

CapMan

ANNUAL REPORT
2004

Helsinki • Stockholm • Copenhagen • Oslo • Guernsey

In 2004

- CapMan's carried interest income increased to €9.1 million and operating profit to €9.3 million as a result of successful exits.
- Investment operations continued actively and CapMan invested €90.8 million in total. There were five new investments in Sweden, two each in Norway and Finland and one in Denmark.
- Fundraising for the new CapMan Mezzanine Fund IV was a success. Commitments of €142.5 million had been received by year-end.
- CapMan expanded its operations to Norway at the end of the year 2004.

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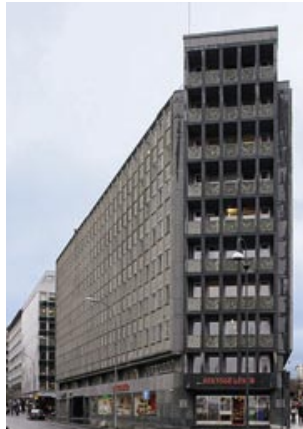
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CapMan is one of the leading private equity investors in the Nordic countries. CapMan is the only player in the industry with offices in Stockholm (1), Helsinki (2), Oslo (3) and Copenhagen (4) and its pan-Nordic teams comprise some 80 persons. CapMan's Nordic strategy, which includes local presence in four capital cities, is a core competitive advantage in CapMan's business.

CapMan today

CapMan, one of the leading private equity investors in the Nordic countries, was founded in 1989. Its core business is private equity fund management and advisory services. CapMan is specialised in middle market buyouts in various industry sectors, technology investments in the IT and communications sectors, and life science investments in medical technology companies. CapMan Plc's B share is listed on the Main List of the Helsinki Stock Exchange.

CapMan has a strong market position in selected investment areas in the Nordic countries. Capital under management and the funds' investment volume have grown every year since the company was founded, and the funds' current portfolio is comprehensively diversified between different sectors and countries. The funds managed/advised by CapMan have delivered good returns since inception, to both institutional investors in the funds and to CapMan as the funds' management/advisory company. CapMan employs about 80 persons and has offices in Helsinki, Stockholm, Copenhagen, Oslo and Guernsey.

STRATEGY AND OBJECTIVES

CapMan has a strong Nordic growth strategy, which it has successfully realised during recent years. In 2001 and 2002 CapMan expanded its operations to Denmark and Sweden via acquisitions, and in 2004 the Group expanded its operations to Norway.

CapMan's objectives are:

- to grow the value and liquidity of CapMan's share
- to develop CapMan as a public company while preserving the partnership model in investment activities
- to increase the Group's profitability through successful investment activities, growing the amount of capital under management and developing new fund products for institutional investors
- to internationalise and diversify the fund investor base
- to provide fund investors with the top quartile returns of all European private equity investors
- to enhance the wellbeing of staff and CapMan's reputation as an employer for continuing personnel motivation, expertise and dedication
- to ensure proprietary deal flow in all Nordic countries through Nordic investment teams and strong local presence
- to create prerequisites for value creation in portfolio companies on a Nordic level and in Nordic structural reorganisations
- to achieve Nordic market leadership in selected investment areas
 - middle market buyout transactions,
 - technology investments in IT and communications sectors and
 - medical technology investments

VISION

Our vision is to be the preferred Nordic private equity partner for investors and entrepreneurs.

MISSION

Our mission is to create financial returns through industrial approach. We act as a link between companies in need of capital and fund investors, serve as a catalyst for the growth of our portfolio companies through our industrial hands-on approach and, in doing so, benefit our stakeholders financially.

VALUES

CapMan's values guide all of our actions.

Industrial hands-on approach

We concentrate on enhancing our portfolio companies' business by actively taking part in developing their operations. We provide more than just financial support.

High ethics

We believe in integrity and transparency. We are a reliable partner and we respect our stakeholders.

Dedication

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

Independence

We are independent of other financial actors in the market.

Profitability

We aim for profitability and rise in share value without forgetting our other values. We strive for profitability through successful investment activities, growth and cost effectiveness.

CREATING GROWTH AND SUCCESS IN THE NORDIC COUNTRIES

CapMan's most significant exit in 2004, the sale of Eltel Networks Group at the end of the year, was reflected in the returns to all of CapMan's stakeholders. CapMan acquired the Finnish company IVO Transmission Engineering in 2001. Under the guidance of CapMan and the operative management, the company was transformed into a leading Northern European provider of design, construction and maintenance of electrical and telecommunications networks. Eltel gained a new management, vision and strategy in the early stage of the investment. In addition, the organisational structure was reformed and Eltel Academy was established for personnel development. Strong expansion of operations was achieved through acquisitions in Poland, Russia, Norway and Sweden. Between 2001 and 2004, the Group's net sales increased from €192.1 million to €304.8 million, operating profit from €7.1 million to €22.2 million and the number of employees from 1,500 to approx. 2,300.



CEO's Review

A good year

2004 was a good year for CapMan. Exit markets recovered during the year and CapMan utilised this opportunity with success. Carried interest income received from the funds managed/advised by CapMan grew to €9.1 million, following successful exits from portfolio companies. As a result of exits the Fenno Program was the sixth fund to partially begin to generate carried interest, and three funds moved significantly closer to carry. The successful exits were visible in CapMan's good result and share price development in 2004.

Improved markets

The recovery of exit markets across all Nordic countries was reflected especially in the increasing interest expressed by industrial and financial buyers towards companies at the exit stage. IPO markets have been slower to reopen in some countries. While recovery in all Nordic countries would be desirable, a lack of IPO markets is not an obstacle to successful realisations.

The market was also busier in 2004 in terms of investments and fundraising. The number of new investments and value of commitments to funds showed clear growth in Europe compared to the previous year, and this trend is also evident in the Nordic countries. Institutional investors have a favourable attitude to private equity investment and we expect this to continue also in the future. The competition in buyout markets has further increased as a

result of newcomers and new funds raised by existing private equity investors. In comparison, the competition in technology and life science sectors is less fierce and syndicated investments are common. As a Nordic private equity and venture capital investor, CapMan has a strong market position in all of our investment areas.

Nordic strength

For CapMan, the past few years have been marked by a determined expansion through the Nordic countries. Today CapMan has almost 50 investment professionals divided into three teams – Buyout, Technology and Life Science – in all of the Nordic capitals. In the last three years CapMan has invested €260 million in 32 new portfolio companies, of which 16 are in Sweden, 11 in Finland, three in Denmark and two in Norway. Ten of these companies are buyouts, 15 are technology companies and seven are life science companies. Integration has progressed smoothly and CapMan's vision, to be the preferred Nordic private equity partner for investors and entrepreneurs, has taken a significant step forward.

As a truly Nordic private equity and venture capital house, CapMan has an extra edge. Our strong local presence in all key markets increases CapMan's competitive advantage in investment activities, fund product development and fundraising. We also believe that CapMan's Nordic strength attracts recruitments from the top

professionals and motivates our dedicated employees.

Interest towards CapMan increased

Fundraising in 2004 was successfully focused on the new CapMan Mezzanine IV fund, which had attracted €142.5 million in commitments at the end of the year. The structure of CapMan Mezzanine IV allows investors to participate in the fund also by subscribing asset-backed bonds listed on the Helsinki Stock Exchange. CapMan is the first private equity investor to bring this type of partially securitised fund to Nordic markets. The new fund structure offers more flexibility and has enabled new institutional investors, who may have been unable to invest in private equity due to their own investment criteria, to join the asset class. As a result, the number of new institutional fund investors in CapMan funds increased by almost 10%.

There was also clear growth in CapMan's share price and liquidity in 2004.

In addition, in 2004 we paid special attention to the enhancement of the evaluation process, career path model and compensation system for CapMan's investment professionals so that compensation is more closely connected to the achieved work performance.

I would like to most warmly thank all of CapMan's co-operation partners and employees for the past year.

In 2004, CapMan's Nordic team succeeded in terms of exits, investments and fundraising.

In 2005, we expect favourable market conditions to continue.



Ari Tolppanen
CEO CapMan Plc

CapMan as an investment

CapMan Plc's B share is listed on the Main List of the Helsinki Stock Exchange since April 2001, and CapMan is one of the few public private equity fund management companies in Europe. The establishment of new funds and successful fundraising ensure the continuity of CapMan's investment operations and safeguard the success of the entire Group. Successful investment activities and the professional expertise of employees are reflected in successful fundraising.

Prerequisites for business

An essential prerequisite for the continuity of CapMan's business operations is successful fundraising, or the commitment of capital into newly established funds. The precondition for fundraising is that returns on capital invested in the funds fulfil the profit objectives of fund investors. Therefore in the long-term, continuity of operations depends on successful investment and exit activities, which are related to high deal flow generation, careful selection of portfolio companies, successful value creation in the portfolio companies and exploitation of market conditions in investment and exit stages. The success of investment activities and fundraising depends largely on the expertise of employees responsible for these areas as well as the efficiency and functionality of supporting investment, reporting and fundraising processes. Successful investments and exits build fund investors' confidence in CapMan, which facilitates fundraising for new funds. A loyal investor base is one of CapMan's strengths.

How CapMan's income is constituted

CapMan's income derives from management fees from the funds, carried interest from funds generating carried interest, a share of the result of affiliated companies and returns on direct fund investments made from CapMan's own balance sheet.

The returns from direct fund investments will have a greater influence on the Group's result in the future, as CapMan's objective is to make investments from its balance sheet corresponding to about 3–5% of the capital in future CapMan funds. CapMan has made substantial investments in Swedestart Tech, CapMan Equity VII, Access Capital Partners II and CapMan Mezzanine IV funds from its balance sheet to date.

The annual management fees received from the funds are typically 1.25–2.5% of the funds' total capital. The management fees CapMan receives from the funds are expected to cover the company's operative expenses well, in which case carried interest income received from the funds grow the Group's result in full. As a private equity fund management company, CapMan begins to receive carried interest after the investors have regained their investment in addition to a preferential return, usually 6–8% p.a. Carried interest is typically 20–25% of the funds' cash flow through exits from its portfolio companies.

