



ANNUAL REPORT

1999



CapMan

The core idea of CapMan's business

Bridging the needs of institutional investors and private companies

CapMan is in the business of private equity fund management. It raises capital from institutional investors and invests primarily in unquoted companies.

CapMan participates in the development of the portfolio companies through active involvement in their Board of Directors. After a development phase of two to five years, portfolio companies are exited, through either stock market listings or trade sales as to achieve the highest possible return on invested capital.

CapMan returns the capital gained at exit to the investors without reallocating the proceeds to new investments. Every CapMan fund thus has a limited and pre-determined life.

In each of the funds CapMan manages, it invests approximately one per cent of the total capital.

CapMan manages 10 private equity funds and one fund of funds, with aggregate capital at more than FIM 5 billion (EUR 840 million). The private equity funds are structured as limited partnerships, and investors therein mainly consist of institutional investors.

Management fees and carried interest constitute the bulk of CapMan's income

CapMan's income is derived from the following:

1. The management fee is an annual percentage-based fee for services rendered (screening, analysis and selection of investment targets, development of the portfolio companies and preparation for exit).
2. The carried interest is a percentage of profits from investments realized by CapMan funds, i.e. the increase in value of the share of the portfolio companies.

Generally, the annual management fee is 1 to 2.5 per cent of the total capital of the fund. The carried interest is typically 20 to 25 per cent of the fund's cash flow after the capital and a pre-agreed preferential return, usually six to seven per cent per annum, has been paid to investors.

Due to the two to five year investment period and the aforementioned profit sharing mechanism, a fund usually begins to generate carried interest at four to five years from inception.

As from 2001, a CapMan's affiliated company Mandatum Bank will form a third source of income.



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Contrary to usual practice, information as of 31 March 2000 has been provided on occasion. Finnmezzanine III, established on 17 April 2000, has been included in the total funds.

What does CapMan as a publicly quoted company offer investors?

The listing of CapMan in spring 2001 will enable private individuals and institutional investors to invest in private equity fund management through shareholding in CapMan. Investors are thus able to gain exposure to the return potential of Finnish and foreign private companies.

Positive trend in earnings expected

Today CapMan is profitable regardless of the carried interest. CapMan's share in Mandatum Bank's profit from 2001 onwards will not increase CapMan's expenses and thus one can safely assume that CapMan will be profitable in coming years regardless of the level of carried interest.

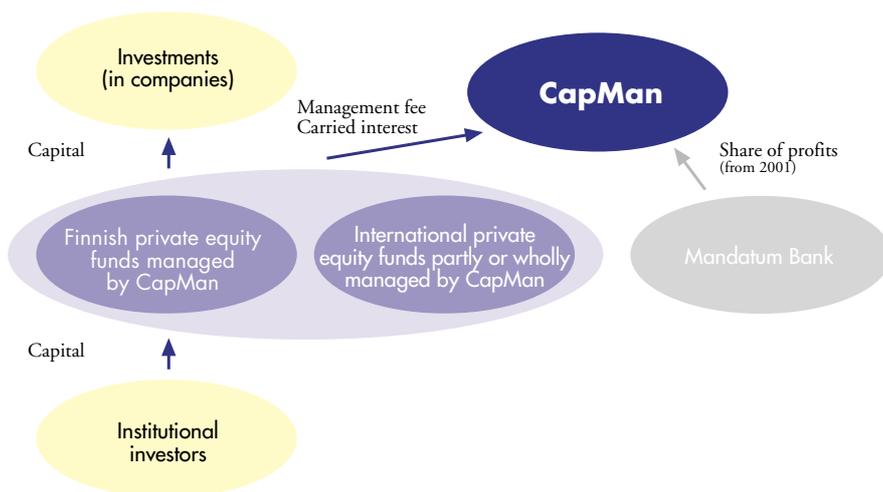
Three of CapMan's funds already generate carried interest. Finnventure Fund II and III still have substantial unrealized portfolios, and therefore each exit made by these funds generates carried interest for CapMan.

Well diversified risks

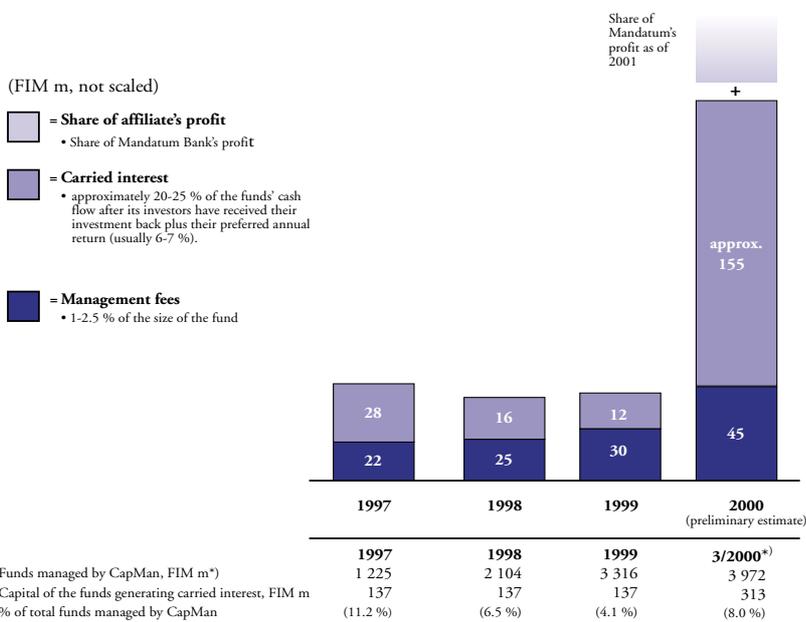
CapMan has a well-diversified portfolio, including both traditional manufacturing and service companies and new economy companies, which diffuses the risk and reduces dependency on trends in capital markets. In addition, gains realized by the funds are not tied to short-term fluctuations in capital markets. A private equity investor can, in consortium with the other owners, choose both the timing of the exit and the method of execution (IPO or sale to a strategic buyer).

As with any well established private equity investor, CapMan's primary target is to expand its existing portfolio through new investments and to strengthen and develop existing portfolio companies in preparation for exit. The private equity investor is therefore ideally positioned to benefit from both up and down cycles in the economy.

How CapMan's income is constituted

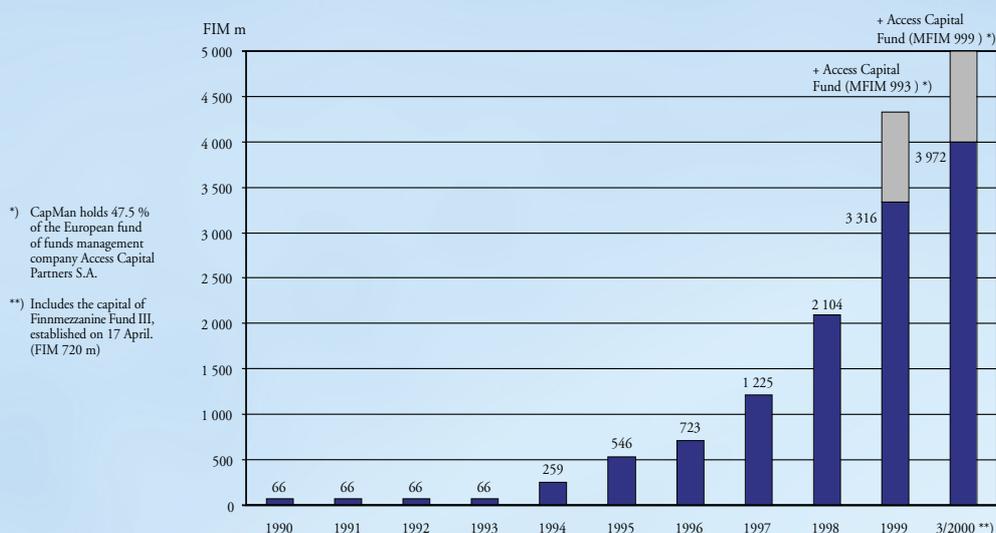


How CapMan's income is constituted



*) In addition, approximately FIM one billion (EUR 168 million) managed by Access Capital Partners (CapMan's affiliate). In US-denominated items a rate of 5.5 has been applied cumulatively.

Strong growth of funds managed by CapMan



Funds managed by CapMan:

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	3/2000
Cumulative capital commitments from investors, FIM m ¹⁾	66	66	66	66	259	546	723	1 225	2 104	3 316	3 972
Cumulative investments in target companies at acquisition cost, FIM m ¹⁾	11	22	28	36	63	142	176	427	735	1 192	1 690
Cumulative investments in target companies, number	2	5	7	8	14	20	24	48	64	79	83
Cumulative exits from target companies at acquisition cost, FIM m ^{1), 2)}				3	7	18	39	66	105	228	262
Cumulative exits (total exits), number				1	2	4	5	8	13	20	21
Personnel, average	5	5	6	7	9	15	16	23	31	34	35

Access Capital Fund:

Cumulative capital commitments from investors, FIM m										993	999
Cumulative capital committed in target funds, FIM m										369	428

¹⁾ in USD-denominated items, a rate of 5.5 has been applied cumulatively

²⁾ Cumulative exits include also partial exits; all exits have been figured in at the acquisition cost

Key ratios for CapMan

	9/1996	1997 (15 months)	1998	1999
Turnover, FIM m	14.6	52.0	40.6	41.6
Management fee, FIM m	14.6	22.5	24.5	30.4
Carried interest ^{*)} , FIM m	0	28.5	16.1	12.2
Operating profit, FIM m	2.7	30.4	18.7	13.8
Return on equity, %	39.4	117.9	68.5	71.2
Return on investment, %	43.2	155.5	93.1	90.6
Equity ratio, %	49.4	70.5	78.3	74.2
Dividend paid, FIM m	1.8	22.0	11.0	12.0
Number of personnel	16	23	31	34

^{*)} carried interest includes imputation credit which has been excluded from turnover.

