	0.8%	1.7%	1.0%

31. POST-EMPLOYMENT BENEFITS

In Norway, CapMan has a pension scheme classified as a defined benefit plan.

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries.

The amounts recognised in the balance sheet are determined as follows

€ ('000)	2013	2012
Present value of funded obligations	767	546
Fair value assets	-468	-377
Liability in balance sheet	299	169

The expenses recognised in the income statement

€ ('000)	2013	2012
Current service cost	99	0
Interest expense	7	0
Total	106	0

The expenses recognised in the comprehensive income statement

€ ('000)	2013	2012
Remeasurements	103	0

The amounts recognised in the balance sheet

€ ('000)	2013	2012
Net liability at beginning of the period	169	169
Costs recognised in income statement	106	0
Paid contributions and benefits	-106	0
Reclassifications	130	0
Net liability at end of the period	299	169

The significant actuarial assumptions

€ ('000)	2013	2012
	Norway	Norway
Discount rate	4.00%	3.90%
Salary growth rate	3.75%	3.50%
Pension growth rate	0.60%	0.20%

32. RELATED PARTY DISCLOSURES

Subsidiaries		Group ownership of shares, %	Parent company ownership of shares, %
CapMan Capital Management Oy	Finland	100%	100%
CapMan Sweden AB	Sweden	100%	100%
CapMan Holding AB	Sweden	100%	100%
CapMan AB	Sweden	100%	
CapMan Norway AS	Norway	100%	100%
CapMan (Guernsey) Limited	Guernsey	100%	100%
CapMan Mezzanine (Guernsey) Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout VIII GP Limited	Guernsey	100%	100%
CapMan (Sweden) Buyout VIII GP AB	Sweden	100%	100%
CapMan Classic GP Oy	Finland	100%	100%
CapMan Real Estate Oy	Finland	100%	100%
Dividum Oy	Finland	100%	100%
CapMan RE I GP Oy	Finland	100%	100%
CapMan RE II GP Oy	Finland	100%	100%
CapMan (Guernsey) Life Science IV GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Technology 2007 GP Limited	Guernsey	100%	100%
CapMan (Sweden) Technology Fund 2007 GP AB	Sweden	100%	100%
CapMan Hotels RE GP Oy	Finland	100%	100%
CapMan Public Market Manager S.A.	Luxembourg	100%	100%
CapMan Private Equity Advisors Limited	Cyprus	100%	100%
CapMan (Guernsey) Russia GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Investment Limited	Guernsey	100%	100%
CapMan (Guernsey) Buyout IX GP Limited	Guernsey	100%	100%
CapMan Fund Investments SICAV-SIF	Luxembourg	100%	100%
CapMan Mezzanine V Manager S.A.	Luxembourg	100%	100%
CapMan PSH GP Oy	Finland	100%	100%
CapMan (Guernsey) Buyout X GP Limited	Guernsey	100%	100%
CapMan (Guernsey) Russia II GP Limited	Guernsey	100%	100%
Maneq 2012 AB	Sweden	100%	100%
CapMan Nordic Real Estate Manager S.A.	Luxembourg	100%	100%
CapMan Buyout X GP Oy	Finland	100%	100%
CapMan Endowment GP Oy	Finland	100%	100%

Investments in associated companies are presented in Note *15. Investments in associated companies*.

The investments in associated companies include the investment of the Maneq funds approx. MEUR 9.6, including the loan MEUR 6.7, at fair value as of 31 December 2013.

Loan receivables from related parties as at 31 December 2013, M€	Non-current loan receivable 2013	Non-current loan receivable 2012
Maneq 2005 AB	0.0	1.7
Maneq 2007 AB	0.0	5.7
Maneq 2008 AB	0.0	7.6
Maneq 2009 AB	0.0	1.9
Maneq 2010 AB	0.0	0.9
Maneq 2011 AB	0.0	0.9

The commitments and contingent liabilities to related parties are presented in Note 29. Commitments and contingent liabilities, Maneq funds.