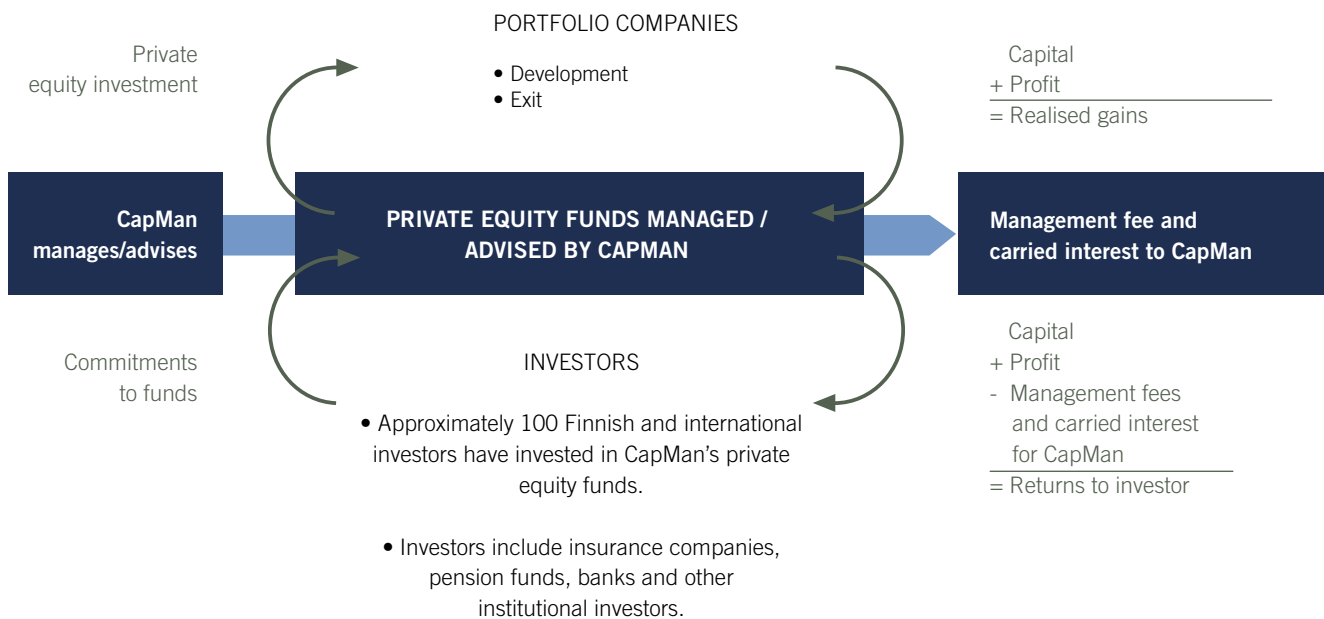
At the end of 2004, CapMan managed/advised approx. €1,280.0 million in funds making direct investments in portfolio companies and affiliated company Access Capital Partners managed/advised €622.5 million in two funds of funds and private equity mandates. Five of the funds investing directly in portfolio companies

were generating carried interest at the end of 2004. Capital in these funds totals €92.2 million, which represents approx. 7.2% of the total capital in funds investing directly in portfolio companies. The funds that are not yet generating carry have substantial return potential. As at the end of 2004, CapMan has committed a total of €38.3 million from its own balance sheet in CapMan funds, of which €16.2 million was invested by the year-end.

Evaluation of CapMan's financial performance

The profitability of CapMan's business operations depends on the success of its funds. Each fund typically contains 10–20 investments, and therefore funds are not dependent on the success or failure of individual investments. The focus of investment activities varies as a consequence of prevailing economic conditions. Exit markets are generally poor during downward cycles, when CapMan's investment activities focus on making new investments and developing existing portfolio companies. Conversely, exit opportunities are favourable during upward cycles and the focus shifts more towards realisations. Successful exits are also reflected in the form of carried interest income in CapMan's result and distribution of dividend.

BUSINESS MODEL



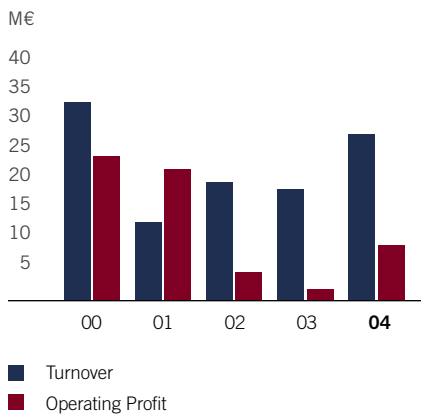
CapMan's financial objectives

- Average capital growth of funds under management at least 15% per annum.
- Fund performance in the top quartile of all European private equity investors.
- Increase CapMan's own direct capital investments to about 3–5% of the capital of future funds.
- Return on equity over 25%.
- A liquid share with a strong cash flow.
- At least 50% of CapMan's annual net profit used for dividend payments or repurchase of CapMan shares.

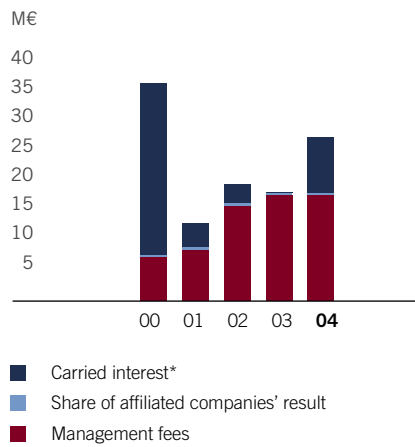
KEY RATIOS FOR CAPMAN GROUP 2000–2004

M€	2000	2001	2002	2003	2004
Turnover	33.4	13.1	20.0	18.7	28.1
Management fees	7.4	8.6	15.9	17.8	17.8
Carried interest*	28.8	4.0	3.1	0.2	9.1
Share of affiliated companies' result	0.4	0.5	0.6	0.3	0.4
Other operating income**	0.0	18.0	0.0	0.0	0.1
Operating profit	24.3	22.1	4.7	1.8	9.3
Financial income and expenses	0.6	8.5	0.5	0.4	0.5
Profit for the financial year	20.1	21.7	3.4	1.1	6.3
Return on equity, %***	93.1	50.1	5.9	2.3	13.8
Return on investment, %***	114.4	70.7	10.3	4.9	21.3
Equity ratio, %	70.2	97.6	93.2	93.6	90.0
Dividend paid****	15.2	18.5	7.5	3.7	4.5
Dividend/earnings, %****	76.2	85.2	222.5	327.0	71.4
Personnel (at year-end)	41	52	66	71	74

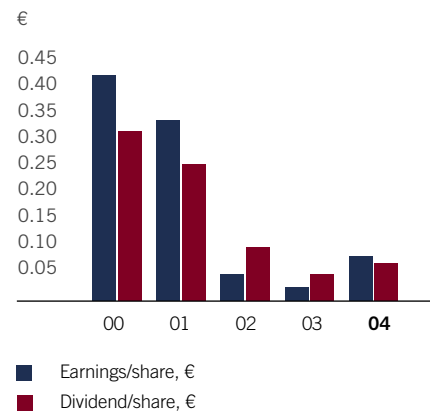
TURNOVER AND OPERATING PROFIT**



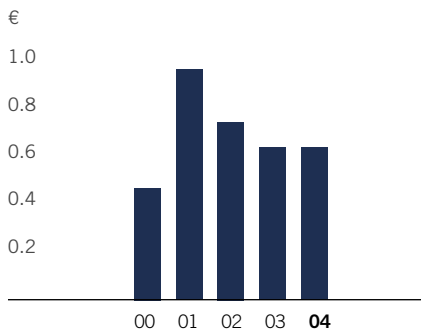
TURNOVER



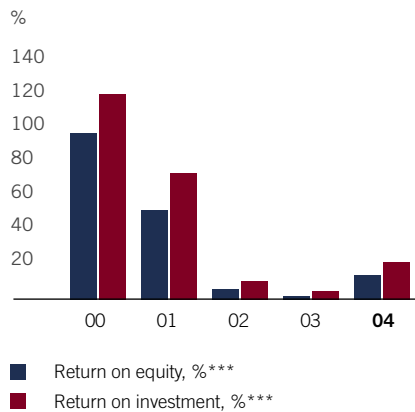
EARNINGS/SHARE AND DIVIDEND/SHARE****



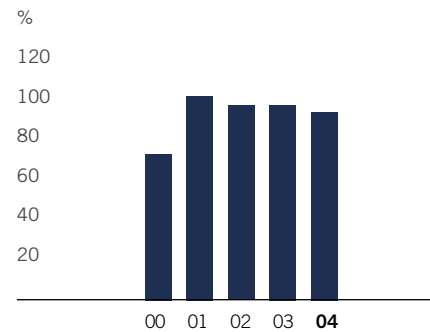
SHAREHOLDERS' EQUITY/SHARE



ROI AND ROE, %



EQUITY RATIO, %



* In deviation from official financial statements

** Capital gains from the sale of Sampo plc shares in 2001. Gains excluded in Turnover and operating profit graph.

*** Key ratios for 2000 are based on the balance sheet as at 31 December.

**** For 2004 dividend, proposal of the Board of Directors to the Annual General Meeting.

Funds under management and investment activities

Capital under management

CapMan managed/advised 12 equity funds and four mezzanine funds that invest directly in portfolio companies at the end of 2004. In addition to these Access Capital Partners, which is 47.5% owned by CapMan, managed/advised two European funds of funds and private equity investment mandates. At the end of 2004

CapMan managed/advised €1,280.0 million in funds making direct investments in portfolio companies. Access Capital Partners managed/advised €622.5 million.

Investment activities

The main investment activity of CapMan's funds comprises direct investments in portfolio companies in Finland, Sweden,

Denmark and Norway. Direct investments include middle market buyouts, technology investments and investments in the life science sector. As at the end of 2004, the funds managed/advised by CapMan that make direct investments in portfolio companies had invested in 147 companies and exited from 69 companies in total.

INVESTMENT FOCUS AND TYPICAL INVESTMENT SIZE

Buyout investments

- Nordic companies in all industries
- Portfolio companies with net sales between €50–500 million
- Equity investments €10–50 million per company
- CapMan funds make both equity and mezzanine investments in buyout transactions

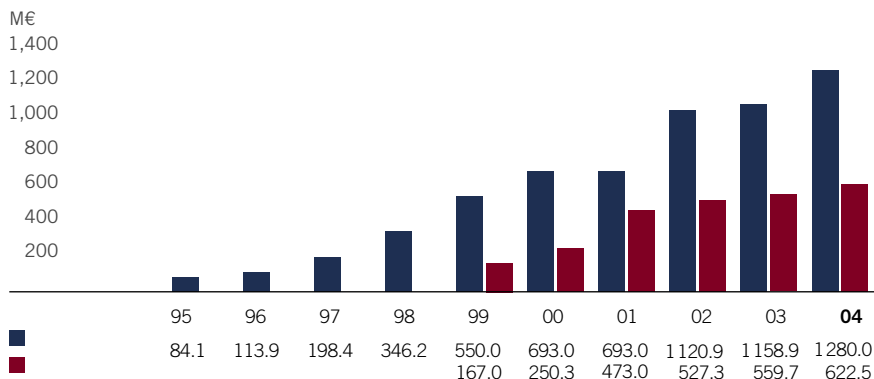
Technology investments

- Nordic IT and communications companies
- Equity investments €3–15 million per company

Life Science investments

- Nordic medical technology companies
- Equity investments €1–5 million per company