President's review

In many ways, 1999 was an important year for CapMan. We achieved a record in both the amount of capital raised and the number of new investments made. We also made a number of vital strategic decisions, one being to clearly divide business into two principal operations, buy-outs and technology investments.

Furthermore, in spring 2000, we initiated a process to list CapMan on the Helsinki Stock Exchange, as of spring 2001. The matter will be decided officially at the General Meeting in the second half of this year.

The listing will provide further growth

CapMan will merge with Vestcap Oyj, which will be created when Finvest Oyj demerges into four separately listed companies. The merger will thus enable CapMan Oyj to be listed and to begin trading on the Helsinki Stock Exchange after the registration of the merger, estimated to take place in April 2001. Through this arrangement, CapMan will also become the second largest shareholder of Mandatum Bank, holding 20 per cent of the shares and 23.6 per cent of the voting rights.

The listing will enable CapMan to further accelerate its growth, both organically and through acquisitions, and it will strengthen our position as one of the leading private equity investors in the Nordic region. The listing will also enhance the transparency of the private equity business and for the first time enable smaller investors and private individuals to gain exposure to the earning potential of this asset class.

The merger with Vestcap Oyj will add the share of Mandatum Bank's profit as an additional element to CapMan's earnings. We consider Mandatum Bank, a major private and the leading Finnish investment bank, to be a good, long-term financial investment.

There is clear rationale in this particular structure for listing CapMan on the stock exchange. CapMan will directly gain more than 3,000 shareholders, without its present owners (in practice the management) having to sell their shares. In the merger, 68.5% of the shares and 84.5% of voting rights will remain with CapMan's owners while the rest will be held by the owners of Vestcap Oyj.

Strong growth in private equity investing

Private equity has become a significant international asset class. It is estimated that there are at present nearly 1,000 private equity teams in Europe, with approximately EUR 100 billion of funds under management. Total annual investments in target companies amount to approximately EUR 25 billion.

Private equity investments in Finland have evolved in line with the rest of Europe. At the end of 1999, total capital managed by Finnish private equity funds amounted to FIM 12 billion (EUR 2 billion). In 1999 the annual investment volume was approximately FIM 1.7 billion (EUR 290 million). There is no reason to assume the trend will slow, as the development and growth of the sector are expected to remain strong in the future. Growth is also strong in the other Nordic countries. In Sweden, for example, the 1999 investment volume was in excess of EUR 1.0 billion.

Further momentum in the sector is provided not only by the capital requirements of young technology companies, but also ongoing consolidation in the industry in Europe. In Finland alone, last year was a record in terms of buy-outs

and acquisitions. The on-going trend is for large corporations to divest their noncore activities, which then develop and grow independently into strong businesses. Private equity investors often play an active role in such scenarios.

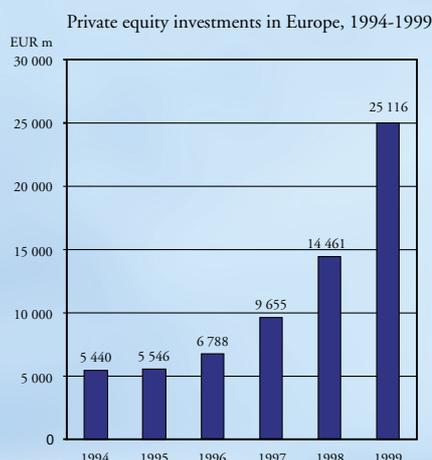
Last year, CapMan was involved in several such transactions; for example the formation of Å&R Carton with Ahlstrom, the MBO of PPTH Norden from YIT and Rautaruukki, the acquisition of Espe from Shell, and the buy-out of the Royal Rest restaurants from the Scandic hotels chain.

Nordic expertise in the technology sector creates remarkable opportunities

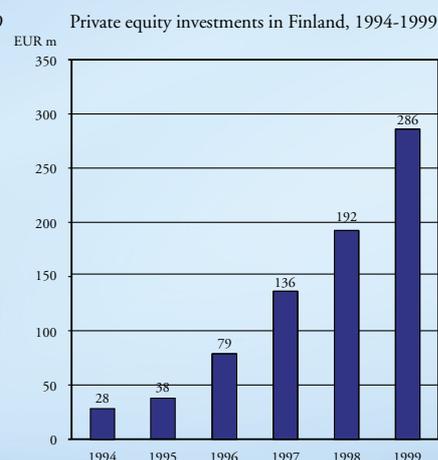
On a European scale, Finland and Sweden have become more prominent than their relative sizes would suggest, particularly with regards to telecommunication and Internet companies. In these fields, Finnish private equity investors and their portfolio companies have captured a great deal of global attention and interest. This opportunity, when properly managed, will forge unprecedented scope for growth and internationalization.

Opportunities in technology investments blossomed for CapMan in 1999 with successful exits from portfolio companies and fresh investments in young promising technology companies. One success story is Aldata Solution Oyj, which was listed on the Helsinki Stock Exchange in October 1999. This company, which was originally a spin-off from the Aamulehti Group in 1997, was

Strong growth in private equity investments



Source: EVCA/Pricewaterhouse Coopers



Source: Finnish Venture Capital Association

systematically developed and built to become a public company.

Two new major funds and a window to Europe

1999 was a notably successful fund raising year for CapMan. We established two new funds, one in Finland and the other in Paris, with initial capital of FIM one billion each.

The Finnish fund, Finnventure Fund V, established at the end of 1999, is the largest private equity fund in Finland. The majority of the FIM 1.2 billion (EUR 200 million) fund will be allocated to buy-out transactions but a considerable part will be devoted to technology investments. CapMan has now assigned almost FIM 500 million (EUR 84 million) for investment in fast-growing and rapidly internationalizing technology companies.

The other fund, Access Capital Fund, a European fund of funds, established in Paris with French private equity professionals, is a major advance for CapMan in internationalization. CapMan holds 47.5% of the shares of the management company and the company's operative management owns the balance. As of 31 March 2000, Access Capital Fund managed funds amounting to FIM one billion (EUR 168 million). Access Capital Fund invests in regional or country-specific private equity funds in Europe which have either a buy-out or technology focus.

The earnings potential of the market leader

CapMan has grown rapidly in line with the sector. CapMan is the clear market leader in Finland, with a market share of approximately 30%, and is a major player in the Nordic region. Capman grew by 70% in 1999 when measured by capital invested. We made 15 new investments and four substantial follow-on investments in existing portfolio companies in 1999, investing almost FIM 500 million in total (EUR 84 million). In early 2000, we made four new investments and five substantial follow-on investments in existing portfolio companies amounting to an aggregate of approximately FIM 500 million (EUR 84 million).

CapMan's turnover is estimated to increase to approximately FIM 200 million

(EUR 34 million) in 2000 (1999: FIM 41.6 million, EUR 7 million). This exceptionally strong growth is due mainly to carried interest from the sale of shares in Aldata Solution and Satama Interactive.

CapMan's earnings before taxes were FIM 17 million (EUR 3 million) in 1999. The profit for 2000 will be exceptionally good, and there is no reason to doubt that results in future years will be lucrative. CapMan's continuing profitability is based on the management fees and the carried interest that several funds already generate. In addition, as from 2001 CapMan will receive a share of Mandatum Bank profits.

Expertise is more important than capital

The private equity business has reached a stage where financial and industrial buyers compete for the best companies. The availability of money as such has declined in importance, because most sensible business plans will generally get funded. The key competitive factor in securing the most promising companies is now ultimately the expertise of the private equity investor.

CapMan has, as the pioneer in the field, a broad spectrum of expertise. CapMan's employees, consisting of an optimal mix of experienced senior managers and younger, highly educated professionals, complement each other well, providing and combining strong industrial sector and technological expertise with corporate finance and capital markets expertise. We have also rapidly expanded our personnel; today CapMan employs 37 people. Recruiting highly skilled professionals and motivating and rewarding our employees through competitive incentive

schemes are among our key objectives also for this year.

Private equity investment is teamwork. Identifying promising portfolio companies and developing them not only requires expertise but also compatible chemistry between the entrepreneurs and the private equity investor. Institutional investors who are in the position to understand and appreciate the long term nature of the private equity asset class have been rewarded with substantial returns.

I would like to sincerely thank the investors in CapMan funds, the entrepreneurs from the portfolio companies, CapMan employees, CapMan's Board of Directors and the Investment Committees of the funds for your outstanding work in 1999 and your confidence in CapMan. The onset of the millennium means steady development, growth and continuing dynamic internationalization for CapMan.

*Ari Tolppanen
President*



Buy-outs

Last year was unprecedented in Finland in terms of buy-outs. Large corporations continued to focus on core businesses, divesting their non-core businesses at a rapid pace.

The volume of mergers of medium-sized companies into larger international units is ever increasing. The world wide volume of corporate mergers and acquisitions exceeded 3.4 trillion US dollars in 1999.

In many sectors, the consolidation process is still under way or has just begun. Attitudes among traditional family companies towards external owners have also signaled a clear shift in a more positive direction.

Additionally, the number of larger transactions continue to grow because financial buyers have increasingly become a recognized alternative to industrial buyers in acquisitions. The market share of private equity investors in mid-sized and large transactions in Finland has been approximately 30% over the past five years.

Management buy-outs

CapMan's investment strategy has from the start focused on buy-outs – acquisitions in which the private equity investor acquires the company with the management (management buy-out or MBO) or with an outside management team (management buy-in or MBI).

*Tuomo Raasio,
head of CapMan's
buy-out operations*

Platform investments

Another important area in recent years has been platform investments – investments in companies operating in sectors in which we recognize opportunities and a need for a widespread domestic or international consolidation.

With platform investments the objective is to sufficiently expand the company, mainly through acquisitions, so a stock exchange listing is possible. Alternatively, the company can develop its market position to the extent it becomes an attractive acquisition target for large international companies.

Mezzanine investments

Mezzanine loans are unsecured loans combining the features of equity and debt, resulting in a risk / return profile between equity and debt. Although mezzanine loans by nature and in terms of liquidation preference have the characteristics of debt, they are often issued with attached warrants or other features concerning the right to subscribe shares in the company and are therefore linked to the potential value increase of the company. Mezzanine loans have proved useful instruments in financing acquisitions, in corporate restructuring or in strengthening the capital base of fast growing companies prior to an IPO.