Management remuneration

€ ('000)		2013	2012
Salaries and other short-term employee benefits		2,792	3,092
Termination benefits		360	0
Other long-term benefits		686	922
Share-based payments		20	158
Total		3,858	4,172
Remuneration and fees			
CEO	Period		
Lennart Simonsen	1.1.-21.12.2012	0	438
Lennart Simonsen	1.1.-8.2.2013	395	
Niko Haavisto	8.2.-7.8.2013	234	
Heikki Westerlund	7.8.-31.12.2013	143	
Members of the Board			
Claes de Neergaard		41	52
Koen Dejonckheere *		0	0
Karri Kaitue		50	42
Nora Kerppola		48	54
Teuvo Salminen		16	61
Ari Tolppanen		27	0
Heikki Westerlund, prior member of the board		33	55
Conny Karlsson, prior member of the board		0	14

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

Pension costs

€ ('000)		2013	2012	2013	2012
		Pension costs		Additional pension costs	
CEO	Period				
Lennart Simonsen	1.1.-21.12.2012	0	80	0	17
Lennart Simonsen	1.1.-8.2.2013	6		0	
Niko Haavisto	8.2.-7.8.2013	43		7	
Heikki Westerlund	7.8.-31.12.2013	26		6	

Management remuneration includes members of the board, CEO and management group. The CEO has a 12-month mutual notice period. No special severance fee has been agreed upon for the potential termination of the CEO's agreement with the company. The CEO and Management Group members are covered by additional payment-based pension insurance. The retirement age of the CEO is determined to the Finnish legislation. In 2013 the Management Group members were granted 800 000 stock options (2012; 400 000). The stock options granted to the management are subject to the same terms as for stock options granted to employees.

33. FINANCIAL RISK MANAGEMENT

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

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

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

a) Liquidity risk

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

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

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

The CapMan Real Estate I fund transferred into carry in 2007. At the end of 2013, a total of MEUR 42.3 in paid-in capital, together with the preferred return to be paid on that capital, had yet to be returned to investors. In light of the current market situation, it is considered unlikely that any further carried interest would be paid from the CapMan Real Estate I fund. Of the 2007 carried interest, some MEUR 6.4 was not entered in CapMan’s profit in 2007 but instead left in a reserve in case that some of the carried interest would have to be returned to investors in future. It is possible that the required return of carried interest will exceed the reserved amount at the time of terminating the fund.

CapMan has made commitments to the funds it manages. Most of the existing commitments are typically called in to the funds within the next four years. As at 31 December 2013 the undrawn commitments to the funds amount to €30.3 (€22.5 million) and the financing capacity available (cash and third party financing facilities) amount to €30 million (€19.4 million).

Maturity analysis

31 December 2013, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			10,854	15,000
Current financial liabilities				
Accounts payable	476			
Interest-bearing loans and borrowings		6,000		
Accrued interests	106			

Maturity analysis

31 December 2012, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			20,000	2,678
Current financial liabilities				
Accounts payable	860			
Interest-bearing loans and borrowings	5,000	4,785		
Accrued interests	83			

b) Interest rate risk

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

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

Loans according to interest rate € ('000)	2013	2012
Floating rate	10,854	7,678
Floor and ceiling contracts	0	0
Fixed rate	15,000	15,000
Total	25,854	22,678

€ ('000)	The effect on profit after tax Change in interest rates		
	+1%	-1%	+2%
Floating rate	82	-82	164

Excluding the change in fair value of derivative instruments.

c) Credit risk

In June, CapMan transferred its ownership in 2005-2011 Maneq funds (including equity and loan receivables) to a Luxembourg company founded by CapMan and sold part of that company for a cash consideration of MEUR 14. After the transaction, the Group's share of the Maneq funds is approx. MEUR 10 at fair value as of 31 December 2013. The Group's holdings in Maneq funds are shown in the balance sheet as investments in associated companies. Following the transaction, CapMan has a loan receivable from the Luxembourg company, but the risk profile of this receivable is like that of an equity investment, and CapMan therefore no longer has any significant credit risk.

Until 2012 the credit risk was limited mostly to loans receivable from Maneq funds, which are funds coinvesting alongside actual CapMan funds. CapMan typically had 35-40% ownership in the Maneqs, and CapMan had also provided senior and mezzanine loans to these companies.

2012

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	12,385	12,385	10,089
Funds where fair value > receivables	10,765	10,765	12,760
	23,150	23,150	22,849
Other loan receivables	1,217	1,217	n/a
Total	24,367	24,367	

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

d) Currency risk

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

e) Capital management

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

The long-term targets and dividend policy of the Group have been confirmed by the Board of Directors of CapMan Corporation. The targets are based on profitability (ROE) and balance sheet. The target for Return on equity is over 20% p.a. and Equity ratio of at least 60%. CapMan's target is to payout dividend at least 50% of net profit. The company's financial position and cash flows shall be taken into consideration when determining the annual dividend payout ratio.