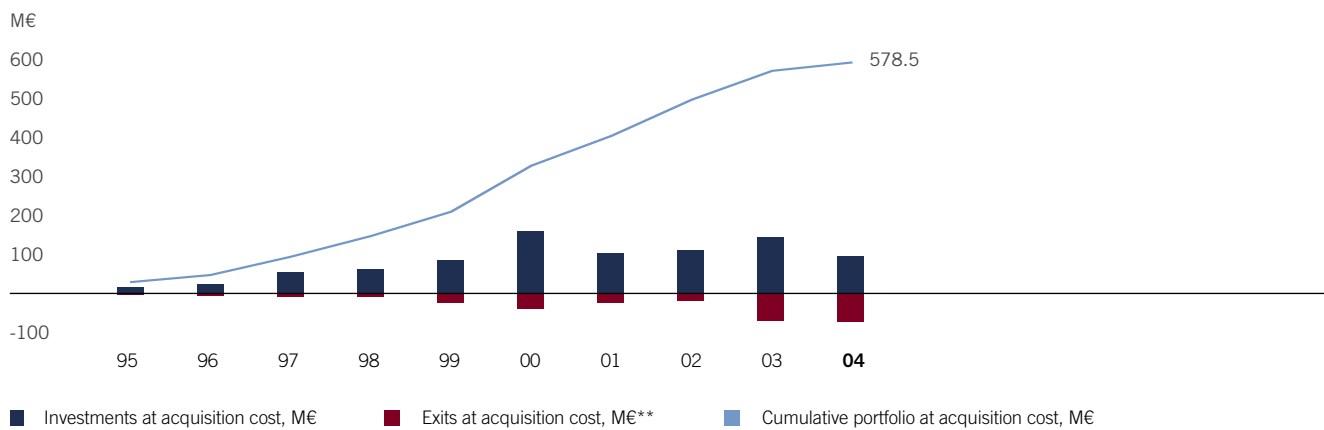
FUNDS UNDER MANAGEMENT 1995–2004, M€



■ Funds making direct investments in portfolio companies ■ Funds of funds*

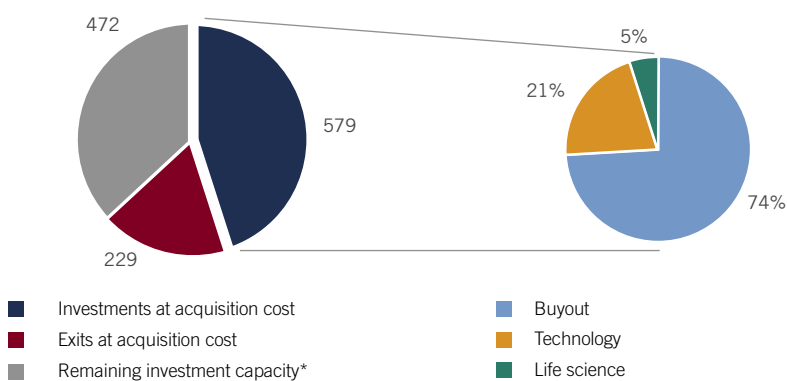
* CapMan holds 47.5% of the shares of fund of funds management/advisory company Access Capital Partners. Foreign currency items are translated for the entire period at the exchange rate on 31.12.2004.

INVESTMENTS AND EXITS BY CAPMAN FUNDS 1995–2004, M€*



* Includes regressive figures for NPEP and Swedestart funds.
 ** Exits include partial exits.
 Foreign currency items are translated for the entire period at the exchange rate on 31.12.2004.

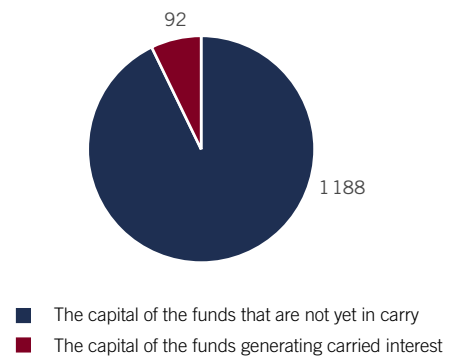
STATUS OF CAPMAN FUNDS AS AT 31.12.2004, M€



* Includes (realised and estimated) costs for those funds in which part of the total fund size is reserved for costs (approx. €50-60 million).

Investments in portfolio companies at acquisition cost totalled €578.5 million as at 31 December 2004. Of this, €428.8 million was invested in buyouts, €121.5 million in technology companies and €28.2 million in life science companies.

FUNDS GENERATING CARRIED INTEREST AS AT 31.12.2004, M€



→ Substantial unrealised potential, as the majority of capital is still in funds that are not yet in carry.

CapMan Buyout

Buyouts are company acquisitions in which the private equity investor typically acquires the company or part thereof together with the operative management or an outside management group. Buyout investments have been a part of CapMan's investment strategy since the company's foundation and they represented 74.1% of CapMan's portfolio at cost at the end of 2004.

Investment activities

CapMan's buyout investments focus on middle market buyout transactions with a typical investment size of €10–50 million per company. The portfolio companies are mainly unquoted companies that operate in changing and consolidating industries in Nordic countries, have turnover of €50–500 million and strong growth potential in Nordic markets.

Exits top off a successful year

2004 was a good year for CapMan's buyout operations. Improving exit markets provided a foundation for successful realisations after the lull of the last two years, and investment activities also continued at a brisk pace. Numerous investment proposals were analysed by our team and we made three new investments in Danish Anhydro, Norwegian EuroProcessing International (EPI) and Finnish Tokmanni. The investments in Anhydro and Tokmanni are typical of companies targeting growth through mergers and acquisitions and EPI is a pure mezzanine investment. We made also a significant add-on investment in Finnish Tiimari.

During the year we made six final exits from Lohja Caravans, Finnhepo, SWECO/PIC Engineering, Kotipizza, Karelia Corporation and Eltel Networks. Of these, the exits from provider of design, construction and maintenance services for electrical and telecommunication networks Eltel, flooring manufacturer Karelia and consulting company PIC Engineering/SWECO returned high money back multiples on invested capital to investors.

The success of Eltel can be attributed to right timing in changing markets revolutionised by a growing trend for outsourcing

of electrical network maintenance services in recent years. Eltel's superb management and motivated personnel also played a critical role. In Karelia Corporation, CapMan together with 3i supported the company through its internationalisation stage. Karelia invested heavily in expansions during the investment period, for example in Kuopio, and in connection with the exit the company gained a respected new partner in the Hartwall family. PIC Engineering was the first de-listing implemented by CapMan in 2000. After a few years of active ownership the share was liquid again as the company was acquired by Swedish listed company SWECO AB. CapMan sold the shares it received in the sale on the stock exchange in 2004.

CapMan's Buyout team made a significant developmental step during the year with the expansion of our operations to Norway, where we are actively scouting for new investee companies. In 2004 we continued to refine our Nordic strategy, which has proven results in making investments, developing the portfolio companies and carrying out exit projects.

The successful raising of the new CapMan Mezzanine IV further demonstrates CapMan's ability to outperform. The fund is CapMan's fourth mezzanine fund and it has the same investment focus as CapMan's equity investments in buyout transactions.

Platform for value creation

CapMan is the majority owner in its buyout portfolio companies in most cases. CapMan's investment professionals participate actively in the development of its portfolio companies' business through work on the Boards of Directors. Our objective is

to grow the company's value to achieve a good return on investment after a development phase of 4 to 6 years. The platform for value creation is the growth of the company either organically or via acquisitions and mergers (a buy-and-build-strategy), the company's improved profitability and cash flows or an increased efficiency of working capital. Our investment professionals assist and support the management of the portfolio company in making business decisions that enhance value creation. CapMan is also backed by an Advisor Network of experienced company managers.

Market environment and outlook for 2005

We believe that market conditions in 2005 will remain largely unchanged compared to the previous year. Competition for quality buyouts that meet CapMan's investment focus and criteria has become tougher in recent years and we expect this trend to continue also in 2005, as international private equity investors show more interest towards the opportunities offered by Nordic markets. The trends that are prevalent in many industries, such as the consolidation of fragmented industries, concentration on core operations and family successions, provide attractive investment opportunities for buyout investors.

In 2005, our team is well positioned to continue as an active player making new investments and achieving successful realisations.

Fundraising for CapMan Mezzanine IV continues in the first quarter of 2005. In addition, CapMan will commence fundraising for a new CapMan Buyout VIII fund during the year.

M&As

with Nordic outlook and
local understanding



Heikki Westerlund

Head of
CapMan Buyout

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1. Mehiläinen, the leading private health care group in Finland, has expanded nation-wide through more than 30 acquisitions. 2. Copterline operates 28 scheduled flights between Helsinki and Tallinn daily. The company is the pioneer for helicopter emergency medical services and search and rescue services in the field. 3. Swedish Synerco has operations in the rapidly developing markets for integrated outsourced facility management services. The company expanded its service range to include security services in 2004. 4. Cosmetics house LUMENE Group is famous for its award-winning product innovations. The Group's most important export market is Russia and it has excellent growth outlook in the Baltic region and North America. 5. Provider of recreational travel services Holiday Club Finland has created a unique concept for spa hotels and resorts in the Nordic countries. Holiday Club Åre in Sweden, which opened in November 2004, was named Hotel of the year by Dagens Nyheter. 6. Anhydro Group, the world's second largest group of companies focusing on evaporating and drying technologies, was formed from the consolidation of three international companies in Denmark in spring 2004. See also page 16.

CAPMAN BUYOUT IN BRIEF

INVESTMENT FOCUS AND CRITERIA

Investment focus	Manufacturing, retail and service industries in Nordic countries
Investment criteria	The portfolio company has: <ul style="list-style-type: none"> • a sector with high potential for growth organically or via M&As • market leadership or the potential to become market leader • an experienced management group capable of profitable growth • a valuation level with potential for significant value creation.
Investment size	Middle market. Equity investment €10–50 million.
Investment stage	Mainly companies with turnover of €50-500 million and positive cash flow.

IMPORTANT BUSINESS PARTNERS AND COMPETITORS

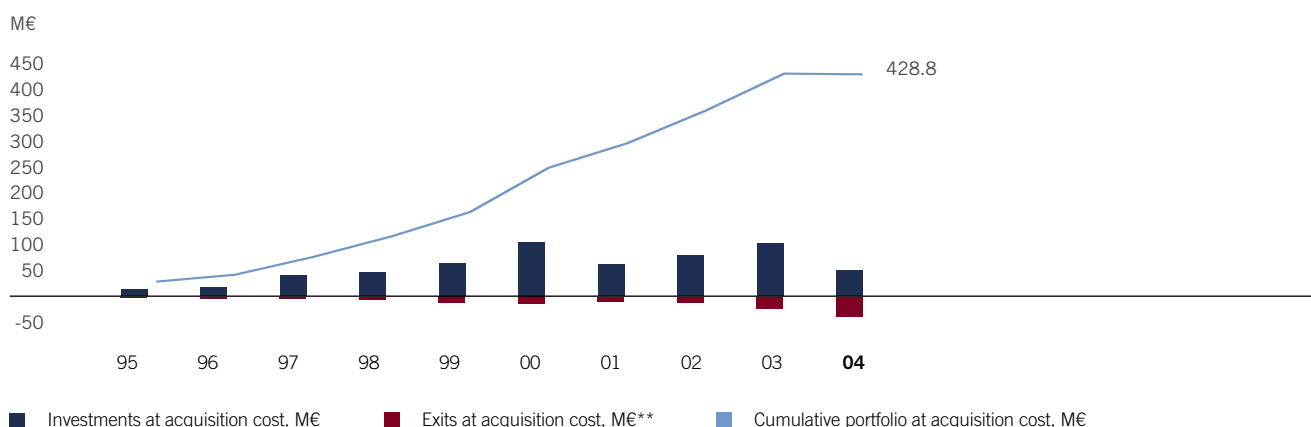
in Finland	3i, MB Rahastot, Sponsor Capital
in Sweden	3i, Altor, Priveq, Procuritas, Segulah, Triton
in Denmark	Axcel, Polaris
in Norway	Ferd, FSN, Reiten