CapMan has three mezzanine funds: Finnmezzanine I, II and III, with aggregate capital of FIM 1.4 billion (EUR 235 million). The funds have invested in 23 companies.

The mezzanine is still a relatively unknown financing alternative and demand for it is expected to grow rapidly in coming years. CapMan is one of few private equity investors in the Nordic countries providing mezzanine financing.



Examples of buy-outs and platform investments by CapMan



PPTH

Finnwear Oy Ab

ARCARTON

ESPE



Technology investments

Since the mid 1990s CapMan has systematically strengthened its position as a leading technology investor in the Nordic countries. As the market opened up for technology IPOs, CapMan was the first private equity investor to list technology companies on the Helsinki Stock Exchange. Recent IPOs include Aldata Solution, a software company, and Satama Interactive, an internet consulting firm.

Investing in high-tech start-ups is the most traditional form of private equity investment. Technology companies are generally characterised by a unique business model, fast growth and a need to internationalise operations in a relatively short time period. Companies operate in a growing market, often taking shape through consolidation. Timing of strategic moves becomes crucial in determining success or failure. Sometimes the timing of the IPO can determine who becomes the market leader in a particular field.

Technology companies face arduous challenges in managing rapid growth. Management teams are faced with a task requiring multiple skills. In this environment, a technology investor must have the requisite skills and experience to help portfolio companies make optimal strategic choices. Mere technological expertise or capital is rarely sufficient.

Domestic markets are seldom sufficient to support strong growth, so the technology investor must act as a catalyst for geographical expansion. This in mind, CapMan has actively built an international contact network

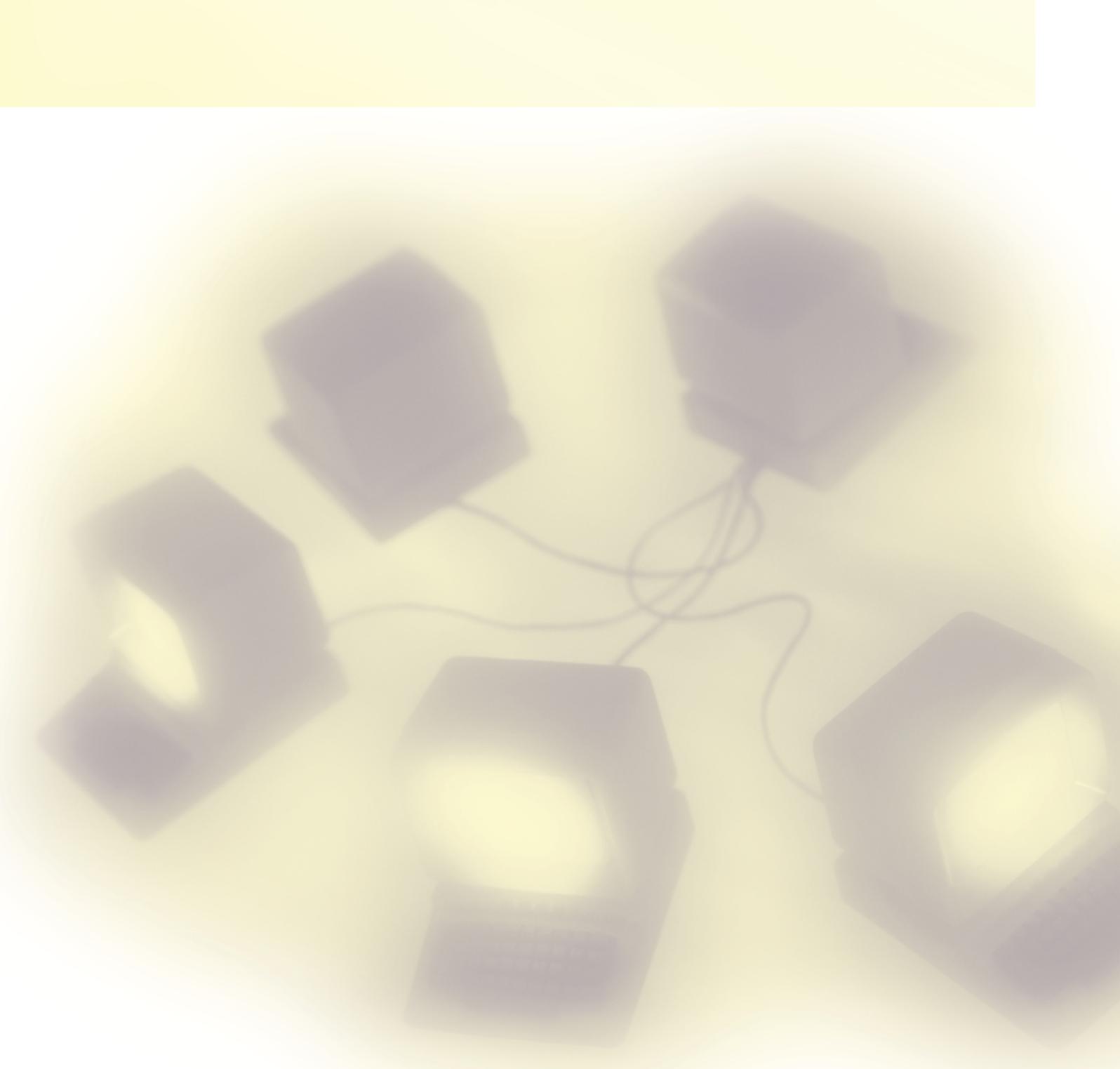
with key participants in the technology investment sector. Our most active collaboration has been with Alta Berkeley Associates with whom we have made over 20 investments in various European countries.

CapMan has a focused and selective investment approach. A key factor in our decision making process is a meticulous analysis and thorough understanding of each potential target company and the market in which they operate. After investing, we take an active and supportive role in the development of our portfolio companies. While we encourage and expect relatively rapid organic growth we also initiate and support expansion through selective acquisitions.

Our main focus has been on Nordic software and information technology companies, but we have also invested in selected e-business companies, consulting firms and other fast-growing technology companies. Our portfolio is - and continues to be - a mix of both young start-ups and more mature companies, yet all investment decisions are ultimately based on an attractive risk/return profile.



*Heikki Westerlund,
head of CapMan's
technology investments*



Examples of CapMan's technology investments

Aldata

UTFORS

 S A T A M A


NetSeal


iobox.fi


At Business
Communications


MatchON.com

 **LPG**
INNOVATIONS

Access Capital Partners

In spring 1999, CapMan established Access Capital Partners S.A with French private equity professionals to manage Access Capital Fund, a European private equity fund of funds. CapMan holds 47.5% of the shares of the management company with the company's management owning the balance.

Access Capital Fund had FIM 1 billion (EUR 168 million) in capital as of 31 March 2000. The investors in the fund are mainly pension institutions and other institutional investors, who now have the opportunity to diversify their private equity investment portfolios via this vehicle throughout Europe.

Access Capital Fund invests in regional or country specific private equity funds primarily in Europe. The fund does not invest in Finland or in the funds managed by CapMan. Access Capital Fund's strategy is to invest in the best performing quarter of Europe's private equity funds. The ultimate goal is to build up a portfolio of 20 to 25 funds.

By late March 2000, Access Capital Fund had invested EUR 72 million in seven funds in Ireland, the United Kingdom, Israel, Italy, France, Sweden and Germany.

Access Capital targets medium sized buy-out and technology funds, in the range of EUR 50 and 300 million. The fund identifies investment teams who have worked together several years and who's funds have repeatedly performed well. The teams typically specialize either in a certain development phase of portfolio companies or have a particular sector expertise, and generally have an excellent track record.

The partners of Access Capital Partners S.A. are the Managing Director, Mr. Dominique Peninon, Ms. Agnès Nahum and Mr. Philippe Poggioli. Mr. Peninon and Ms. Nahum have 30 years' combined experience in international private equity. Mr. Poggioli formerly worked for the EU investment fund EIF, where he primarily invested in technology funds. CapMan's President, Mr. Ari Tolppanen, serves as

the chairman of Access Capital Partners' Supervisory Board.

For CapMan, the establishment of Access Capital is a major step forward in its internationalization, and the intention is to expand Access Capital Partner's team and operations in the near future.

INVESTMENTS BY ACCESS CAPITAL FUND AS OF 31 MARCH 2000

Act 1999 Private Equity L.P.

Investments in high-growth companies, buy-out and buy-in transactions in all sectors, and technology investments; 80% in Ireland, 20% in other parts of Europe.

Quadriga II L.P.

Buy-out and buy-in transactions in all sectors; 80% in Germany, 20% in Austria and Switzerland.

Elderstreet Capital Partners L.P.

Early stage technology investments (software and Internet) in the United Kingdom.

Jerusalem Venture Partners III L.P.

Early stage technology investments (communications technology and Internet); 80% in Israel, 20% in Europe and the USA.

MediaTel Capital

Early stage and growth technology investments (telecommunications and media); 75% in Europe, 25% in the USA.

Italian Private Equity Fund III L.P.

Buy-out and buy-in transactions in all sectors; 80% in Italy, 20% in France and Spain.

Wellington Partners II GmbH & Co KG

Early stage technology investments (software and Internet); 75% in Germany, Switzerland and Austria, 25% in other parts of Europe.

Access
Capital
Partners



QUADRIGA CAPITAL

ELDERSTREET



B&S
ELECTRA

wellington
partners®

Alliance ScanEast Fund

CapMan's Eastern European fund, Alliance ScanEast Fund L.P., was established in 1994. The reconfiguration of Central and Eastern Europe that began in 1990 gave Western industrial companies the opportunity to establish themselves in a new market at reasonable cost, and the ScanEast Fund was established to support this. Finnish industrial companies were among the first to seize the opportunity and benefit from the political change. As a result, Nokia, Fortum, Metra and Ahlstrom participated in establishing the fund.