At the end of 2013 CapMan issued a €15 million senior bond and a €15 million hybrid bond. The proceeds were used to replace CapMan's €29 million hybrid bond, which was issued in December 2008.

CapMan Plc's bank loans include financing covenants, which are conditional to the equity ratio, the ratio of interest bearing bank loans to fund investments from the balance sheet and the level of rolling 12 month EBITDA.

€ ('000)	**2013**	**2012**
Interest-bearing loans	31,854	32,463
Cash and cash equivalents	-17,365	-6,990
Net debt	14,489	25,473
Equity	64,861	79,150
Net gearing	22.3%	32.2%
Return on equity	2.0%	3.2%
Equity ratio	58.9%	61.9%

f) Price risk of the investments in funds

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

Sensitivity analysis of fund investments (excluding funds of funds)

	2013 Impact on result Investments at fair value		**2012** Impact on result Investments at fair value	
	Change -10%	Change +10%	Change -10%	Change +10%
Buyout	-3.39	3.39	-3.96	3.96
Russia	-0.40	0.40	-0.50	0.50
Public Market	-0.53	0.53	-0.68	0.68
Credit	-0.27	0.27	-0.42	0.42
Real Estate	-0.73	0.73	-0.40	0.40
Access	-0.27	0.27	-0.36	0.36
Other	-0.82	0.82	-1.18	1.18
	-6.41	6.41	-7.50	7.50

The group's assets measured at fair value at 31 December 2013.

The different levels have been defined as follows:
Level 1 Quoted prices (unadjusted) in active markets for identical assets
Level 2 Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as price) or indirectly (that is, derived from prices)
Level 3 The asset that is not based on observable market data

€ ('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss investments in funds				
at Jan 1		4,008	70,457	74,465
Additions		61	5,435	5,496
Distributions		-838	-13,260	-14,098
Fair value gains/losses on investments		2,064	-3,805	-1,741
at the end of period		5,295	58,827	64,122

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

The group's assets measured at fair value at 31 December 2012.

€ ('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss investments in funds				
at Jan 1		3,631	66,536	70,167
Additions		63	6,270	6,333
Distributions		-206	-3,836	-4,042
Fair value gains/losses on investments		520	1,487	2,007
at the end of period		4,008	70,457	74,465

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

Valuation of CapMan funds' investment targets 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. Fair value is the best estimate for the amount at which an investment could be exchanged on a reporting date in an arm's length transaction between knowledgeable and willing parties.

The determination of the fair value of fund investments for funds investing in portfolio companies is done applying the International Private Equity and Venture Capital Valuation Guidelines (“IPEVG”), taking into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

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

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.

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.–31.12.2013	1.1.–31.12.2012
Turnover	1	4,177,520.80	2,925,160.94
Other operating income	2	1,309,898.20	2,241,872.58
Employee benefit expenses	3	-4,143,272.46	-4,006,296.70
Depreciation	4	-450,357.81	-567,400.81
Other operating expenses	5	-3,650,551.59	-4,758,325.79
Operating loss		-2,756,762.86	-4,164,989.78
Finance income and costs	6	9,717,706.96	5,585,219.18
Profit before extraordinary items		6,960,944.10	1,420,229.40
Extraordinary items	7	2,770,000.00	3,775,000.00
Profit before taxes		9,730,944.10	5,195,229.40
Income taxes	8	106,555.78	-293,588.37
Profit for the financial year		9,837,499.88	4,901,641.03

Parent Company Balance Sheet (FAS)

€	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Intangible assets	9	332,060.24	620,048.04
Tangible assets	10	147,559.41	187,429.96
Investments	11		
Shares in subsidiaries		78,340,451.81	74,740,236.53
Investments in associated companies		2,073,060.38	5,867,097.50
Other investments		3,029,034.18	3,102,670.89
Investments total		83,442,546.37	83,710,004.92
		83,922,166.02	84,517,482.92
Current assets			
Long-term receivables	12	14,990,917.89	24,065,142.55
Short-term receivables	13	8,641,405.26	11,982,734.77
Marketable securities		41,466.09	41,497.55
Cash and bank		10,568,930.32	546,173.27
		34,242,719.56	36,635,548.14
Total assets		118,164,885.58	121,153,031.06
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted shareholders' equity		7,876,590.92	6,999,740.67
Retained earnings		5,778,399.30	876,758.27
Profit for the financial year		9,837,499.88	4,901,641.03
		63,232,263.32	52,517,913.19