INVESTMENT HISTORY

	ALL INVESTMENTS	CURRENT INVESTMENT FOCUS
Cumulative investments as at 31 December 2004, number	72	50
Cumulative exits as at 31 December 2004, number	37	22
Average holding period (total exits), years	4.7	4.2
AVERAGE INCREASE IN VALUE OF INVESTMENT*		
Exit valuation compared to investment at cost	4.7 times money back	5.9 times money back
IRR, %	37%	67%

*excl. mezzanine investments

BUYOUT INVESTMENTS AND EXITS ANNUALLY, M€*



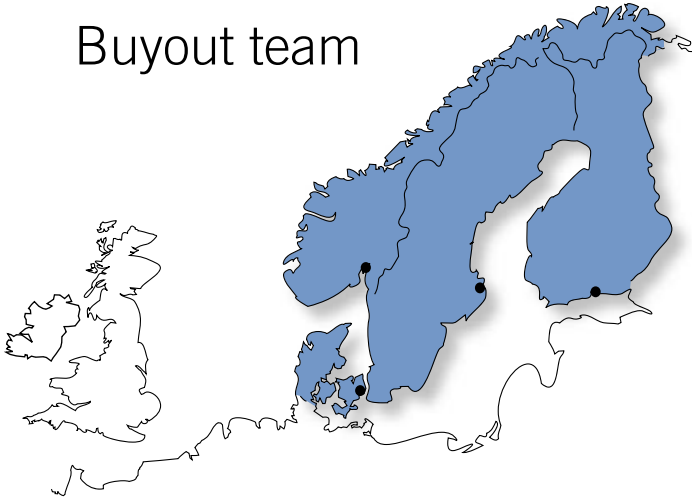
* Includes regressive figures for NPEP funds.

** Exits include partial exits.

Foreign currency items are translated for the entire period at the exchange rate on 31.12.2004.



Buyout team



Members of the team

- | | |
|--|---|
| Heikki Westerlund, Head of CapMan Buyout, Senior Partner, Deputy CEO of CapMan Plc | Mats Gullbrandsson, Investment Director |
| Tuomo Raasio, Deputy Head of CapMan Buyout, Senior Partner, Finland* | Lars Hagelstam, Investment Director |
| Göran Barsby, Partner, Sweden* | Mari Huuhka, Investment Analyst |
| Jan Dahlqvist, Partner, Denmark* | Leif Jensen, Senior Partner |
| Kai Jordahl, Senior Partner, Norway* | Jukka Järvelä, Partner |
| Elina Aartola-Mäkelä, Investment Manager | Tuula Kamppari, Executive Assistant |
| Sanna Argillander, Partner | Tarja Koikkalainen, Executive Assistant |
| Anders Björkell, Partner | Tuomas Lang, Senior Partner |
| Jerome Bouix, Director, Fundraising and IR | Jan Mattlin, Investment Manager |
| Matti Copeland, Investment Director | Gitte Reitz, Investment Analyst |
| | Markus Sjöholm, Partner |
| | Hans Tindlund, Investment Manager |
| | Riikka Wärn, Executive Assistant |
| | Niklas Östborn, Investment Analyst |

* Country Coordinator

Senior Advisors:

Peter Langkjær, Orvo Siimestö, Kari Österlund

Members of Industrial Advisor Network

Jörgen Ajslev, Joachim Berner, Dag Detter, Mikael Jonson, Conny Karlsson, Leif Zetterberg

Additional members of Investment Committee:

Olli Liitola, Senior Partner, CFO of CapMan Plc
Ari Tolppanen, Senior Partner, CEO of CapMan Plc
Vesa Vanha-Honko, Head of CapMan Development, Senior Partner

CapMan's Buyout team, including Senior Advisors, is comprised of 30 members. The team's investment professionals have deep knowledge of industry and financing. The Senior Partners of the team have worked together in the private equity industry for an average of 13 years, and the Partners have on average 6 years of experience in private equity investment. The Senior Partners have on average 12 years and Partners on average 9 years of industrial and financial experience. CapMan's Buyout team was expanded to Norway in early 2004.

Background information on team members can be found at www.capman.com. You can send email to the team to buyout@capman.com.

Mezzanine investments

CapMan is a leading mezzanine provider in the Nordic countries. Mezzanine financing, which is not typically used to finance routine business activities, is closely related to buyout investments. Our main focus is on mid-sized buyouts requiring mezzanine financing alongside equity for funding of acquisitions or growth. Mezzanine is also a useful instrument for financing of successions in family-owned companies that want to retain ownership of the company within the family.

NEW INVESTMENTS IN 2004

ANHYDRO GROUP

was formed in March 2004 by acquiring and consolidating Danish APV Anhydro, the US-based Dedert Corporation Inc. and Danish Simatek A/S. The Group provides world-class evaporation and drying solutions to global dairy, food, beverage, brewery, pharmaceutical, chemical and industrial sectors.

Anhydro's competence is within project management, process engineering and technology. The Group employs 420 people and its pro forma net sales totalled €78.3 million in 2004.

EUROPROCESSING INTERNATIONAL ASA

(EPI) is the only processing company with full service operations in several CEE-markets. EPI provides services for banks, financial institutions and merchants/retailers in their local markets in Latvia, Lithuania, Slovakia, Serbia, Montenegro and Macedonia.

Services offered range from traditional card-based payment to virtual payment solutions for fixed and mobile devices. EPI was founded in 2000 and has 299 employees. EPI had net sales of €22.5 million in 2004.

TOKMANNI OY

is the second largest non-food discounter in Finland. It has some 60 stores in eastern and southwestern Finland operating under the Tokmanni and Vapaa Valinta brands.

The company was formed in November 2004 when the non-food discount store businesses of Okman Group and Notex-Yhtiöt Oy were combined into Tokmanni Oy. Tokmanni employs 500 people and its pro forma net sales in 2004 were €147.2 million.

Buyout portfolio and exits

Buyout investments can be divided according to the type of investment into pure buyout investments and growth financing. In pure buyouts the investment focus is mainly on the acquisition of company shares, whereas in growth financing it is on the development of the company's operational business activities. Up to the mid 1990s, when CapMan funds were smaller than today, investments were also made in early stage companies. As at the end of 2004, CapMan's buyout team has made 72 investments and exited from 37 companies.

PORTFOLIO COMPANIES AS AT 31 DECEMBER 2004

TOKMANNI OY Non-food discount stores	+	2004
EUROPROCESSING INTERNATIONAL ASA Payment transaction services	+	2004
ANHYDRO GROUP Provider of evaporation and drying technologies	+	2004
SYNERCO AB (FORMERLY SERCO SVERIGE AB) Integrated facility management services	+	2003
LUMENE GROUP (FORMERLY NOIRO OY) Cosmetics and institutional cleaning products	+	2003
METALLFABRIKEN LJUNGHÅLL AB Aluminum die-cast products	+	2003
NORDKALK CORPORATION Limestone-based industry consumables	+	2003
RGS90 A/S Recycling services for building and construction industries	+	2002
SAVCOR GROUP LTD Industrial high technology conglomerate	+	2002
STAFFPOINT OY (EXTRA PERSONNEL SERVICES) Staffing services	+	2002
KULTAJOUSSI OY Retail jewellery chain	+	2001
SMEF GROUP A/S Machinery and equipment supplier to woodworking industry	+	2001
COPTERLINE OY Helicopter flights and maintenance operations	+	2000
PRETAX-YHTIÖT Accounting company chain	+	2000
JUNTTAN OY Piling equipment	+	2000
MEHILÄINEN OYJ Health care services	+	2000
DROBE VAB Woollen fabrics for the clothing industry	+	2000
Å&R CARTON AB Folding cartons	+	2000
MATKATOIMISTO OY MATKA-VEKKA Travel agency chain	+	1999
AURAJOKI OY Surface coating services	+	1999
ESPE GROUP OY Foam and non-woven products for bedding and upholstery industries	+	1999
PPTH-NORDEN LTD Structural steel frames	+	1999

NORMET CORPORATION Mechanical engineering	+	1999
HOLIDAY CLUB FINLAND OY Leisure travel	+	1998
TAMORE GROUP OY Sale of office supplies	+	1998
TIIMARI OYJ Retail sale of gift and stationery items	+	1998
VOGUE GROUP OY Hosiery and underwear production	+	1998
TURO TAILOR OY Men's suits and jackets	+	1997
FINNDOMO OY Prefabricated houses	+	1997
RTO HOLDING OY (formerly Reima-Tutta Oy) Children's and adults' clothing	+	1997
WOODHEAT FINLAND OY Wood-heated products and fireplaces	+	1997
LINDPLAST A/S Mono-layer packing material of polyethylene film	+	1996
AUDIONORD INTERNATIONAL A/S Retailer of hi-fi and video equipment	+	1996
KUUSAMON TROPIKKI OY* Health spaz	+	1990

* Merged with Holiday Club Finland Oy in 1999.

More detailed information on portfolio companies and the funds that have invested in them can be found at [www.capman.com/Funds/Investments by funds](http://www.capman.com/Funds/Investments%20by%20funds).

EXITS AS AT 31 DECEMBER 2004

ELTEL NETWORKS CORPORATION Construction and maintenance of electrical and telecom networks <i>Industrial buyer/ Sale to another private equity investor</i>	+	2001	2004
KARELIA CORPORATION Multilayer parquets and vinyl floor coverings <i>Industrial buyer</i>	+	2000	2004
KOTIPIZZA OYJ Pizzeria chain, franchising <i>Purchase by other owners/ company</i>	+	1997	2004
SWECO PIC (FORMERLY PIC ENGINEERING OYJ) Technical planning and consulting services <i>Industrial buyer</i>	+	2000	2004
LOHJA CARAVANS OY Caravans and motor homes <i>Industrial buyer</i>	+	1993	2004

TEKNIKUM GROUP LTD Technical rubber and polymer products <i>Purchase by other owners/ company</i>	+	1996	2002
ARCORUS PLC (FORMERLY GHS-INTERNATIONAL OYJ) Hydraulic systems <i>Purchase by other owners/ company</i>	+	1997	2002
EURACON OY (FORMERLY EURA CONSUMER PRODUCTS LTD) Supplier of non-food products <i>Purchase by other owners/ company</i>	+	1997	2002
ROYAL RAVINTOLAT OY (FORMERLY ROYAL-REST OY) Private restaurant corporation <i>Purchase by other owners/ company</i>	+	1999	2002
TOFTEJORG A/S Spray nozzles and services for tank cleaning <i>Purchase by other owners/ company</i>	+	1992	2001
OY MARLI GROUP AB Alcoholic beverages and juices <i>Industrial buyer</i>	+	1998	2001
POWERPIPE AB Pre-insulated pipe systems <i>Receivership</i>	+	1997	2000
ELITE SHIPPING A/S Shipping and ship owner business <i>Receivership</i>	+	1992	2000
ELCOTEQ NETWORK CORPORATION Production services for the electronics industry <i>Public listing</i>	+	1996	2000
VITAL PETFOOD GROUP (FORMERLY KEROX OY) Pet supplies trading <i>Industrial buyer</i>	+	1997	2000
MICROTRONIC A/S Components to hearing aids <i>Sale to another private equity investor</i>	+	1992	2000
SCANWOVEN OY Non-woven products <i>Industrial buyer</i>	+	1994	1999
MERCURI INTERNATIONAL OY Marketing and sales training <i>Industrial buyer</i>	+	1998	1999
KOSAN TEKNOVA A/S LPG valves and regulators <i>Industrial buyer</i>	+	1993	1999
SERENA In-house water park <i>Industrial buyer</i>	+	1994	1998
CHYMOS JUOMAT OY* Juices and beverages <i>Merger with Marli Oy</i>	+	1995	1998
E.AHLSTRÖM OY Kitchen utensils and tableware <i>Purchase by other owners/ company</i>	+	1992	1998
RAMIRENT PLC (FORMERLY A-RAKENUUSMIES OYJ) Construction equipment <i>Public listing</i>	+	1995	1998