The fund has in total made seven investments in Poland, the Baltic States and Russia. It has successfully exited two companies and the other five are under preparation for exit within the next few years. Due to European integration, Central and Eastern Europe will be an important growth region in the coming ten years. The political and economic stability in most of these countries, combined with future EU membership, creates an ongoing basis for successful private equity investments in the future.

Collaboration with Alta Berkeley Associates

CapMan has been in a prime position for European technology investments since 1996 through partnership with Alta Berkeley Associates. CapMan has invested in 22 companies in co-operation with Alta Berkeley in the fields of telecommunications, media, IT and biotechnology in Europe.

CapMan in Sweden

In April 2000, CapMan began co-operating with the Swedish company Momentor AB. Momentor is a local consultancy firm specialising in technology companies. Momentor has a wide network of contacts among technology companies and participants in the financial market. Momentor does not make investments itself, but rather acts as a catalyst and consultant.

CapMan has made two major direct investments in Sweden to date: the Nordic broadband operator Utfors AB and the European carton packaging company Å&R Carton AB.

*Access Capital's
partners Agnès Nahum,
Dominique Peninon and
Philippe Poggioli.*



CapMan's funds

FIM five billion (EUR 840 million) in capital

CapMan manages 11 funds in total; six equity funds with approximately FIM 2,400 million (EUR 400) million in capital, three mezzanine funds with approximately FIM 1,400 million (EUR 235 million) in capital, one Eastern European fund with FIM 176 million (EUR 30 million) in capital and one fund of funds with approximately FIM 1,000 million (EUR 168) million in capital.

The investors in CapMan funds are mainly institutional investors. The largest investors include pension insurance companies, life assurance and non-life insurance companies, various smaller pension funds, several banks, foundations and corporations.

Almost 90% of the capital managed by CapMan originates from Finnish investors with the balance from international bodies. There are over 60 investors in CapMan funds, many of whom have invested in more than one fund.

The goal is to cultivate the portfolio companies and increase their value

The structure and management methods of private equity funds are different from mutual funds. A private equity fund has a fixed and pre-determined life, usually 10 years. During the first years the fund invests in portfolio companies. Thereafter, the companies are developed and prepared for exit, which generally

takes place either through a listing on the stock exchange or through a trade sale. The funds' legal structure is usually a Limited Partnership, the investors being Limited Partners and the management company or its affiliate, the General Partner.

Another significant difference is the role of the management company. The private equity investor always plays an active role in the strategic decisions of the portfolio company and its overall development. CapMan is almost always represented on the Board of Directors of the portfolio company, often as the Chairman of the Board. A prerequisite for any investment is that company management be shareholders with CapMan, as means to ensure that interests are aligned when developing the company and maximizing its value. CapMan's investment philosophy is to find innovative ways of structuring deals, also enabling

Funds managed by CapMan as at 31 March 2000

Name	Year of establishment	Committed Capital ^{*)} FIM m	Paid-in Capital ^{**)} FIM m	Remaining commitment ^{***)} FIM m	First Year generating carried interest ^{****)}
Finnventure Fund I	1990	66.0	66.0	0.0	1997
Finnventure Fund II	1994	70.7	70.7	0.0	1997
Finnventure Fund III ¹⁾	1996	176.8	162.7	14.1	2000
Finnventure Fund IV	1998	353.5	258.0	95.5	
Finnventure Fund V ¹⁾	1999	1 211.9	188.9	1 023.0	
Finnmezzanine Fund I	1995	186.9	186.9	0.0	
Finnmezzanine Fund II ¹⁾	1998	525.2	434.2	91.0	
Finnmezzanine Fund III ^{1), 2)}	2000	722.8	0.0	722.8	
Fenno Program ^{1), 3)}	1997	502.5	277.4	225.1	
Alliance Scan East Fund ⁴⁾	1994	176.0	157.2	18.8	
Access Capital Fund ^{1), 5)}	1999	998.9	148.6	850.3	
Total		4 991.2	1 950.6	3 040.6	

*) Total capital committed into the fund by investors = fund size

**) Total capital paid into the fund by investors

***) Investors' remaining investment commitment to the Fund

****) When the return of a fund on a cumulative basis has exceeded a required return target, the management company is entitled to a share of the cash flow from the funds (carried interest)

1) The Fund is comprised of two or more legal entities

2) Finnmezzanine Fund III's partnership agreement was signed on 17 April 2000

3) Fenno Program is managed jointly with Fenno Management Oy

4) Alliance Scan East Fund's size beginning 1 April 2000 MUSD 28.28 / USD rate 31 March 2000/6.22394

5) Fund of funds (CapMan's affiliated company Access Capital Partners S.A (47.5% share) acts as the management company)

investments and exits under difficult market conditions. Investments in unconventional sectors or companies have proved a strong area of expertise for CapMan.

We actively seek to initiate transactions and cultivate prospective deals before they mature to a lengthy and expensive auction phase. The value of the portfolio companies is enhanced through active participation in the strategic decision making process on the Board level and through selective and complementary add-on acquisitions. Also, the speed with which actions are taken when problems emerge is key for re-establishing the value enhancing growth path of the company.

A characteristic feature of private equity funds is the way capital commitments are structured.

Investors refrain from placing capital into the fund when it is established but rather gradually make installments as the fund itself invests. Accordingly, investors receive interest, dividends and capital gains as they occur.

Continuity of business is assured by raising and establishing a new fund as the previous one becomes fully invested.

Systematic diversification of risks

CapMan's objective is to minimize and mitigate risks to the extent possible. This is achieved by investing in different industry sectors and in companies at different stages of their development, by having the resources and capacity to analyse a large number of potential

companies and transactions and by always performing meticulous due diligence using outside experts prior to investing. The risks are further mitigated through appropriate shareholder agreements.

CapMan invests in approximately only five per cent of all the companies it evaluates.



Excellent returns in the long term

Investors in private equity funds have received excellent long term returns. According to a European study published in spring 2000¹⁾, the pooled net return to investors in funds established during the period 1980-1997 (422 funds with EUR 52 billion in capital) has been 14.5% p.a. since inception. The pooled return to investors of the top quarter funds has been no less than 33.9% p.a. The return of Finnish private equity funds is similar to those in European statistics.

A substantial part of the management companies' profits consists of carried

interest from the funds they manage. Clearly, the more profitable a fund is to investors, the larger the management company's carried interest is. Finnventure Fund I, II and III currently generate carried interest and the return to investors of both Finnventure Fund II and III is substantially higher than the pooled return of the top quarter European funds.

¹⁾1999 Update: Investment Benchmarks, European Private Equity. Venture Economics/Bannock Consulting.

Net Return to investors from Finnish Private Equity Funds managed by CapMan as at 31 March 2000

Finnish equity funds established before 1998 and thus comparable to the European survey.

Fund	Established	Size of fund	Paid-in capital	Distributions, investors' share *)	Portfolio, investors' share **)	Distributions+ portfolio, investors' share <i>e = c + d</i>	Net Return to investors ***) IRR	Distributions/ paid-in capital <i>f = c / b</i>	Portfolio/ paid-in capital <i>g = d / b</i>	Distributions+ portfolio / paid-in capital <i>h = f + g</i>
		<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e = c + d</i>				
		<i>FIM m</i>	<i>FIM m</i>	<i>FIM m</i>	<i>FIM m</i>	<i>FIM m</i>	% p.a.	<i>multiple</i>	<i>multiple</i>	<i>multiple</i>
Finnventure Fund I	1990	66.0	66.0	141.1	33.8	174.9	15.1	2.1	0.6	2.7
Finnventure Fund II	1994	70.7	70.7	136.5	101.2	237.7	60.9	1.9	1.5	3.4
Finnventure Fund III	1996	176.8	162.8	351.0	309.7	660.7	79.0	2.2	1.9	4.1
Fenno Program/Fenno Fund	1997	252.5	236.7	29.5	328.0	357.5	40.7	0.1	1.4	1.5
Fenno Program/Skandia	1997	50.0	40.6	9.5	67.0	76.5	73.0	0.2	1.7	1.9
Comparison: all European private equity funds ¹⁾							14.5	0.9	0.8	1.7
Comparison: top quarter of European private equity funds ²⁾							33.9	1.3	1.1	2.4

¹⁾ EVCA/Bannock Consulting: Mature European Private Equity Funds from inception to 31 Dec 1999; All Private Equity Funds

²⁾ EVCA/Bannock Consulting: Top Quarter European Private Equity Funds from inception to 31 Dec 1999

*) Distributions, investors' share = cash flow (distributions of capital and profit and gains) to investors

***) The investors' share of the Funds' portfolios include any liquid assets. The portfolios have been valued in accordance with the guidelines of the EVCA.

The quoted shares held by the Funds have been valued at the market price at the time of reporting less 25 % or for recently listed shares at the IPO price less 25 %.

****) Net Return to investors = Internal Rate of Return (IRR) p.a. to investors: cumulative cash flow between investors and fund + portfolio. (**)

In the above, the investors' share means the portion paid or belonging to the investors less the management company's carried interest and management fee.

Exits

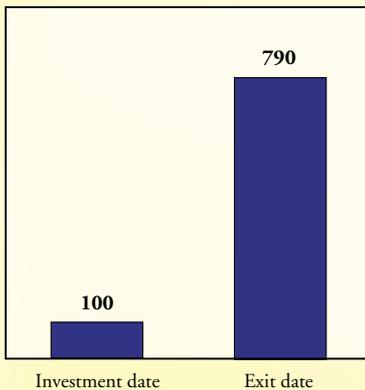
CapMan's goal is to develop portfolio companies so the value can be realized within two to five years, e.g. through listing the company on a stock exchange. CapMan's portfolio consists of a large variety of companies in different industrial sectors and the exits need not to take place according to a pre-set schedule. Prevailing conditions in the equity capital markets is not necessarily a decisive factor for a CapMan exit. In many cases a viable alternative to public listing is a trade sale to a strategic buyer.