Liabilities			
Non-current liabilities	15	40,854,068.04	51,780,236.87
Current liabilities	16	14,078,554.22	16,854,881.00
		54,932,622.26	68,635,117.87
Total shareholders' equity and liabilities		118,164,885.58	121,153,031.06

Parent Company Cash Flow Statement (FAS)

€	**1.1.–31.12.2013**	1.1.–31.12.2012
Cash flow from operations		
Profit before extraordinary items	6,960,944	1,420,229
Finance income and costs	-9,717,707	-5,585,219
Adjustments to operating profit/loss	502,198	1,799,309
Change in net working capital		
Change in current non-interest-bearing receivables	-397,692	-2,028,567
Change in current trade payables and other non-interest-bearing liabilities	-364,231	-1,567,053
Interest paid	-5,093,534	-4,968,031
Interest received	374,715	1,424,609
Dividends received	13,803,272	8,699,828
Taxes paid	-3,700	-183,333
Cash flow from operations	6,064,265	-988,228
Cash flow from investments		
Investments in tangible and intangible assets	-122,499	-237,092
Proceed from sale of tangible assets	19,000	704,250
Investments in other placements	3,929,139	-1,333,884
Long-term loan receivables granted	-2,054,333	-1,591,876
Repayment of long-term loans	0	1,549,149
Sale of interest in an associated company	14,000,000	0
Proceed from sale of other investments	4,311	2,054,535
Cash flow from investments	15,775,618	1,145,082
Cash flow from financing activities		
Long-term loan receivables granted	-999,082	-600,000
Repayment of long-term loans	250,000	2,400,000
Short-term loan receivables granted	-3,131,000	-5,805,000
Repayment of short-term loans	980,000	4,183,000
Long-term loan receivables granted	30,000,000	40,000,000
Repayment of loans from financial institutions	-44,324,396	-42,196,535
Dividends paid	0	-5,897,883
Other financial assets at fair value	-31	-72
Change in group liabilities	2,637,384	0
Group contributions received	2,870,000	3,775,000
Group contributions paid	-100,000	0
Cash flow from financing activities	-11,817,125	-4,141,490
Change in cash and cash equivalents	10,022,758	-3,984,636
Cash and cash equivalents at beginning of year	546,173	4,530,809
Cash and cash equivalents at end of year	10,568,931	546,173

Notes to the Parent Company Financial Statements (FAS)

Basis of preparation for parent company financial statements

CapMan Plc's financial statements for 2013 have been prepared in accordance with the Finnish Accounting Act.

Foreign currency translation

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

Investments

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

Receivables

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

Non-current liabilities

The financial risk management of CapMan Group is centralised with the parent company. The financial risk management principles are provided in the Notes to the Group financial statements under *33*.

At the end of the year CapMan issued a €15 million senior bond and a €15 million hybrid bond. The proceeds replaced CapMan's €29 million hybrid bond, which was issued in December 2008.

The senior bond and the hybrid bond are recorded as the non-current liability at nominal value. The senior bond will have a maturity of four years. The hybrid bond has no maturity, but CapMan has the right to call it four years from the issue date. The company has an option to call the bond in two years the earliest from the issue date in accordance with certain terms and conditions.

Leases

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

Provisions

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

Pensions

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

Revenue recognition

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

Income taxes

Income taxes are recognised based on Finnish tax law. Deferred taxes are calculated on temporary differences between the carrying amount and the tax base. Deferred taxes have been measured at the statutory tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax is realised.

1. TURNOVER BY REGION

€	2013	2012
Finland	1,837,719	1,428,572
Foreign	2,339,802	1,496,589
Total	4,177,521	2,925,161

2. OTHER OPERATING INCOME

€	2013	2012
Gains from sale of tangible assets	19,000	187,338
Other	1,290,898	2,054,535
Total	1,309,898	2,241,873

3. PERSONNEL

		2013	2012
Salaries and wages		3,502,639	3,429,882
Pension expenses		550,482	485,776
Other personnel expenses		90,152	90,639
Total		4,143,273	4,006,297
Salaries and other remuneration of the CEO	period		
Lennart Simonsen	1.1.–31.12.2012	0	437,690
Lennart Simonsen	1.1.–8.2.2013	395,100	
Niko Haavisto	8.2.–7.8.2013	234,346	
Heikki Westerlund	7.8.–31.12.2013	142,227	
Board members		214,570	278,400
Average number of employees		32	39