NORDIC ALUMINIUM PLC Aluminium profiles and related products <i>Public listing</i>	+	1995	1997
ROCLA OYJ Forklift trucks <i>Public listing</i>	+	1994	1997
PKC GROUP OYJ (FORMERLY PK CABLES OY) Cable harnesses <i>Public listing</i>	+	1994	1997
SCHAT WATERCRAFT OY Sea-rescue products <i>Industrial buyer</i>	+	1991	1995
LAPPSET GROUP LTD Environmental products <i>Purchase by other owners/ company</i>	+	1991	1994
BRØEN ARMATUR A/S Ball valves <i>Industrial buyer</i>	+	1991	1993
FINNHEPO OY Horseshoe nails <i>Industrial buyer</i>	+	1995	2004
OY MYTEK LTD Shiitake mushrooms production <i>Receivership</i>	+	1997	2002
HOPE SMOKE OY Cooking and smoking products <i>Purchase by other owners/ company</i>	+	1997	2001
HIGH SPEED TECH OY LTD High-speed electrical machines <i>Industrial buyer</i>	+	1996	2000
HOTELMAN OY Hotel brand chain <i>Purchase by other owners/ company</i>	+	1994	1998
DIAMOND CRUISE OY Cruise line <i>Receivership</i>	+	1990	1996
NORDINVEST RT. Finance consultancy <i>Purchase by other owners/ company</i>	+	1992	1995
PROVIVO OY Biotechnology <i>Receivership</i>	+	1991	1993

* The exit is not included in the total number of exits (37) because the exit method was a merger with another CapMan portfolio company.

In addition Alliance ScanEast Fund L.P. has exited from four companies. CapMan manages the fund in co-operation with Alliance Capital Management Corp.

The business descriptions of the exited companies date back to the exit years.

■ Buyout or growth financing / expansion
■ Early stage / growth

CapMan Technology

Technology investments in the IT and communications sectors have been a part of CapMan's investment activities since 1995. They represented 21.0% of CapMan's portfolio at cost at the end of 2004.

Investment activities

CapMan's technology investments focus on strong growth companies in the IT and communications sectors in Nordic countries. The portfolio companies are mainly unquoted companies that deliver industrial and business-to-business infrastructure, products or applications and have a proof of concept with existing customer references. The size of investment typically varies between €3–15 million per company.

First year as a truly Nordic team

CapMan's technology investment focus has remained largely unchanged during the past few years and we have attained a position of being the leading Nordic technology investor in our segment. From the beginning of 2004, after opening up an office in Norway, we have had team members in all Nordic countries. The closure of our first Norwegian technology investment in Locus AS in August 2004 quickly verified that our focus and investment process applies to Norway as well. All in all, we saw an increasing number of cases, screened over 300 investment proposals, made five new investments and exited from four companies in 2004.

Our continued ambition is to invest in companies that have a proof of concept, revenue and a strong management in place. What sets us apart from the other

players in the market is our ability to invest in earlier stage companies as well as to utilise our roots in the buyout sector to invest in larger tech companies with strong ambitions to grow, either organically or through a buy-and-build strategy by acquisitions. The Nordic market is still fragmented in four different countries that vary somewhat in structure and size. It is essential for us as an investor to be able to have flexibility over the stage and size of the potential investee companies. This flexibility enables us to stick with the chosen focus segments and build a successful Nordic portfolio.

Focus on value creation

During the past two years, value creation in the portfolio companies has been shadowed by the generally difficult market situation in the tech sector. The focus has very much been on cost-cutting and turnarounds. Now when we see the market situation improving for our portfolio companies, the focus needs to be revised and emphasised. CapMan's long experience in private equity and venture capital, together with the team's operational industry expertise and strong analytical skills, gives a strong basis for implementing various tailored value-creation schemes in our portfolio companies. Our approach with the portfolio companies is still very hands-on with an industrial flavour, naturally leaving

the operational issues to the management of the portfolio companies.

Market environment and outlook for 2005

The shakedown within the tech investor community is largely over, and the number of tech investors in Nordic countries has stabilised. We remain somewhat concerned over the adequacy of early stage venture capital financing in the Nordic countries, because its lack can diminish the deal flow for later stage tech investors. We are, however, simultaneously confident that the lower early stage deal flow is offset by the continuous consolidation in Nordic tech sectors, strong investment in technology R&D and increasing entrepreneurial activity. We see that CapMan, with a strong track record and history and with a consistent investment strategy over the years, is in a very good position in the Nordic tech sector in 2005.

Business-to-Business
with infrastructure and
software focus

TECHNOLOGY TECHNOLOGY TECHNOLOGY
TECHNOLOGY TECHNOLOGY TECHNOLOGY




Lennart Jacobsson

Head of CapMan Technology to
31 December 2004


Petri Niemi

Head of CapMan Technology as of
1 January 2005

1



6



2



4



3



5



1. Hantro Products, the Finnish provider of mobile multimedia solutions, was the first company to deliver a MPEG4-based camcorder application for commercially available smart phones in 2004. 2. Swedish Gammadata is one of the leading European companies in the research and development of applied nuclear, atomic and surface physics. See also page 22. 3. Locus AS, the Norwegian fleet management specialist, aims to expand operations to other Nordic countries in the next few years. See also page 22. 4. Swedish Avitec has grown rapidly in recent years. The company offers a wide range of repeater solutions for the radio coverage needs of network operators and public authorities. 5. Finnish Setec's main products include biometric passports and smart cards. In 2004, the company had strong growth in net sales and won a major passport tender from Sweden among others. 6. Together with Chipcon, Swedish Tritech is one of the Scandinavian leaders in industrial low-power radio applications. It is one of the first companies to utilise innovative radio technology for AMR applications, and is currently developing its own dynamic network technology called MeshNet.

CAPMAN TECHNOLOGY IN BRIEF

INVESTMENT FOCUS AND CRITERIA

Investment focus	Companies in the IT and communications sectors in Nordic countries.
Investment criteria	The portfolio company has: <ul style="list-style-type: none"> • favourable market development and outlook • competitive, solid technology or product • a complete, experienced management team • a scalable business model with strong growth and profitability potential.
Investment size	Mid-sized, typically €3–15 million.
Investment stage	"Early and later stage"

IMPORTANT BUSINESS PARTNERS AND COMPETITORS

in Finland	3i, Eqvitec Partners, Nexit Ventures
in Sweden	3i, Innovationskapital, IT-provider, SEB Företagsinvest
in Denmark	3i, Danske Venture Partners, Novi, Vækstfonden
in Norway	Four Seasons, Northzone, Teknoinvest

INVESTMENT HISTORY

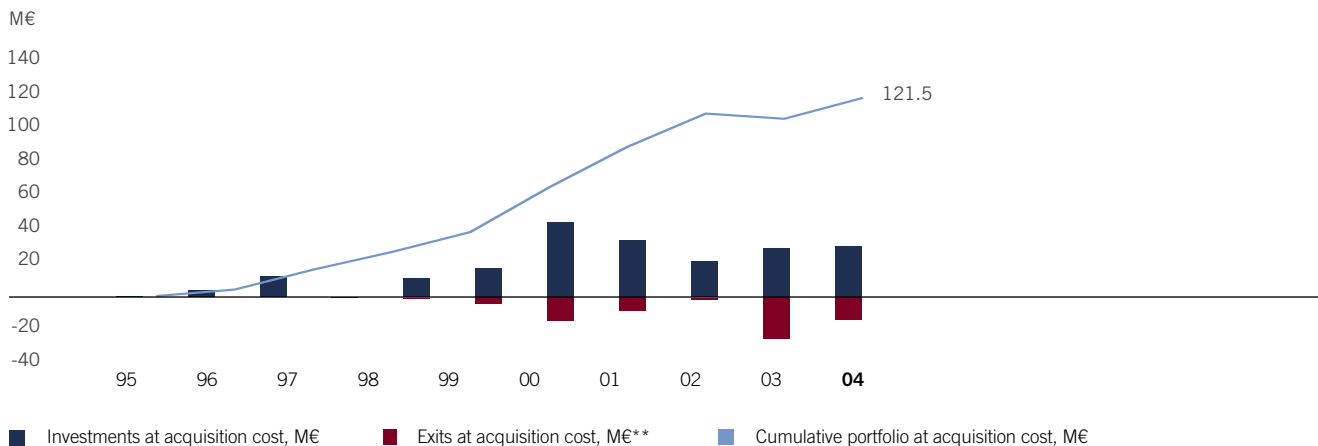
Cumulative investments as at 31 December 2004, number	57
Cumulative exits as at 31 December 2004, number	26
Average holding period (total exits), years	3.2

AVERAGE INCREASE IN VALUE OF INVESTMENT*

Exit valuation compared to investment at cost	6 times money back
IRR, %	135%

*excl. mezzanine investments

TECHNOLOGY INVESTMENTS AND EXITS ANNUALLY, M€*



* Includes regressive figures for Swedestart funds.

** Exits include partial exits.

Foreign currency items are translated for the entire period at the exchange rate on 31.12.2004.



Technology team

Members of the team

Petri Niemi, Head of CapMan Technology, Partner
 Lars Hagdahl, Deputy Head of CapMan Technology, Senior Partner
 K. Erik Berger, Investment Director
 Peter Buch Lund, Senior Partner
 Martin Falkevall, Partner
 Morten Frederiksen, Investment Manager
 Tommy Valther Hansen, Investment Director

Lennart Jacobsson, Senior Partner
 Sami Lampinen, Partner
 Johanna Lindroos, Investment Director
 Julia Lundquist, Investment Manager
 Janne Martola, Investment Manager
 Satu Pihlajamaa, Executive Assistant
 Petri Saavalainen, Senior Partner
 Timo Tiihonen, Senior Advisor
 Vesa Walldén, Investment Director

CapMan's Technology team comprises 16 members, and its investment professionals have solid and complementary expertise from technology and finance. The Senior Partners and Partners in the team have on average over ten years' experience in the private equity industry.

Background information on team members can be found at www.capman.com. You can send email to the team to technology@capman.com.