Exits completed by CapMan funds

Increase in value of the investments

21 exits/as at 31 March 2000^{*)}

Acquisition price indexed (date of investment = 100)



^{*)} Includes Aldata Solution Oyj (IPO in October 1999 and sale of shares in February 2000) and Satama Interactive Oyj (IPO in March 2000), of which the funds still own shares. The remaining shares of Aldata have been valued at the closing price on 31 March 2000 of EUR 9.4 less 25%, and the Satama shares have been valued at the IPO price of EUR 13 less 25%.

The value of CapMan's equity investment in those companies CapMan has exited from has as at 31 March 2000 on average increased by 7.9 times. The total return includes dividend and interest income received during the investment period.

Investments and exits by CapMan's funds

The portfolio of CapMan's Finnish

Investee	Industry	Year of investment	Holding, by fund*)	
			Equity funds	
			Finnventure funds	
			FVI	FVII
			%	%
Lohja Caravans Oy Ab	Caravans	1993	49.9	
Finnhepo Oy	Horseshoe nails	1995	32.3	34.4
Oy Marli Group Ab	Alcoholic beverages and juices	1995	3.7	5.3
AtBusiness Communications Oy	IT services	1996		23.3
Elcoteq Network Oyj	Production services for elect.ind.	1996		
High Speed Tech Oy	High-speed electrical motors	1996		8.0
Teknikum-Yhtiöt Oy*)	Technical rubber and polymer products	1996	7.3	7.8
Aldata Solution Oyj*)	Software	1997	0.4	2.0
Euran Kuluttajatuotteet Oy	Paper and foil products for food supplies	1997		10.3
Finndomo Oy	Prefabricated housing	1997		15.8
GSH-International Oyj	High-pressure piping systems	1997		
Hope Smoke Oy	Smoke-curing products	1997		11.8
Kerox Oy	Pet supplies trading	1997	17.7	19.0
Kotipizza Oy*)	Pizzeria chain, franchising	1997		
Mytek Oy Ltd	Mushroom production and sale	1997		18.0
Turo Tailor Oy Ab*)	Men's suits and jackets	1997		30.7
Puulämpö Suomi Oy*)	Wood-fired heating products and fireplaces	1997		17.9
Finnwear Oy Ab	Hosiery and underwear production	1998		
Holiday Club Finland Oy	Leisure travel	1998	4.6	
Satama Interactive Oyj	Internet services	1998		
Scandinavian Corporate Suppliers Oy	Trading in office supplies	1998		
Tiimari Oy*)	Retail sale of gift items and stationery	1998		
Affecto Oy*)	Data system solutions	1999		
Aurajoki Oy*)	Metal surface treatment	1999		
Espe Oy*)	Foam for the bedding and upholstery industries	1999		
LPG Innovations Oy	Software	1999		
MatchOn Sports Oy	Internet services	1999		
Matkatoimisto Oy Matka-Vekka*)	Travel agency chain	1999		
Normet Oy	Mechanical engineering	1999		
PPTH-Norden Oy*)	Structural steel frames	1999		
Royal-Rest Oy	Restaurant chain	1999		
Suomen Infopiste Oy	Internet services	1999		
Modultek Oy	Software	1999		
Intrasecure Networks Oy	Data security software	2000		
PI-Consulting Oyj*)	Engineering services	2000		
Utfors AB	Telecommunications	2000		
Å & R Carton AB	Folding cartons	2000		

*) Computational holding through an intermediary: the name of the intermediary and its holding in the investee are stated in the last column (the intermediary company often also has long-term debt financing)

**) The warrants held by the fund entitle to a stake (%) in the investee company (Right to subscribe for shares or to swap has been exercised: Aldata, Marli in respect of FMI fund, Elcoteq)

1) The Fenno Program is managed jointly with Fenno Management Oy (FRKY = Fenno Fund Ky)

funds as at 31 March 2000

FVIII	FVIV	FVV	Fenno Program 1)		Mezzanine funds**)		Intermediary company and its holding (%) in the investee company
			FRKY	Skandia	FMI	FMII	
%	%	%	%	%	%	%	
4.9					2.9	0.9	
	8.3						
					0.4		
14.2							
10.9					3.9		Tekcap Oy (26.0)
3.9			1.5	1.0	1.0		Alcap Oy (10.75)
20.1							
30.6							
5.3							
33.6					11.9		
13.2				4.9	0.8		Pihakozza Oy (24.86)
59.5					6.5		New Suit Promotion Oy Ab (100)
31.8					6.0		UPL Holding Oy (100)
6.9			18.0	3.5			
	21.8					2.2	
3.4							
	26.2	13.8	17.0			11.7	
9.3	24.1		45.1		2.3		Maritii Oy (92)
			49.9				Affecto Group Oy (100)
	49.7					10.0	Auran Sinkitys Oy (100)
	45.0		18.0	11.3		9.7	Espe Group Oy (100)
	8.4	8.4					
	4.7	13.0					
	49.5					8.0	Viatour Oy (100)
			44.4			2.1	
	24.2		24.8			8.6	PPTH-Steelmanagement Oy (100)
	46.6					3.0	
	19.2	4.0					
	6.0	16.6		6.5			
	6.5	18.5					
	28.0	49.2				14.1	PI-Management Oy (98.8)
						2.4	
	10.4	26.4	7.6	3.8		2.0	

Investments in co-operation with Alta Berkeley Associates as at 31 March 2000¹⁾

Investee	Year	Country	Industry	Total investment (FIM 1,000)
Adprotech Plc	1997	UK	Life sciences/biotechnology	1 364
Carvello Ltd	1997	Ireland	Media	815
Catecoric Software Ltd	1997	UK	IT	1 649
Cenes Pharmaceuticals Plc	1997	UK	Life sciences/biotechnology	3 237
FirsQuote Inc.	1997	Switzerland	IT	1 782
Modex Therapeutiques S.A.	1997	Switzerland	Life sciences/biotechnology	573
Onyvax Ltd	1997	UK	Life sciences/biotechnology	727
Pharmagene Plc	1997	UK	Life sciences/biotechnology	1 513
T.V. Files S.P.A.	1997	Italy	Media	696
Absolute Music Publishing Ltd	1998	UK	Media	700
Arpida A.G.	1998	Switzerland	Life sciences/biotechnology	596
Cambridge Genetics Ltd	1998	UK	Life sciences/biotechnology	1 240
Eurojazz Broadcasting Ltd	1998	UK	Media	1 496
Morphochem A.G.	1998	Germany	Life sciences/biotechnology	974
Polytrax Information Technology AG	1998	Germany	Communications	417
Sawcom S.A.	1998	France	Communications	26
Cambridge Positioning Systems Ltd (CPS)	1999	UK	Communications	1 009
Iobox Oy	1999	Finland	Communications	4 855
NYTV Oslo ASA	1999	Norway	Media	1 924
Recommend Ltd	1999	UK	IT	367
Total				25 960

¹⁾ Alta Berkeley Nordic Partners Ky (ABNP) is a subfund of Finnventure Fund III.
The holding of the fund in investees is usually approximately 0.5-5%.

Investments by Alliance ScanEast Fund as at 31 March 2000¹⁾

Investee	Year	Country	Industry	Total investment USD m	Total investment FIM m ^{**)}
Metalplast Oborniki Sp. z o.o.	1995	Poland	Manufacture of insulated panels used in building constructions	\$2.31	14.35
A-Rakennusmies East Oy	1997	Russia, Baltic states	Construction machine rental	\$2.18	13.57
StoryFirst Inc.	1997	Russia	TV and radio broadcasting	\$3.00	18.68
Sevryba International Shipping Ltd.	1998	Russia	Fishing trawlers	\$3.54	22.05
Unicom Baltic	1998	Baltic states	Outdoor advertising	\$1.69	10.51
Total				\$12.72	79.16

¹⁾ Alliance ScanEast Fund L.P. (ASEF) is managed by CapMan in co-operation with the US-based Alliance Capital Management Corp.

^{**)} 31 March 2000 1 USD = 6.22394 FIM

Exits by CapMan's funds as at 31 March 2000

Investee	Industry	Exit method	Year of exit
Provivo Oy	Biotechnology	Receivership	1993
Lappset Oy	Environmental products	Purchase by other owners/company	1994
Nordinvest R.T. (Hungary)	Finance consultancy	Purchase by other owners/company	1995
Schat Watercraft Ltd Oy	Sea-rescue products	Industrial buyer	1995
Diamond Cruise Ltd Oy	Cruise line	Receivership	1996
Nordic Aluminium Oy	Aluminium products	Public listing	1997
PK Cables Oy	Cable harnesses	Public listing	1997
Rocla Oy	Forklift trucks	Public listing	1997
A-Rakennusmies Oy	Construction machine rental	Public listing	1998
Glycorex Transplantation AB (Sweden)	Biotechnology	Purchase by other owners/company	1998
Hotelman Oy	Hotel management	Purchase by other owners/company	1998
Oy E.Ahlström Ab	Wholesale trade	Purchase by other owners/company	1998
Serena	Water park	Industrial buyer	1998
Aldata Solution Oyj ^{*)}	Software	Public listing	1999
Elda Szczecinek Electrot S.A. (Poland)	Electrical accessories	Purchase by other owners/company	1999
Mercuri International Oy	Sales & marketing related training services	Industrial buyer	1999
Nexor System Service Oy	IT services	Industrial buyer	1999
Onestone Holding Inc. (Germany)	IT	Purchase by other owners/company	1999
Oy Scanwoven Ab	Non-woven products	Industrial buyer	1999
Zao Åkerlund&Rausing Kuban (Russia)	Packaging materials	Industrial buyer	1999
Satama Interactive Oyj ^{*)}	Internet services	Public listing	2000

^{*)} The funds still own shares of the company.

Group structure and business concept

The business concept of the CapMan Partners Group (CapMan) is to act as a management company for private equity funds. CapMan offers companies financing solutions and expertise in funding growth and managing change. It also offers investors the opportunity to gain exposure to the return potential of mainly unlisted companies at a limited and well-diversified risk. CapMan takes an active role in the strategic development of the investee companies through a representation on the Board of Directors.