Management remuneration is presented in the Group Financial Statements Table *32. Related party disclosures.*

4. DEPRECIATION

€	2013	2012
Depreciation by asset type:		
Intangible rights	138,100	132,739
Other long-term expenditure	258,923	337,937
Machinery and equipment	53,334	96,725
Total	450,357	567,401

5. OTHER OPERATING EXPENSES

€	2013	2012
Other personnel expenses	264,807	202,841
Office expenses	757,755	777,056
Travelling and entertainment	197,729	418,137
External services	2,178,955	1,947,295
Other operating expenses	251,306	1,412,996
Total	3,650,552	4,758,325
Audit fees		
PricewaterhouseCoopers Oy,		
Authorised Public Accountants		
Audit fees	102,964	40,339
Tax advices	8,458	16,433
Other fees and services	71,875	39,691
Total	183,297	96,463

6. FINANCE INCOME AND COSTS

€	2013	2012
Dividend income		
Group companies	13,600,000	8,489,179
Associated companies	182,000	183,420
Other	21,272	27,229
Total	13,803,272	8,699,828
Other interest and finance income		
Group companies	181,207	183,836
Others	684,247	1,671,374
Total	865,454	1,855,210
Interest and other finance costs		
Group companies	-116,427	-239,773
Others	-4,834,592	-4,730,046
Total	-4,951,019	-4,969,819
Finance income and costs total	9,717,707	5,585,219

7. EXTRAORDINARY ITEMS

€	2013	2012
Extraordinary income		
Group contributions received	2,870,000	3,775,000
Extraordinary expenses		
Group contributions paid	-100,000	0

8. INCOME TAXES

€	2013	2012
Income taxes	106,556	-110,256
Deferred taxes	0	-183,332
Total	106,556	-293,588

9. INTANGIBLE ASSETS

€	2013	2012
Intangible rights		
Acquisition cost at 1 January	828,188	643,188
Additions	0	185,000
Acquisition cost at 31 December	828,188	828,188
Accumulated depreciation at 1 January	-584,235	-451,495
Depreciation for financial year	-138,100	-132,739
Accumulated depreciation at 31 December	-722,335	-584,234
Book value on 31 December	105,853	243,954
Other long-term expenditure		
Acquisition cost at 1 January	2,207,698	2,155,606
Additions	109,036	52,092
Acquisition cost at 31 December	2,316,734	2,207,698
Accumulated depreciation at 1 January	-1,831,603	-1,493,667
Depreciation for financial year	-258,923	-337,937
Accumulated depreciation at 31 December	-2,090,526	-1,831,604
Book value on 31 December	226,208	376,094
Intangible rights total	332,061	620,048

10. TANGIBLE ASSETS

€	2013	2012
Machinery and equipment		
Acquisition cost at 1 January	888,630	908,455
Additions	13,464	0
Disposals	0	-19,825
Acquisition cost at 31 December	902,094	888,630
Accumulated depreciation at 1 January	-820,877	-724,152
Depreciation for financial year	-53,334	-96,725
Accumulated depreciation at 31 December	-874,211	-820,877
Book value on 31 December	27,883	67,753
Other tangible assets		
Acquisition cost at 1 January	119,677	119,677
Book value on 31 December	119,677	119,677
Tangible assets total	147,560	187,430

11. INVESTMENTS

€	2013	2012
Shares in subsidiaries		
Acquisition cost at 1 January	74,740,237	71,370,192
Additions	3,761,478	4,391,054
Disposals	-161,263	-1,021,009
Acquisition cost at 31 December	78,340,452	74,740,237
Shares in associated companies		
Acquisition cost at 1 January	5,867,098	5,675,117
Additions	1,073,608	205,164
Disposals	-4,867,645	-13,184
Acquisition cost at 31 December	2,073,061	5,867,097
Shares, other		
Acquisition cost at 1 January	3,102,670	3,641,368
Additions	115,372	314,301
Disposals	-189,009	-852,999
Acquisition cost at 31 December	3,029,033	3,102,670
Investments total	83,442,546	83,710,004

The subsidiaries and the associated companies are presented in the Notes to the Consolidated Financial Statements, Note *32. Related party disclosures*.