Investment operations in 2004

CapMan's Technology team made five new investments in Solid Information Technology, Tritech Technology, Locus, Gammadata and Animex. The team also made two substantial follow-on investments in Northlight Optronics and Hanthro Products, and exited from Handwise, Displayit (original investment made in Cetevo), Takamaki and QlickTech International.

NEW INVESTMENTS IN 2004

SOLID INFORMATION TECHNOLOGY OY is the first provider of an Autonomic Data Management Platform.

Solid's platform supports the development of applications that are self-configuring, self-healing, self-optimising, and self-protecting. Its solutions power inherently distributed applications in network infrastructure, telematics, digital content delivery and retail applications. Solid has headquarters in California and regional offices in the US, Europe and Japan. The company employs 56 people and had net sales of €7.1 million in 2004.

TRITECH TECHNOLOGY AB (previously Technology Nexus Product Sourcing AB) works as a technology partner for industrial customers and offers advanced hardware and software design, development and manufacturing.

Tritech has a competitive edge in its core competence in M2M (machine-to-machine), technical IT and radio communica-

tion. The use of Tritech's services liberates the customers' resources for their core business areas and leads to both operational efficiencies and cost savings. Tritech has 120 employees in Sweden and its 2004 net sales totalled €14.1 million.

LOCUS AS develops and provides integration, software and systems for the efficient management of vehicle fleets and/or mobile users.

Locus is specialised in Fleet Management Systems (FMS) and Command and Control Information Systems (C2IS) in its two key market segments, which are public safety and transport. To meet different customer needs Locus supplies tailored end-to-end solutions. Locus has 35 employees in Norway and its net sales were €5.0 million in 2004.

GAMMADATA MÄTTEKNIK I UPPSALA AB is one of the leading European companies in the research, development and application of applied nuclear, atomic and surface physics.

Gammadata creates instrumentation and solutions for radiation analysis and high-resolution spectroscopy. Gammadata has operations in Sweden, Finland, Japan, Norway and the UK. The company has 55 employees and its net sales totalled €10.8 million in 2004.



















ANIMEX AB provides industrial automation and IT solutions for the plastics industry.













Animex has developed a system called X Flex, which can be used to automate production around a plastics injection-moulding machine. Animex provides the hardware, software and system integration parts of the system, which together with an ABB robot comprise the entire solution. Animex AB has offices in Sweden and Estonia. The company employs 23 people and had net sales of €5.4 million in 2004.

Technology portfolio and exits

As at the end of 2004, CapMan's technology team has made 57 investments and exited from 26 companies.




PORTFOLIO COMPANIES AS AT 31 DECEMBER 2004

















ANIMEX AB Industrial IT for plastics industry		2004
GAMMADATA MÄTTEKNIK I UPPSALA AB Research, development and application of applied nuclear, atomic and surface physics		2004
LOCUS AS Fleet management systems		2004
TRITECH TECHNOLOGY AB Industrial hardware and software solutions		2004
SOLID INFORMATION TECHNOLOGY CORP. Automatic Data Management Platform		2004
SETEC OY High security ID products and smart-cards		2003
XLENT AB (FORMERLY DATAVIS AB) Management and IT consulting and business solutions		2003
DISTOCRAFT OY Telecommunications software for network operators		2003
NORTHLIGHT OPTRONICS AB Supplier of optoelectronic components		2003
ECO-DAN A/S High-tech guidance system for agricultural industry		2002
ASCAD AB Software solutions for telephone carriers		2002
AVITEC AB Radio coverage solutions		2002
DIGISCOPE AB* Management consulting		2002
TIETURI OY IT training		2002
HANTRÖ PRODUCTS LTD Multimedia technology for mobile devices		2002
SILEX MICROSYSTEMS AB Components based on MEMS technology		2001
FASTRAX LTD GPS technology		2001
EM4 PHOTONICS LTD Optoelectronic device manufacturing services		2001









SIENNAX INTERNATIONAL B.V. Application service provider (ASP)		2001
EXIDIO LTD Treasury operation system		2001
FORECA LTD Weather services to media and weather sensitive industries		2000
SECGO SOFTWARE OY Information security and mobility solutions		2000
QUARTAL OY Content management software		2000
SENTERA PLC (FORMERLY SOLAGEM OY) ERP and integration solutions		2000
RUNAWARE AB Evaluation Service Provider (ESP)		2000
NETSEAL OY Data security software		2000
MODULTEK OY Product information software		1999
MEDIANORTH GROUP CORPORATION Local city media concept		1999
AFFECTO OY Business intelligence solutions and consulting		1999
ATBUSINESS COMMUNICATIONS CORPORATION CRM software & solutions		1996

* Merged with XLENT AB in 2004.
More detailed information on portfolio companies and the funds that have invested in them can be found at www.capman.com/Funds/Investments by funds.

EXITS AS AT 31 DECEMBER 2004

QLIKTECH INTERNATIONAL AB Business intelligence software <i>Sale to another private equity investor</i>		2000	2004
TAKAMAKI OY Developing and licensing the coating technology <i>Industrial buyer</i>		2001	2004
DISPLAYIT AB (FORMERLY CETEVO AB) Solutions for heterogeneous network environments and broadcasting <i>Industrial buyer</i>		2000	2004

HANDWISE OY Design and implementation of mobile applications <i>Industrial buyer</i>		2000	2004
TIETURI ONLINE OY (FORMERLY TALENT CODE OY) Internet-based solutions for eLearning and eManagement <i>Industrial buyer</i>		2000	2003
REPUBLICA OY XML-based software and related services <i>Purchase by other owners/ company</i>		2000	2003
TRITECH TEKNIK AB Solution provider of modern complex product development <i>Industrial buyer</i>		1996	2003
LPG INNOVATIONS OY Systems software for operators and service providers <i>Receivership</i>		1999	2003
UTFORS AB Broadband communication services <i>Industrial buyer</i>		2000	2003
MULTICHANNEL INSTRUMENTS AB Spectroscopic instruments <i>Receivership</i>		1997	2003
DB2B OY (DIGITAL-BUSINESS-TO-BUSINESS) Internet portal and e-commerce <i>Purchase by other owners/ company</i>		2000	2001
EQUA AB Simulation software <i>Receivership</i>		1998	2001
MATCHON SPORTS OY Real-time sports entertainment content and gaming technology <i>Receivership</i>		1999	2001
LGP TELECOM AB Mobile telecommunication products <i>Public listing</i>		1996	2001
READSOFT AB* Automatic document capture <i>Public listing</i>		1996	2001
ALTOPTRONIC AB Laser measurement systems <i>Receivership</i>		1998	2001
UNIACCESS AB* Communication products <i>Industrial buyer</i>		1996	2000
ADRASOFT AB Software for the utilities sector <i>Purchase by other owners/ company</i>		1997	2000
NETWISE AB Computer telephony systems <i>Public listing</i>		1998	2000

AUTOGRAF AB* Imaging products <i>Purchase by other owners/ company</i>		1999	2000
ALTITUN/ADC AB Tuneable lasers <i>Industrial buyer</i>		1998	2000
IOBOX OY** Internet services <i>Industrial buyer</i>		1999	2000
SATAMA INTERACTIVE PLC Internet consultancy <i>Public listing</i>		1998	2000
ALDATA SOLUTION OYJ Software for retail market <i>Public listing</i>		1997	1999
NEXOR SYSTEM SERVICE OY IT services <i>Industrial buyer</i>		1995	1999
FLEXIM SECURITY OY*** Software for access control <i>Merger with Aldata Solution Oyj</i>		1997	1998
CECAP AB* Measurement sensors <i>Receivership</i>		1996	1997

* Swedestart Management AB's fund Swedestart AB, which did not transfer to the management of CapMan in connection with the Swedestart acquisition in 2002, has invested in the company.
** Alta-Berkeley Nordic Partners Ky, a sub-fund of Finnventure Fund III, has exited nine companies, of which Iobox Oy is one. CapMan manages the fund in co-operation with Alta-Berkeley Associates.
*** The exit is not included in the total number of exits (26) because the exit method was a merger with another CapMan portfolio company.
The business descriptions of the exited companies date back to the exit years.

CapMan Life Science

Life Science investments have been part of CapMan's investment activities since 2002 when it acquired Swedestart Management AB, a pioneer of technology and life science investments since 1995. CapMan Life Science is a growing activity within the CapMan Group. At the end of 2004 life science investments represented 4.9% of CapMan's portfolio at cost.

Investment activities

CapMan's life science investments focus on medical technology (medtech) and preferably devices and products within procedure driven therapies. Investments are also made within diagnostics and pharmaceuticals in the clinical stage. The typical investment size is €1–5 million per company. The Life Science team has extensive knowledge in bringing cutting edge technologies to commercialisation, which includes indebt regulatory, reimbursement and commercial strategy knowledge.

2004 was a good year for CapMan Life Science

During the year our team evaluated several hundreds of investment proposals, mainly medtech deals, and made two new investments in Swedish companies InDex Pharmaceuticals AB and Millicore AB. We also executed one IPO and one trade sale. The floating of Finnish Inion Oy on the Main List of the London Stock Exchange (LSE) in early December was more than six times oversubscribed, and Inion's share price was up 40% on the initial listing price by year-end. This was the first-ever Finnish company to IPO on the LSE and the first medtech company listed there in the last two years. Later in December Swedish NeoPharma was sold in an all cash deal to Solvay Pharmaceuticals, which is a division of the international chemical and pharmaceutical group Solvay S.A. The exit from

NeoPharma was finalised in January 2005. A key to success in both of these companies has been a strong growth in sales as well as a very clear commercial strategy.

Value creation through active involvement

The Life Science team has historically been and still is very active in its portfolio companies, which we believe is of great importance when nurturing early stage venture investments into more mature conditions with stand alone capabilities. With the strong focus towards medical technology, the team has gained experience that is unparalleled in Europe in developing cutting edge technologies into profitable business. This accumulated experience is shared with the portfolio companies by having a close and frequent relationship with management and Board members. It is our ambition to understand the unique market conditions and challenges of individual investee companies prior to investment, and thereby to become a constructive speaking partner to the entrepreneur on business issues during the value creation process.

Market environment and outlook for 2005

Medical technology has a strong foothold in the Nordic countries, and is one of the few clusters in Europe that provides a significant number of business opportunities within early stage venture capital. The

Nordic market is also well represented by specialised venture capital firms in the life science area, which is important in syndicating early stage deals.

The trend in private equity is turning positive. During autumn 2004 we have experienced a more optimistic view from both the financial markets and the industry towards financing and acquiring cutting edge technology companies, and we expect this trend to continue in 2005.


Starting in 2005, it is our ambition to raise a new fund CapMan Life Science IV with the same focus as our previous funds. We strongly believe that early stage venture capital in high technology areas such as life science is of great importance not only to mankind, but also for the Nordic region in respect of creating job opportunities and developing abilities in bringing innovations to commercialisation. Most of our investments are made as infusion of capital to the portfolio company for expansion and working capital.

We are proud and grateful to be able to work in this significant niche.