The parent company of the group, CapMan Partners Oy, is responsible for corporate functions such as the back office and accounting services which it sells to the Group companies and the funds. CapMan Partners Oy's subsidiary, CapMan Capital Management Oy, is the management company for private equity funds.

CapMan Capital Management Oy is the management company for the funds Finnventure Fund I Ky, Finnventure Fund II Ky, Finnventure Fund III Ky, Finnventure Fund III G Ky, Finnventure Fund IV Ky, Finnventure Fund V Ky, Finnventure Fund V ET Ky, Finnmezzanine Fund II A Ky, Finnmezzanine Fund II B Ky, Finnmezzanine Fund II C Ky and Finnmezzanine Fund II D Ky. Together with Fenno Management Oy, CapMan manages the Fenno Program. CapMan acts as General Partner of Alta Berkeley Nordic Partners Ky and CapMan Private Fund I Ky. Finnmezzanine Oy and EastMan Advisors Oy, both subsidiaries to CapMan, manage Finnmezzanine Fund I Ky and Alliance ScanEast Fund L.P. respectively.

CapMan took a big step forward in its internationalization in 1999 when it on 14 May 1999, together with French private equity professionals, established the European private equity fund of funds Access Capital Fund. CapMan holds 47.5 per cent of the shares of the management company Access Capital Partners SA and the company's management owns the balance. Access Capital Fund with approximately FIM one billion in capital invests in leading private equity funds in Europe.

Turnover and profit for the financial year

The CapMan Group's turnover amounted to FIM 41.6 million in 1999 (FIM 40.6 million in 1998). The management fees accounted for FIM 30.4 million of turnover (FIM 24.5 million) and the carried interest, including imputation credits, amounted to FIM 12.2 million (FIM 16.1 million). The management fees grew due to the increase in funds under management. Finnventure Fund I and II were both in 1998 and 1999 generating carried interest. The management company is entitled to carried interest when the preferential return to investors in the fund, on a cumulative basis, has reached a pre-agreed target. Thereafter, the management company is entitled to usually 20 to 25 per cent of the fund's cash flow.

CapMan Partners Oy's turnover amounted to FIM 1.3 million in 1999 (FIM 1.2 million in 1998).

The Group's profit before appropriations and taxes was FIM 17.3 million (FIM 20.9 million). The profit was good in spite of a slight decrease, resulting mainly from an increase in personnel expenses. The increase in expenses was however planned as CapMan recruited people and added resources in anticipation of the continued growth in funds under management towards the end of the year.

CapMan Partners Oy's profit before appropriations and taxes was FIM 13.7 million (FIM 18.6 million in 1998).

Capital under management

At the end of 1999, CapMan managed FIM 4.3 billion of capital from Finnish and international institutional investors. Basic information on the funds is provided on pages 14-20 of the annual report.

Investments by the funds

CapMan's funds made 15 new investments and four substantial follow-on investments in existing portfolio companies in 1999, investing almost FIM 500 million in total. At year-end, CapMan had since its foundation invested FIM 1.2 billion in total. During 1999, CapMan

made the following substantial investments: Royal-Rest Oy, Suomen Infopiste Oy, PPTH-Norden Oy, Espe Oy, Normet Oy, Aurajoki Oy, Matkatoimisto Matka-Vekka Oy, LPG Innovations Oy, Modultek Oy, MatchON Sports Oy and Affecto Oy. In addition, Alta Berkeley Nordic Partners Ky (a subfund of Finnventure Rahasto III Ky and III G Ky) made four new investments, including the Finnish company Iobox Oy.

CapMan's Finnish funds made three important exits during the financial year. PC-Superstore Oy, which had merged with the original investee company Nexor System Service Oy, was sold to the Norwegian company Merkantidata AS. Aldata Solution Oyj was listed on the Helsinki Stock Exchange in October 1999. The funds were shareholders in the company both directly but mainly through an intermediate company, Alcap Oy. Approximately half of the shareholding was realized in conjunction with the listing. In December, Mercuri International Oy was sold to the Swedish company Investment AB Bure. Alliance ScanEast Fund L.P., which is managed by EastMan Advisors Oy, exited from two investee companies: Elda Szczecinek S.A. in Poland and ZAO Åkerlund & Rausing Kuban in Russia.

The investments by the private equity funds managed by CapMan are set out in the table on pages 18 - 20.

At the end of 1999, Access Capital Fund had committed more than FIM 350 million in 6 private equity funds in Italy, Ireland, the United Kingdom, Israel, Germany and France.

Personnel

At year-end, CapMan had 34 employees, of whom 7 had joined in 1999.

In 1999, CapMan formed a dedicated technology team and recruited specialists in this field from the industry.

Administration

The Board of Directors of CapMan Partners Oy consists of Mr. Vesa Vanha-Honko (chairman), Mr. Peter Buch Lund, Mr. Olli Liitola, Mr. Tuomo

Raasio, Mr. Petri Saavalainen, Mr. Ari Tolppanen and Mr. Heikki Westerlund. Mr. Ari Tolppanen served as the company's President.

SVH Pricewaterhouse Coopers Oy, was chosen as auditor and Mr. Jan Holmberg, APA, as the auditor in charge.

The Board of Directors of the management company CapMan Capital Management Oy consisted of Mr. Lauri Koivusalo (chairman), Mr. Ralf Saxén, Mr. Orvo Siimestö, Mr. Kari Jokisalo, Mr. Curt Lindbom and Mr. Ari Tolppanen.

Shares and share capital

CapMan Partners Oy's share capital as at 31 December 1999 was FIM 2,340,500. The issued shares were fully owned by companies owned by the management. During 1999, the share capital was increased by 5,780 shares or FIM 28,900.

Significant events that took place after 31 December 1999

Merger and preparations for a public listing

On 19 April 2000, CapMan Partners Oy announced a reorganization, which will result in CapMan becoming listed on the Helsinki Stock Exchange in April 2001. In the reorganization, the first step will be to merge CapMan Partners Oy and Vestcap Oy, a company to be formed when Finvest Oy demerges into four separate listed companies. Vestcap Oy's assets consist of most of Finvest Oy's stockholding in Mandatum Bank Oy. The merger will create a new listed company, CapMan Oy, one of the leading private equity firms in the Nordic region.

The reorganization will be structured technically in such a way that Finvest Oy will first be demerged into four separate listed companies, of which one is Vestcap Oy. In conjunction with this, the majority of the Mandatum shares held by Finvest Oy will be injected into Vestcap Oy. CapMan, Finvest Oy and their main owners have agreed that Vestcap will then be merged into CapMan after the demerger has taken place.

The intention is to have the merger finally approved at the General Meeting of both companies in the second half of 2000. CapMan shares can be quoted on the Helsinki Stock Exchange after the merger is registered, estimated to take place in April 2001. Through the reorganization CapMan will become the second-largest shareholder of Mandatum Bank, with 20 per cent of the shares and 23.6 per cent of the voting rights.

The number of shares offered to Vestcap's shareholders in the merger represents 31.5 per cent of CapMan's shares and 15.5 per cent of CapMan's voting rights after the merger. The remaining 68.5 per cent of the shares and 84.5 per cent of voting rights will remain with CapMan's shareholders.

At the time of the registration of the merger, CapMan will have 8 million A shares with 10 votes per share, and 40 million B shares with one vote per share. The payment for Vestcap shares in the merger will be in the form of CapMan B shares. Based on the current number of Finvest's issued shares, this means that each Vestcap A share entitles to approximately 0.2927 CapMan B share, and one Vestcap B share entitles to approximately 0.2439 CapMan B share.

As the companies' issued stock may change as a result of the exercise of instruments entitling to shares, the final exchange ratio for shares will be determined in the merger agreement to be signed by Vestcap and CapMan. In the event that the number of the companies' shares change before the merger as a result of the exercise of instruments entitling to shares, the exchange ratio will be adjusted according to the agreed value ratio of 68.5/31.5. On the basis of the agreement, Vestcap will in conjunction with the demerger receive 944,250 Mandatum Bank series A shares and 7,070,643 series B shares as well as approximately FIM 10.8 million of debt.

Finnmezzanine Fund III

On 17 April 2000, CapMan Capital Management Oy established a new private equity fund, Finnmezzanine Fund III, which will mainly focus on Finnish and Nordic corporates. The size of the

fund is over FIM 700 million (approximately EUR 120 million) and the intention is to grow it further during the summer of 2000. Twenty Finnish investors have invested in the fund. The newly established fund is CapMan's third mezzanine fund and its eleventh private equity fund. The new fund will increase the capital managed by CapMan to approximately FIM five billion, and it will follow the investment policy of its predecessors Finnmezzanine Fund I and II, concentrating mainly on financing privately held medium-sized companies with mezzanine instruments.

Main investments and exits

During the beginning of 2000, CapMan's cumulative investments had grown to FIM 1.7 billion including PI-Consulting Oy, Å&R Carton AB and Utfors AB.

Satama Interactive Oy was listed on the Helsinki Stock Exchange NM list in March. In February 2000, the funds sold approximately half of their remaining shareholding in Aldata Solution Oy.

Outlook for the year 2000

The year 2000 is expected to be exceptionally good for CapMan due to the aforementioned exits. Finnventure Fund III started as the third fund generating carried interest during the beginning of the year. In addition, Finnmezzanine Fund I Ky (FIM 186.9 million in capital) and Skandia's share of the Fenno Program (FIM 50 million in capital) are approaching the preferential return targets after which they will start generating carried interest to the management company.

CapMan's turnover is estimated to amount to approximately FIM 200 million in 2000, consisting of approximately FIM 45 million in management fees and approximately FIM 155 million in carried interest.

Proposal to the Annual General Meeting on the payment of dividend

The Group's non-restricted equity is FIM 14,057,568 and the parent company's FIM 12,631,572. The Board of Directors proposes that FIM 26 per share is to be paid in dividend except for the shares subscribed for in 1999, which will receive no dividend. Total dividends amount to FIM 12,020,320.