12. LONG-TERM RECEIVABLES

€	2013	2012
Receivables from Group companies		
Loan receivables	3,348,000	4,127,000
Receivables from associated companies		
Loan receivables	9,548,817	18,720,765
Other loan receivables	2,094,101	1,217,377
Long-term receivables total	14,990,918	24,065,142

13. SHORT-TERM RECEIVABLES

€	2013	2012
Accounts receivable	152,517	97,980
Receivables from Group companies		
Accounts receivable	1,227	145,987
Loan receivables	2,220,840	2,220,228
Other receivables	3,933,135	4,721,240
Total	6,155,202	7,087,455
Receivables from associated companies		
	0	29,132
Accrued income	50,699	661,639
Total	50,699	690,771
Loan receivables	18,326	18,677
Other receivables	1,249,350	3,443,152
Accrued income	1,015,312	644,700
Short-term receivables total	8,641,406	11,982,735

14. SHAREHOLDERS' EQUITY

€	2013	2012
Share capital at 1 January	771,587	771,587
Share capital at 31 December	771,587	771,587
Share premium account at 1 January	38,968,186	38,968,186
Share premium account at 31 December	38,968,186	38,968,186
Invested unrestricted shareholders' equity at 1 January	6,999,741	6,999,745
Deduction	0	-4
Additions	876,850	0
Invested unrestricted shareholders' equity at 31 December	7,876,591	6,999,741
Retained earnings at 1 January	5,778,399	6,774,641
Dividend payment	0	-5,897,883
Retained earnings at 31 December	5,778,399	876,758
Profit for the financial year	9,837,500	4,901,641
Shareholders' equity, total	63,232,263	52,517,913

Calculation of distributable assets

€	2013	2012
Retained earnings	5,778,399	876,758
Profit for the financial year	9,837,500	4,901,641
Invested unrestricted shareholders' equity	7,876,591	6,999,741
Total	23,492,490	12,778,140

CapMan Plc´s share capital is divided as follows:

	2013 Number of shares	2012 Number of shares
Series A share (10 votes/share)	5,750,000	5,750,000
Series B share (1 vote/share)	79,516,991	78,531,766

15. NON-CURRENT LIABILITIES

€	2013	2012
Hybrid bond	15,000,000	29,000,000
Senior bond	15,000,000	0
Bank loans	10,854,068	22,678,465
Other liabilities	0	101,772
Non-current liabilities total	40,854,068	51,780,237

16. CURRENT LIABILITIES

€	2013	2012
Accounts payable	183,698	481,844
Liabilities to Group companies		
Pohjola Bank plc; Group account	2,637,384	0
Accounts payable	0	990
Other liabilities	3,710,881	4,955,909
Accrued expenses	356,200	239,773
Total	6,704,465	5,196,672
Bank loans	6,000,000	9,785,207
Other liabilities	94,485	87,567
Accrued expenses	1,095,906	1,303,591
Current liabilities total	14,078,554	16,854,881

17. CONTINGENT LIABILITIES

€	2013	2012
Leasing agreements		
Operating lease commitments		
Within one year	69,900	137,891
After one but not more than five years	13,435	68,747
Total	83,335	206,638
Other hire purchase commitments		
Within one year	1,126,867	1,154,817
After one but not more than five years	1,220,722	2,297,321
Total	2,347,589	3,452,138

Securities and other contingent liabilities

Contingencies for own commitment

€	2013	2012
Mortgage bonds	60,000,000	60,000,000
Loan commitments to Maneq funds	4,289,989	5,113,321
Other contingent liabilities	35,288	484,349

Remaining commitments to funds

€	2013	2012
Equity funds	674,609	1,055,368
Fund of funds	383,055	447,178
Total	1,057,664	1,502,546

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

Helsinki, 5 February 2014

Karri Kaitue Chairman	Koen Dejonckheere
Nora Kerppola	Claes de Neergaard
Ari Tolppanen	Heikki Westerlund CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, 5 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Auditor's Report

(Translation from the Finnish Original)

To the Annual General Meeting of CapMan Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of CapMan Plc for the year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

Opinion on the Company's Financial Statements and the Report of the Board of Directors

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

Helsinki, 5 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Shares and shareholders

CapMan is one of the few listed fund management companies in Europe. CapMan Plc's B share has been listed on the Helsinki Stock Exchange since 2001. CapMan had 6,567 shareholders at the end of 2013.