Medical devices with
cutting edge technologies

SCIENCE LIFE SCIENCE LIFE S
E SCIENCE




Jan Lundahl
Head of CapMan
Life Science

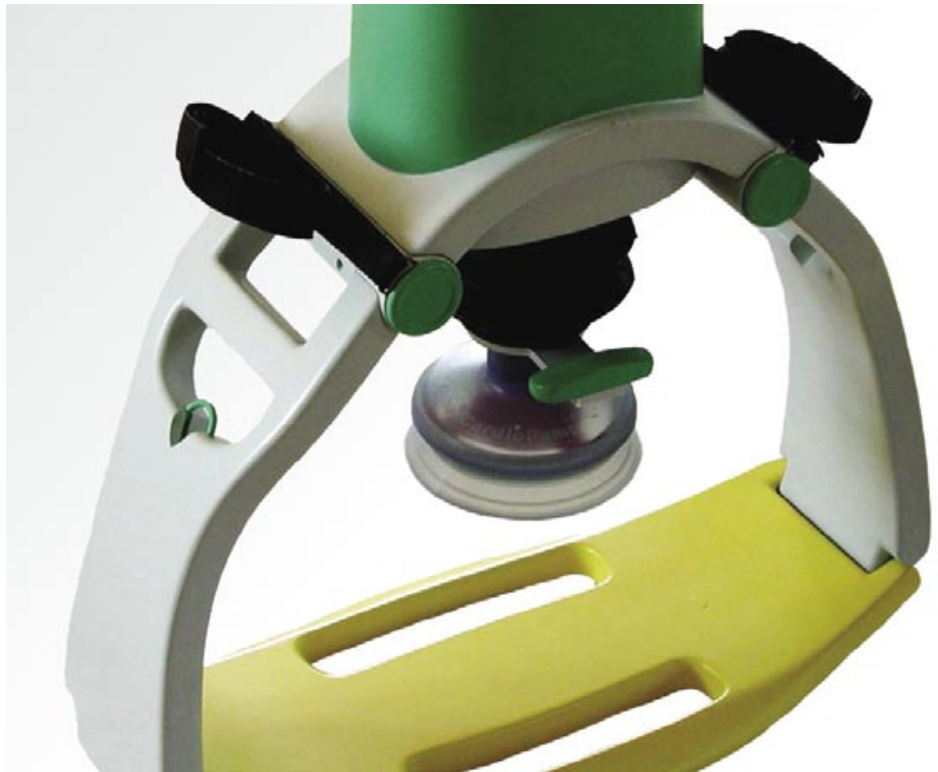
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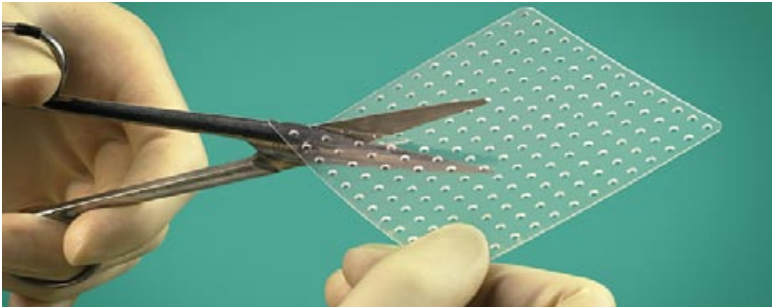
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1. In 2004 Index Pharmaceuticals signed a contract with Serono, the third largest biotechnology company in the world, for the global development and marketing of InDex' Kappaproct® product. See also page 28. 2. Entific Medical Systems develops and markets bone anchored hearing implants. Dynamic product development and dedicated personnel have driven the company's strong and profitable growth in recent years. 3. Millicore develops new MEMS-based technology products for thoracic surgery among others. See also page 28. 4. Inion, which specialises in the development of biodegradable polymer implants for the treatment of orthopedic fractures, was listed on the London Stock Exchange in December 2004. 5. Jolife has developed the patented LUCAS automatic resuscitation device for the treatment of sudden cardiac arrest, based on research and clinical tests by leading experts in the sector. 6. Silix Microsystems is one of the fastest growing providers of MEMS components for use in medical technology. The company has rapidly expanded its customer base and it opened a new production plant in early 2004.

CAPMAN LIFE SCIENCE IN BRIEF

INVESTMENT FOCUS AND CRITERIA

Investment focus	Medical technology companies in Nordic countries.
Investment criteria	The portfolio company has: <ul style="list-style-type: none"> • an experienced management group with ability to manage profitable growth • a competitive position and state-of-the-art technology • real market demand • global market potential.
Investment size	Typically €1–5 million.
Investment stage	"Later early stage"

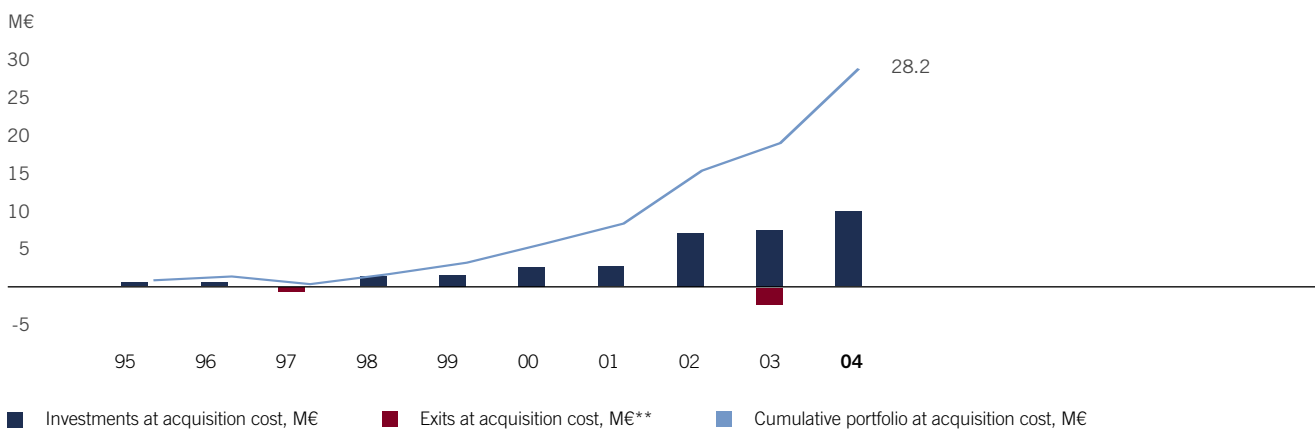
IMPORTANT BUSINESS PARTNERS

in Finland	Biofund, Sitra
in Sweden	Healthcap, Innovationskapital, Investor, SLS Venture
in Denmark	BankInvest, Novo

INVESTMENT HISTORY

Cumulative investments as at 31 December 2004, number	13
Cumulative exits as at 31 December 2004, number	3
Average holding period, years	3-5

LIFE SCIENCE INVESTMENTS AND EXITS ANNUALLY, M€*



* Includes regressive figures for Swedestart funds.

** Exits include partial exits.

Foreign currency items are translated for the entire period at the exchange rate on 31.12.2004.



Life Science team



Members of the team

- Jan Lundahl, Head of CapMan Life Science, Senior Partner
- Johan Bennarsten, Investment Director
- Morten Bro Nielsen, Investment Director
- Björn Nordenvall, Investment Director
- Yrjö E. K. Wichmann, Investment Director

During the year the build-up phase of CapMan Life Science to become a truly Nordic organisation was accomplished and the team is now complete. It consists of five investment professionals with complementary education and expertise in medicine, engineering and finance. The team members are aged from 32 to 52 years and their accumulated experience in life science exceeds 70 years. An advisory board of highly experienced life science and industry professionals also supports the team.

Background information on team members can be found at www.capman.com. You can send email to the team to lifescience@capman.com.

Investment operations in 2004

In addition to the new investments, in 2004 the Life Science team made a substantial follow-on investment in Finnish Inion Oy, which was listed on the London Stock Exchange in December.

NEW INVESTMENTS IN 2004

INDEX PHARMACEUTICALS AB

develops RNA blocking drugs as well as diagnostic/prognostic tools for unmet medical needs within inflammation and cancer.

The company's corporate mission is to break new ground in innovative therapies and thus become a preferred R&D partner to large industry players in the biopharmaceutical area. Index' first product Kappaproct® is developed for the treatment of inflammatory bowel disease and has entered into phase II clinical trials for active ulcerative colitis. The company was

established in 2000 and it employs 26 people.

MILLCORE AB

develops products aimed for thoracic surgery departments. Its initial product DigiVent, the market's first digital disposable chest drainage unit for treatment of lung collapse, was launched to the market in 2004.











Millicore also develops new merging products based on MEMS-technology. These products will set new technologi-

cal standards within thoracic, vascular, urology and neuro surgery by increasing the ability to monitor and predict treatment outcome in a way not possible today. Millicore was founded in 2003 and it employs 8 people.




Life Science portfolio and exits

As at the end of 2004, CapMan's life science team has made 13 investments and exited from three companies. The exit from NeoPharma was finalised in January 2005.

PORTFOLIO COMPANIES AS AT 31 DECEMBER 2004

MILLICORE AB Products for use in thoracic surgery	 2004	EUTECH MEDICAL AB Treatment procedures of incontinence	 2002
INDEX PHARMACEUTICALS AB Diagnostics and treatment of intestinal bowel diseases	 2004	ENTIFIC MEDICAL SYSTEMS AB Development and marketing of hearing aids	 1999
SILEX MICROSYSTEMS AB Manufacturing of Micro-Electro-Mechanical-System (MEMS) components	 2003	NEOPHARMA PRODUCTION AB Patent-protected pharmaceutical preparations and drug delivery systems for the treatment of Parkinson's disease	 1999
JOLIFE AB Complete product and method systems for treatment of sudden cardiac arrest.	 2003	PROSTALUND AB Manufacturing of equipment for microwave treatment of benign prostatic hyperplasia	 1998
INION OY Biomaterials and their surgical applications	 2002	More detailed information on portfolio companies and the funds that have invested in them can be found at www.capman.com/Funds/Overview .	
OTRE AB Technology development for surgical instrument sterilisation	 2002		

EXITS AS AT 31 DECEMBER 2004

VICORE PHARMA AB Development of drugs for treatment of gastrointestinal and cardiovascular diseases <i>Trade sale</i>	 2001 2003
HEMAPURE AB Solutions and development within hemodialysis and related areas. <i>Trade sale</i>	 1999 2003
BIORA AB Biology-based dental products. <i>Public listing</i>	 1995 1997

The business descriptions of the exited companies date back to the exit years.

CapMan funds

At the end of 2004, CapMan managed/advised 12 equity funds and four mezzanine funds. In addition CapMan's affiliated company Access Capital Partners managed/advised two funds of funds as well as private equity investment mandates.

Capital in the funds

As at 31 December 2004, CapMan managed/advised €1,280.0 million (€1,159.3 million as at 31 December 2003) in funds making direct investments in portfolio companies. Of this, €861.5 million (€881.7 million) was in Nordic equity funds, €397.7 million (€255.2 million) was in mezzanine funds and €20.8 million (€22.4 million) was in Alliance ScanEast Fund that has Eastern European investment focus. During the year, capital under management was raised by fundraising for the new CapMan Mezzanine IV and lowered by the closing down of Nordic Private Equity Partners I and Fenno Program/Others, when the funds exited from their final portfolio companies.