Group income statement

FIM	Note	1.1.-31.12.1999	1.1.-31.12.1998
TURNOVER	1.	41,627,457	40,579,175
Other operating income	2.	54,888	55,729
Personnel costs			
Wages and salaries		9,360,075	6,858,301
Social security costs			
Pension costs		1,878,211	1,728,569
Other personnel costs		618,710	484,952
	3.	-11,856,996	-9,071,822
Depreciation			
Depreciation according to plan		518,941	417,398
Depreciation on consolidated goodwill		58,539	58,539
		-577,480	-475,937
Other operating expenses		-15,427,604	-12,363,028
OPERATING PROFIT		13,820,265	18,724,117
Financing income and expense			
Income from other fixed asset investments		33,083	0
Share of affiliated companies' profits		125,922	0
Other interest and financial income		3,551,207	2,271,384
Interest and other financial expenses		-187,868	-73,547
		3,522,344	2,197,837
PROFIT BEFORE EXTRAORDINARY ITEMS		17,342,609	20,921,954
Extraordinary items			
Extraordinary expenses		0	-46,677
PROFIT BEFORE APPROPRIATIONS AND TAXES		17,342,609	20,875,277
Income taxes		-3,892,995	-5,774,957
PROFIT BEFORE MINORITY INTEREST		13,449,614	15,100,320
Minority interest		-1,844,618	-2,325,995
PROFIT FOR THE FINANCIAL YEAR		11,604,996	12,774,325

Group balance sheet

FIM	Note	31.12.1999	31.12.1998
ASSETS			
FIXED ASSETS			
Intangible assets			
Intangible rights	4.1.1.	149,306	137,254
Consolidated goodwill	4.1.2.	190,248	248,786
Other long-term expenditure	4.1.3.	58,772	61,956
		398,326	447,996
Tangible assets			
Machinery and equipment	4.1.4.	1,757,955	1,563,312
Other tangible assets	4.1.5.	113,084	113,083
		1,871,039	1,676,395
Investments			
Investments in affiliated companies	4.2.	559,778	0
Other investments	4.2.	13,993,715	8,765,272
		14,553,493	8,765,272
CURRENT ASSETS			
Receivables			
Long-term			
Loan receivables		200,000	200,000
Short-term			
Accounts receivable		518,468	72,187
Loan receivables		1,935,771	571,905
Other receivables		3,405,333	1,673,583
Accrued income		1,260,978	417,141
		7,120,550	2,734,816
Marketable securities			
Other investments		8,516,014	20,308,798
Cash and bank			
		2,586,558	1,301,258
		35,245,980	35,434,535

Group balance sheet

FIM	Note	31.12.1999	31.12.1998
LIABILITIES AND EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		2,340,500	2,311,600
Share premium account		191,549	47,049
Retained earnings		2,464,975	712,894
Profit for the financial year		11,604,996	12,774,625
Consolidation difference		-12,403	3,788
	4.4.	16,589,617	15,849,956
MINORITY INTEREST		2,457,395	2,897,393
LIABILITIES			
Long-term			
Other liabilities		455,189	450,090
Short-term			
Advances received		9,581,237	11,503,215
Accounts payable		800,885	408,040
Other liabilities		2,821,682	472,077
Accrued expenses		2,539,975	3,853,764
		15,743,779	16,237,096
		35,245,980	35,434,535

Parent company income statement

FIM	Note	1.1.-31.12.1999	1.1.-31.12.1998
TURNOVER	1.	1,319,180	1,180,050
Other operating income	2.	11,315	47,480
Personnel costs			
Wages and salaries		751,034	626,672
Social security costs			
Pension costs		135,710	110,289
Other personnel costs		48,996	44,899
	3.	-935,740	-781,860
Depreciation			
Depreciation according to plan		-46,841	-45,579
Other operating expenses		-1,569,142	-710,960
OPERATING LOSS		-1,221,228	-310,869
Financial income and expenses			
Income from other fixed asset investments		33,083	0
Other interest and financial income		55,727	149,502
Interest expenses and other financial expenses to			
Group companies		-67,600	-149,773
Others		-97,606	0
		-76,396	-271
LOSS BEFORE EXTRAORDINARY ITEMS		-1,297,624	-311,140
Extraordinary items			
Extraordinary income		0	682,518
Group contributions received		15,000,000	18,250,000
		15,000,000	18,932,518
PROFIT BEFORE APPROPRIATIONS AND TAXES		13,702,376	18,621,378
Income taxes		-3,837,871	-5,214,282
PROFIT FOR THE FINANCIAL YEAR		9,864,505	13,407,096

Parent company balance sheet

FIM	Note	31.12.1999	31.12.1998
ASSETS			
FIXED ASSETS			
Intangible assets			
Intangible rights	4.1.1.	0	1,945
Tangible assets			
Machinery and equipment	4.1.4.	194,197	126,280
Investments			
Shares in group undertakings	4.2.	2,992,118	2,992,118
Other investments	4.2.	3,256,206	1,900,288
		6,248,324	4,892,406
CURRENT ASSETS			
Receivables			
Long-term			
Loan receivables		200,000	200,000
Short-term			
Accounts receivable		140,058	63,149
Amounts owed by group undertakings	4.3.	7,078,268	11,606,180
Loan receivables		598,800	571,905
Other receivables		38,986	29,806
Accrued income		16,234	13,750
		7,872,346	12,284,790
Marketable securities			
Other investments		413,263	390,739
Cash and bank		956,712	436,367
		15,884,842	18,332,527

Parent company balance sheet

FIM	Note	31.12.1999	31.12.1998
LIABILITIES AND EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		2,340,500	2,311,600
Share premium account		191,549	47,049
Retained earnings		2,767,068	386,304
Profit for the financial year		9,864,506	13,407,096
	4.4.	15,163,623	16,152,049
LIABILITIES			
Short-term			
Accounts payable		53,315	9,195
Amounts owed to group undertakings	4.5.	39,746	158,822
Other liabilities		41,372	38,924
Accrued expenses		586,786	1,973,537
		721,219	2,180,478
		15,884,842	18,332,527

Cash flow statement

FIM	GROUP		PARENT COMPANY	
	31.12.1999	31.12.1998	31.12.1999	31.12.1998
Operations				
Operating profit	13,820,265	18,724,117	-1,221,228	-310,869
Adjustments to operating profit	545,311	495,459	46,841	45,579
Change in net working capital	-2,551,006	1,360,295	4,338,859	11,558,097
Interest received	3,551,206	2,271,384	55,728	149,503
Interest and fees paid	-187,868	-73,547	-165,206	-149,774
Extraordinary expenses	0	-46,677	0	0
Taxes paid	-6,221,041	-11,105,478	-5,223,545	-11,007,450
Total from operations	8,956,867	11,625,553	-2,168,551	285,086
Investments				
Investments in other placements	-6,534,823	-4,571,597	-1,355,918	-1,460,249
Consolidation difference	-185,445	64,619		
Investments in tangible and intangible assets	-818,883	-983,875	-112,813	-80,180
Proceeds from sale of other investments	1,057,970	431,346	0	840,000
Proceeds from sale of tangible and intangible assets	128,600	700	0	0
Dividends received from investments	33,083	0	33,083	0
Total from investments	-6,319,498	-5,058,807	-1,435,648	-700,429
Financing				
Increase of long-term loans	64,181	35,901	0	0
Decrease of long-term loans	-59,082	-32,612	0	0
Dividends paid	-13,292,260	-21,960,200	-11,026,332	-21,960,200
Paid share issue	173,400	0	173,400	0
Translation adjustment/ minority interest	-18,689	126,210		
Translation adjustment/ shareholders' equity	-12,403	3,788		
Group contributions paid and received	0	0	15,000,000	18,250,000
Financing total	-13,144,853	-21,826,913	4,147,068	-3,710,200
Increase/decrease in cash and current investments	-10,507,484	-15,260,167	542,869	-4,125,543
Cash and current investments Jan. 1	21,610,056	36,870,224	827,106	4,952,648
Cash and current investments Dec. 31	11,102,572	21,610,057	1,369,975	827,105

1. Notes concerning the group's accounting obligations

CapMan Partners Oy is the Group's parent company, domiciled in Helsinki. Copies of the consolidated financial statements are available at Aleksanterinkatu 15 B, FIN-00100 Helsinki, Finland.

2. Consolidation principles

The consolidated financial statements have been prepared in accordance with the new Accounting Act. The information for the previous year has been adjusted for reason of comparability.

Internal shareholdings

The consolidated financial statements have been drawn up by acquisition accounting and the price paid for shares in subsidiaries in excess of shareholders' equity is given as consolidated goodwill.

Internal transactions and margins

Intra-Group transactions, internal receivables and liabilities, and intra-Group dividends have been eliminated.

Minority interest

Minority interest has been separated from the Group's shareholders' equity and net profit and is shown as a separate item.

Translation adjustment

The figures for the foreign subsidiary's financial statements have been translated into Finnish currency at the year-end rate and the translation loss from the elimination of shareholders' equity is given in the Group's shareholders' equity.

Affiliated companies

The affiliated companies have been consolidated by the equity method. A part of the affiliates' net profit for the year in proportion to the Group's holding is given in the financing items.

3. Principles of valuation

3.1. Valuation of fixed assets

Fixed assets and investments have been valued at the acquisition price. Planned depreciation on items included in fixed assets has been calculated in straight-line depreciation over the economic life of the item based on the original acquisition price, beginning the month after purchase.

The periods of depreciation used:

Intangible rights	5 years
Machinery and equipment	5 years
Vehicles	4 years

3.2. Valuation of financial assets

Securities included in financial assets have been valued at the acquisition cost or market price, whichever is the lower.

3.3. Pension Arrangements

In Finnish companies the statutory pension liabilities are handled through private insurance companies.

3.4. Items denominated in foreign currency

Receivables and liabilities denominated in foreign currency have been translated into Finnish currency at the year-end rate quoted by the Bank of Finland.