CapMan shares

CapMan has two series of shares, A and B. The company's unlisted A shares account for 42.0% of votes; while B shares, listed in Helsinki Stock Exchange (Nasdaq OMX Helsinki), account for 58.0% of votes. The company has total 5,750,000 of A shares and total 79,516,991 of B shares. Both series of shares carry an equal entitlement to a dividend. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan Plc's share capital as of 31 December 2013 was €771,568.98.

Option programmes

CapMan had two option programmes to engage and commit personnel to the company in force as of the end of 2013: Option programme 2008B and Option programme 2013A. Details on the programmes can be found in the Report of the Board of Directors and the Notes to the Financial Statements.

CapMan's shareholders

CapMan had 6,567 shareholders as of the end of 2013. CapMan issued two flagging notices in 2013 related to transactions during the financial year. In December a flagging notification was issued as Gimv NV's share of the total number of shares in CapMan Plc fell below 10%. The change was due to an increase of total shares outstanding of CapMan Plc following the share subscriptions based on stock options 2008B. In September CapMan issued a flagging notification related to Eläkekassa Verso's shareholding falling below 5%.

Gimv NV remains the largest shareholder of CapMan Plc with 9.9% ownership of shares. CapMan Plc's largest shareholders are detailed in the Notes to the Financial Statements. CapMan Plc owned 26,299 of the company's B shares as of 31 December 2013.

Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 15% of CapMan's shares as of the end of 2013. A breakdown by sector and size of holding can be found on the Notes to the Financial Statements.

Dividend policy and dividend payable for 2013

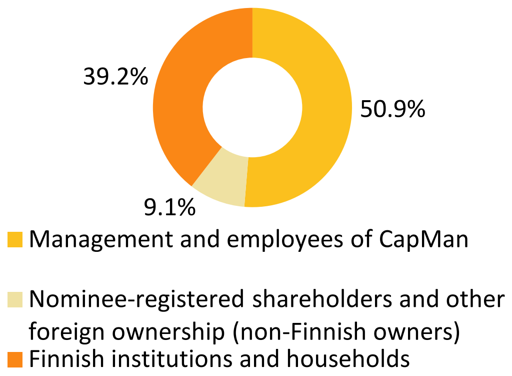
CapMan aims to pay at least 50% of its net result in the form of a dividend. The Board of Directors will propose to the Annual General Meeting that a dividend of €0.04 per share should be paid to shareholders.

IR contacts

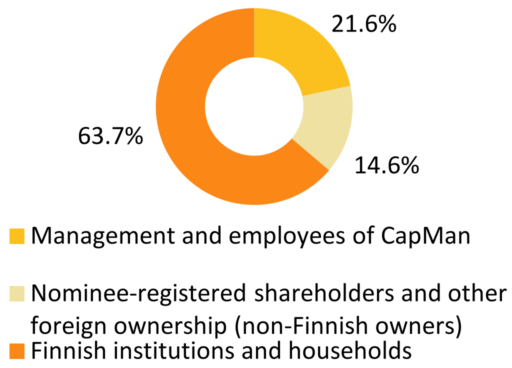
CapMan's IR contacts are the joint responsibility of the CEO, the head of the Business Development and Investor Relations team, the CFO, and the Communications and IR Manager. The company observes a two-week silent period prior to publication of its interim reports and financial statements, during which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

Read more
Share-related key figures
Information for shareholders

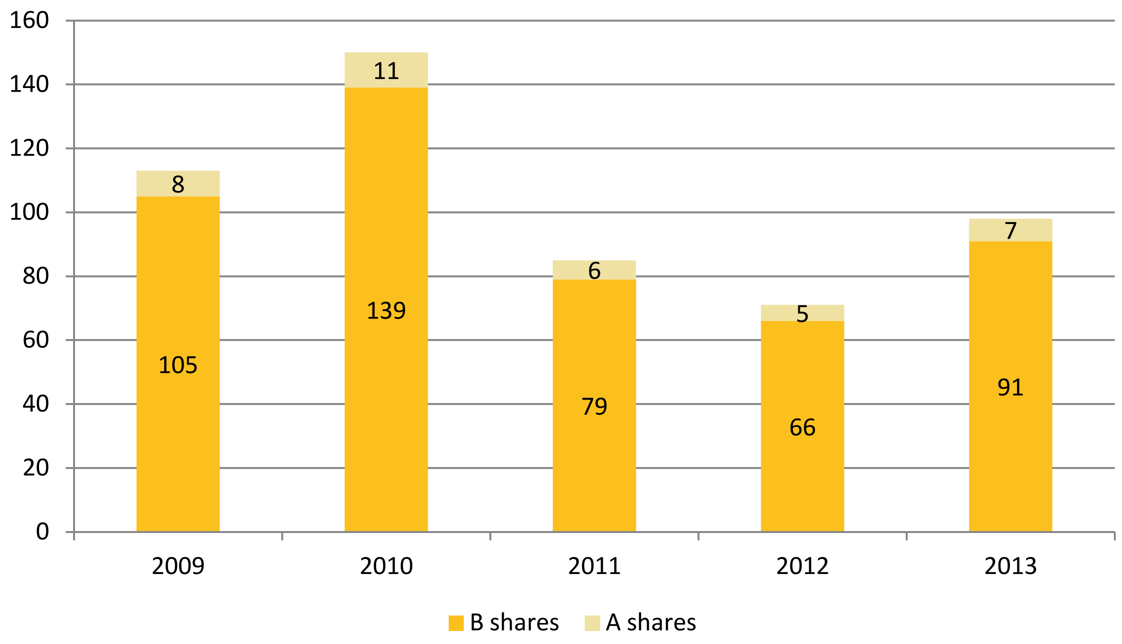
Voting rights by shareholder class



Holdings by shareholder class



Market capitalisation, M€



Share price development and trading of B shares

	2013	2012
Share price, €		
highest	**1.19**	1.19
lowest	**0.80**	0.80
volume-weighted average	**0.93**	0.94
closing price, 31.12	**1.14**	0.84
Trading turnover		
million shares	**20.2**	20.4
million euros	**18.9**	19.0

CapMan B-share	
Market	Helsinki
Currency	€
Listed	02.04.2001
ISIN	FI0009009377
Trading code	CPMBV
Reuters code	CPMBV.HE
Bloomberg code	CPMBV
List	Nordic Small Caps
Industry	Finance
Number of shares	79,516,991
Votes/share	1/share

CapMan A-share	
Number of shares	5,750,000 (unlisted)
Votes/share	10/share

CapMan 2008 B-option	
Stock options, number	2,135,000
Share subscription price	0.89 EUR
Exercise period	1.5.2012 - 31.12.2013

CapMan 2013 A-option	
Stock options, number	1,410,000
Share subscription price	0.92 EUR
Exercise period	1.5.2016 - 31.12.2017

The 2008B option programme entitles holders to subscribe to 2,135,000 B shares and the 2013A option programme entitles to subscribe to 1,410,000 B shares.

Information for shareholders

Annual General Meeting 2014

CapMan Plc's Annual General Meeting 2014 will be held on Wednesday, 19 March 2014 at 10:00 am EET at Cultural Centre G18 ball room, Yrjönkatu 18, 00120 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday 7 March 2014 are entitled to attend.

Shareholders wishing to attend the AGM should inform the company by 10:00 am EET on Friday 14 March 2014 at the latest. Registration can be made by sending a written notification to the company's address (CapMan Plc/AGM, Korkeavuorenkatu 32, 00130 Helsinki) online at www.capman.com/general-meetings, by phone (Anni Luoma, +358 (0)207 207 627 or Hannele Luukkainen, +358 (0)207 207 649), by email (agm@capman.com), or by fax (+358 (0)207 207 510). Registrations must reach the company by the date and time specified above. Any proxy for exercising voting rights must be delivered to CapMan at the aforementioned postal address before expiry of the registration period.

Dividend

The Board of Directors will propose to the AGM that a dividend of €0.04 per share will be paid.

CapMan Plc's financial reporting in 2014

CapMan Plc will publish three interim reports during 2014:
1 January – 31 March 2014: Thursday, 8 May 2014
1 January – 30 June 2014: Thursday, 7 August 2014
1 January – 30 September 2014: Thursday, 6 November 2014.

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

Changes of address

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

IR contacts

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

Analysts following CapMan Plc

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

Inderes
Sauli Vilén, tel. +358 (0)44 025 8908

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

Calculation of Key Ratios

Return on equity (ROE), % =

$$\frac{\text{Profit / loss}}{\text{Shareholders' equity + non-controlling interests (average)}} \times 100$$

Return on investment (ROI), % =

$$\frac{\text{Profit / loss + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest bearing debts (average)}} \times 100$$

Equity ratio, % =

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

Net gearing, % =

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

Earnings per share (EPS) =

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

Shareholders' equity per share =

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

Dividend per share =

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

Dividend per earnings, % =

$$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$$