Notes to the financial statements

1. Turnover

Turnover by area

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Finland	32,312,988	32,664,501	1,319,180	1,180,050
Foreign	9,314,469	7,914,674	0	0
Total	41,627,457	40,579,175	1,319,180	1,180,050

2. Other operating income

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Proceeds from sale of fixed assets	38,599	0	0	0
Restoration of bad debts	16,289	55,729	11,315	47,480
Total	54,888	55,729	11,315	47,480

3. Personnel costs and average number of employees

Personnel costs	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1999
Wages and salaries	9,360,075	6,858,301	751,034	626,672
Pension costs	1,878,211	1,728,569	135,710	110,289
Other personnel costs	618,710	484,952	48,996	44,899
Total	11,856,996	9,071,822	935,740	781,860

Management wages and salaries

President and members of the Board of Directors	773,121	760,696	37,800	37,800
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Average number of employees

Personnel	35	31	6	5
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Notes to the financial statements

4.1. Intangible and tangible assets

4.1.1. Intangible rights

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1.	198,631	161,972	18,867	18,867
Additions	56,437	36,659	0	0
Acquisition cost 31.12.	255,068	198,631	18,867	18,867
Accumulated depreciation 1.1.	-61,377	-25,720	-16,922	-13,149
Depreciation for financial year	-44,386	-35,657	-1,945	-3,773
Accumulated depreciation 31.12.	-105,763	-61,377	-18,867	-16,922
Book value 31.12.	149,306	137,254	0	1,945

4.1.2. Consolidated goodwill

	Group 31.12.1999	31.12.1998		
Acquisition cost 1.1.	592,743	623,553		
Disposals	0	-30,810		
Acquisition cost 31.12.	592,743	592,743		
Accumulated depreciation 1.1.	-343,957	-300,053		
Disposals	0	14,635		
Depreciation for financial year	-58,539	-58,539		
Accumulated depreciation 31.12.	-402,496	-343,957		
Book value 31.12.	190,248	248,786		

4.1.3. Other long-term expenditure

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1.	101,050	30,600	0	0
Additions	13,860	70,450	0	0
Acquisition cost 31.12.	114,910	101,050	0	0
Accumulated depreciation 1.1.	-39,095	-15,300	0	0
Depreciation for financial year	-17,043	-23,795	0	0
Accumulated depreciation 31.12.	-56,138	-39,095	0	0
Book value 31.12.	58,772	61,956	0	0

Notes to the financial statements

4.1.4. Machinery and equipment

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1.	2,176,955	1,503,964	207,730	179,342
Additions	748,586	916,457	112,813	123,080
Disposals	-182,883	-243,465	0	-94,692
Acquisition cost 31.12.	2,742,658	2,176,956	320,543	207,730
Accumulated depreciation 1.1.	-613,644	-455,425	-81,451	-91,437
Disposals	64,400	185,160	0	48,354
Depreciation for financial year	-435,459	-343,379	-44,895	-38,368
Accumulated depreciation 31.12.	-984,703	-613,644	-126,346	-81,451
Book value 31.12.	1,757,955	1,563,312	194,197	126,280

4.1.5. Other tangible assets

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1./31.12.	113,084	113,084	0	0

4.2. Investments

	Group ownership of shares, %	Parent company ownership of shares, %
Subsidiaries:		
CapMan Capital Management Oy, Helsinki	95 %	95 %
Finnmezzanine Oy, Helsinki	70 %	
EastMan Advisors Oy, Helsinki	60 %	
ScanEast Managing Partner Ltd., Guernsey *)	70 %	
Affiliates:		
Access Capital Partners S.A., France	47,46 %	
Access Capital Partners (Guernsey) Limited, Guernsey	47,50 %	

*) Via the subsidiary EastMan Advisors Oy

Notes to the financial statements

Shares Group companies

	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1.	2,992,118	3,149,600
Disposals	0	-157,482
Acquisition cost 31.12.	2,992,118	2,992,118

Shares affiliated companies

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Acquisition cost 1.1.	0	0	0	0
Additions	559,778	0	0	0
Acquisition cost 31.12.	559,778	0	0	0

Shares, other

Acquisition cost 1.1.	8,496,981	5,465,021	1,900,288	440,039
Additions	6,531,999	3,731,597	1,355,918	1,460,249
Disposals	-1,035,265	-431,346	0	0
Acquisition cost 31.12.	13,993,715	8,765,272	3,256,206	1,900,288

4.3. Receivables

	Parent company 31.12.1999	31.12.1998
Receivables from Group companies		
Accounts receivable	125,642	206,180
Loan receivables	6,952,626	11,400,000
Total	7,078,268	11,606,180

Notes to the financial statements

4.4. Shareholders' equity

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Share capital 1.1.	2,311,600	2,311,600	2,311,600	2,311,600
Rights issue 7.7.	28,900	0	28,900	0
Share capital 31.12.	2,340,500	2,311,600	2,340,500	2,311,600
Share premium account 1.1.	47,049	47,049	47,049	47,049
Issue premium	144,500	0	144,500	0
Share premium account 31.12.	191,549	47,049	191,549	47,049
Retained earnings 1.1.	13,491,307	22,673,094	13,793,400	22,346,504
Dividend payment	-11,026,332	-21 960,200	-11,026,332	-21,960,200
Consolidation difference	-12,403	3,788	0	0
Retained earnings 31.12.	2,452,572	716,682	2,767,068	386,304
Profit for the financial year	11,604,996	12,774,625	9,864,506	13,407,096
Shareholders' equity, total	16,589,617	15,849,956	15,163,623	16,152,049

Calculation of distributable assets

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Retained earnings	2,452,572	716,682	2,767,067	386,303
Profit for the financial year	11,604,996	12,774,625	9,864,505	13,407,096
Total	14,057,568	13,491,307	12,631,572	13,793,399

4.5. Current liabilities

	Parent company 31.12.1999	31.12.1998
Liabilities to Group companies		
Other liabilities	39,746	158,822

Notes to the financial statements

5. Contingent liabilities and other commitments

5.1. Rent and leasing obligations

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
To be paid in current financial year	621,973	474,645	0	0
To be paid later	1,312,143	1,477,209	0	0
Total	1,934,116	1,951,854	0	0

5.2. Other contingent liabilities

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Pledged deposit for own commitment	46,100	46,100	0	0

Remaining commitments to Funds

	Group 31.12.1999	31.12.1998	Parent company 31.12.1999	31.12.1998
Finnventure Fund III Ky	174,000	246,500	0	0
Finnventure Fund III G Ky	22,500	51,000	0	0
Alta Berkeley Nordic Partners Ky	127,604	234,624	0	0
Finnventure Fund IV Ky	1,505,000	2,660,000	0	0
Fenno Fund Ky	278,000	780,000	0	0
Finnventure Fund V Ky	9,711,922	0	0	0
Finnventure Fund V ET Ky	1,999,906	0	0	0
Finnmezzanine Fund I Ky	66,600	66,600	0	0
Finnmezzanine Fund II A Ky	498,000	1,188,000	0	0
Finnmezzanine Fund II B Ky	375,000	950,000	0	0
Finnmezzanine Fund II C Ky	750,000	1,915,000	0	0
Finnmezzanine Fund II D Ky	586,090	1,000,000	0	0
Alliance ScanEast Fund L.P	627,720	647,054	0	0
Total	16,722,342	9,738,778	0	0

Group:

Joint commitment with Tejan Ltd and Parten Ltd: 0.3% of the combined equity of Access Capital L.P. and Access Capital FCPR, which as per 31 March 2000 is EUR 168 m.

Signatures to the financial statements

Helsinki, 11 May 2000

Vesa Vanha-Honko
Chairman of the
Board of Directors

Olli Liitola

Peter Buch Lund

Petri Saavalainen

Tuomo Raasio

Heikki Westerlund

Ari Tolppanen
President

The above financial statements have been prepared in accordance with generally accepted accounting principles.

A report on the audit carried out has been submitted today

Helsinki, 12 May 2000

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Jan Holmberg, Authorised Public Accountant

Auditors' Report

To the shareholders of CapMan Partners Oy

We have audited the accounting, the financial statements and the corporate governance of CapMan Partners Oy for the period 1.1.1999 – 31.12.1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on the corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable earnings is in compliance with the Companies' Act.

Helsinki, 12 May 2000

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Jan Holmberg, Authorized Public Accountant

Board of Directors of CapMan Partners Oy



The Group's parent company, CapMan Partners Oy (future CapMan Oyj) is responsible for CapMan's strategy and business development. In the back row from left are Olli Liitola, Petri Saavalainen, Vesa Vanha-Honko (chairman) and Peter Buch Lund. In the front row from left are Heikki Westerlund, Ari Tolppanen and Tuomo Raasio.

Board of Directors of CapMan Capital Management Oy



CapMan Capital Management Oy (a subsidiary of CapMan Partners Oy) is responsible for the management of CapMan's funds. In the back row from left are Kari Jokisalo, Curt Lindbom and Orvo Siimestö. In the front row from left are Ari Tolppanen, Lauri Koivusalo (chairman) and Ralf Saxén.

CapMan Partners Oy's shareholders, 31 March 2000

Shareholder	Shares	Percentage of Shares
Oy Aristo-Invest Ab	143,182	30.6
Geldegel Oy	75,577	16.1
Vesasco Oy	75,577	16.1
Winsome Oy	75,577	16.1
Novestra Oy	43,384	9.3
Heiwes Oy	43,384	9.3
Guarneri Oy	11,419	2.5
Total	468,100	100 %

Definitions for key ratios

Return on investment (ROI), % =

Profit before extraordinary items and taxes + interest expense and other financial expenses
 _____ x 100
 Balance sheet total – non-interest bearing debts (average)

Return on equity (ROE), % =

Profit before extraordinary items and taxes – income taxes
 _____ x 100
 Shareholders' equity + minority interest (average)

Equity ratio, % =

Shareholders' equity + minority interest
 _____ x 100
 Balance sheet total – advances received

When an interesting deal takes shape

CapMan *is there.*

CapMan

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