CapMan's affiliated company Access Capital Partners had €622.5 million (€559.7 million) under management in two funds and private equity mandates as at 31 December 2004.

Well-diversified portfolio

The investment focus of the funds that invest directly in Nordic portfolio companies is diversified between companies in various traditional industry segments and the technology and life science sectors. CapMan's investment focus and criteria are described in more detail in the buyout, technology and life science sections on pages 15, 21 and 27. At the end of 2004, 74.1% of the capital invested by the funds (in current portfolio companies at acquisition cost) was invested in traditional companies,

21.0% in technology companies and 4.9% in life science companies.

In exception to the other funds managed/advised by CapMan, the investment focus of Alliance ScanEast Fund is on Eastern Europe. The fund does not make new investments.

Funds generating carried interest

The funds managed/advised by CapMan are at different stages of the life cycle, which evens out the payment of carried interest from the funds to the management company over several years. Of the funds managed by CapMan, the Finnventure I, II and III, Finnmezzanine I and Fenno Program Fenno/Skandia II funds were generating carried interest at the end of 2004. During 2004 the NPEP I fund, which began to generate carry in 2002, and Fenno/ Others fund, which began to generate carry in autumn 2004, exited from their last portfolio companies and the funds were closed down. The capital in the five funds generating carry at the end of 2004 was €92.2 million, which represents approximately 7.2% of the total capital in CapMan funds that invest directly in portfolio companies. The funds that are not in carry are accompanied by a high return potential to date.

Private equity funds

A private equity fund has a limited and predetermined term, usually ten years. Fund capital is invested in selected unquoted portfolio companies mainly during the fund's first three to four years.

The private equity investor has an active role in the development and expansion of the portfolio company. The aim is to create prerequisites for significant increase in the value of the company. Investments are usually made for three to six years after which the private equity investor exits from the portfolio company, for example through an initial public offering or a trade sale. Following an exit, the invested capital and yield are returned to the private equity fund to be distributed to the fund's investors according to the agreed profit distribution policy. The Limited Partnership structure enables investors to receive interest, dividends and capital gains throughout the financial year as the fund exits from its portfolio companies.

The fund's management company or General Partner receives an annual management fee based on total capital in the fund. In addition, the management company receives carried interest. Management companies begin to receive carried interest after the investors (Limited Partners) have regained their investment in addition to a preferential annual return, usually 6 to 8%. After this point, carried interest is typically 20 to 25% of the fund's cash flow through exits from its portfolio companies. Carried interest from funds of funds is substantially smaller.

The continuity of business is assured by establishing new funds and raising capital for them as the previous funds become fully invested.

FUNDS FUNDS FUNDS FUNDS
FUNDS FUNDS

LIFE CYCLE OF PRIVATE EQUITY FUNDS



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1. Finndomo is the leading Nordic manufacturer of prefabricated wooden houses and its major market areas are the Nordic and Baltic countries. 2. Espe Group's product portfolio includes Familon mattresses and bedlinen and Finlayson household textiles among others. The company has developed strongly and its major markets are the Nordic and Baltic countries and Russia. 3. Å&R specialises in carton packaging for consumer goods. With 14 factories in eight European countries, the company has ambitious expansion plans in Eastern Europe. 4. Metallfabriken Ljunghäll is the leading developer and manufacturer of technically advanced aluminium die-cast products in the Nordic countries. In 2004 the company's production plant in Sweden was expanded to meet growing demand. 5. Tiimari, the leading chain of stores specialised in stationery, craft, hobby and gift items in Finland, also has operations in other Nordic countries and the Baltic region.

CAPMAN GROUP FUNDS AS AT 31 DECEMBER 2004, M€

Fund	Established/ Generating carried interest since	Fund size *	Paid-in capital **	Fund's current portfolio at cost	Fund's current portfolio/ EVCA- valuation ***	Distributed to investors	cash flow to manage- ment company ****	Liquid assets
FUNDS INVESTING DIRECTLY IN PORTFOLIO COMPANIES								
Nordic equity funds								
Finnventure Fund I	1990/1997	11.1	11.1	1.8	0.9	32.1	6.5	
Finnventure Fund II	1994/1997	11.9	11.9	3.3	2.4	37.5	13.8	
Nordic Private Equity Partners II ³⁾	1995	20.7	20.7	11.5	11.3	6.7		0.7
Finnventure Fund III ¹⁾	1996/2000	29.7	29.7	11.4	9.8	100.8	22.3	0.1
Fenno Program								
<i>Fenno Fund</i> ²⁾	1997	42.5	42.5	37.4	41.8	26.6		1.3
<i>Skandia I</i> ²⁾	1997	8.4	8.4	5.7	4.7	9.5		
<i>Skandia II</i> ²⁾	1997/2004	8.1	7.9	3.1	2.6	25.9	2.7	
Swedestart II ³⁾	1997	26.3	26.3	13.5	36.2	129.3		3.7
Finnventure Fund IV	1998	59.5	59.5	43.3	39.1	22.4		2.0
Finnventure Fund V								
<i>Finnventure Fund V</i>	1999	169.9	159.8	122.8	102.7	87.3		8.1
<i>Finnventure Fund V ET</i>	1999	34.0	34.0	22.2	13.9			0.4
Swedestart Life Science ³⁾	2000	51.0	28.2	17.8	19.9			1.2
Swedestart Tech ^{1), 3)}	2000	85.1	47.6	33.4	30.4			0.4
CapMan Equity VII								
<i>CapMan Equity VII A</i>	2002	156.7	67.4	57.8	57.0			2.2
<i>CapMan Equity VII B</i>	2002	56.5	28.5	25.4	25.8			0.6
<i>CapMan Equity VII C</i>	2002	23.1	6.6	5.0	4.4			0.4
<i>CapMan Equity Sweden</i>	2002	67.0	29.1	24.7	24.4			1.0
Nordic mezzanine funds								
Finnmezzanine Fund I	1995/2001	31.4	31.4	4.0	4.8	47.1	1.9	0.1
Finnmezzanine Fund II ¹⁾	1998	88.3	87.1	36.5	39.0	62.3		2.7
Finnmezzanine Fund III ¹⁾	2000	135.5	102.6	91.6	94.4	28.8		1.9
CapMan Mezzanine IV	2004	142.5	8.3	2.0	2.0			4.6
Other								
Alliance ScanEast Fund ^{3), 4)}	1994	20.8	20.8	4.3	5.8	19.4		0.3
Total private equity funds		1 280.0	869.4	578.5	573.3	635.7	47.2	31.7
FUNDS OF FUNDS managed/advised by CapMan's affiliate company								
Access Capital Partners								
Access Capital Fund ¹⁾	1999	250.3						
Access Capital Fund II								
<i>Access Capital Fund II A</i> ¹⁾	2001	153.5						
<i>Access Capital Fund II B</i> ¹⁾	2001	123.5						
Private Equity Mandates	2003	95.2						
Total funds of funds		622.5						

* Total capital committed by investors. In CapMan's statistics the terms 'capital under management' and 'size of a fund' refer to the gross capital commitment in the fund. Funds managed by affiliated company Baltcap Management Oy are excluded (CapMan's share of Baltcap Management Oy is 20%; the total size of the funds approx. €57.3 million).

** Total capital paid into the fund by investors.

*** EVCA-valuation is carried out in accordance with the guidelines of the European Private Equity & Venture Capital Association (guidelines for the year 2001, EVCA/conservative value). Instead of EVCA Fair value.

The conservative value of some investments has been adjusted to some extent by the General Partner. More information about the EVCA guidelines can be found on EVCA's website: http://www.evca.com/pdf/EVCA%20Guidelines/Guidelines_valuation.pdf

**** CapMan Group's share of the carried interest. Where

cash flow from the funds (carried interest). Cash flow includes both the distribution of profits (incl. tax credits) and distribution of capital. Carried interest % of the remaining cash flows are (for the funds which are currently generated): 20%, Fenno Program/Skandia II: 20%

CapMan Group's share of the carried interest is less than 100% for the following funds: Finnmezzanine Fund I: 70%, CapMan Mezzanine IV: 75%, Fenno Fund and Fenno Program (Skandia, I-II): 50-60%, Swedestart II: 4-20%, Swedestart Life Science: 10%, Swedestart Tech: 12%, Alliance ScanEast Fund: 42%, Access Capital Fund: 47.5%, Access Capital Fund II A, B: 45%, Access/Private Equity Mandates: 25%

1) The fund is co-owned

2) Fenno Program is managed jointly with Fenno Management Oy.

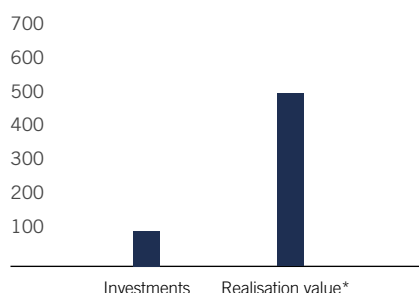
3) Currency items are valued at the average EUR rate at 31 December 2004.

4) The portfolio valuation is made by the Fund's General Partner/management company with adjusted EVCA guidelines. CapMan updates the information above in conjunction with the release of interim reports.

INCREASE IN THE VALUE OF CAPMAN'S INVESTMENTS, ACQUISITION PRICE INDEXED (DATE OF INVESTMENT=100)

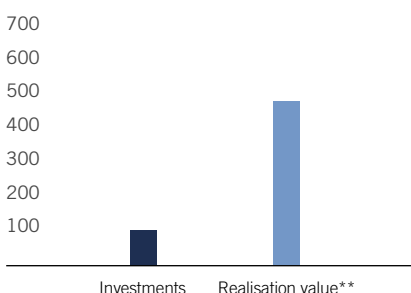
Exits by Nordic equity funds managed/advised by CapMan to 31 December 2004.

EXITS IN TOTAL



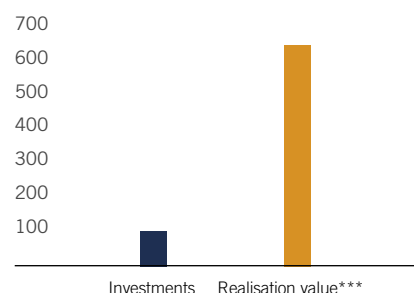
* Gross money back multiple 4.9. IRR 49%. Average holding period 4.0 years.

BUYOUT EXITS



** Average money back multiple 4.7 (buyout investments). IRR 37%. Average holding period 4.7 years.

TECHNOLOGY EXITS



*** Average money back multiple 6 (technology investments). IRR 135%. Average holding period 3.2 years.

Incl. dividends, interest income and sales revenue. Total number of exits 63 (incl. exits made by Swedestart AB, excl. mezzanine exits and AllianceScanEast Fund's exits). Exits made by Alta Berkeley Associates Ky recorded as one single exit within technology investments.

Investments and exits by the funds

As at the end of 2004 the funds managed/advised by CapMan investing directly in portfolio companies had invested in 147 companies and exited from 69 companies in total. The value of CapMan's equity investments had increased by a gross money back multiple of 4.9 from the time of initial investment to time of exit and the pooled IRR was 49% (as at 31 December 2004). The past and present portfolio companies of CapMan's Nordic funds are presented in the buyout, technology and life science sections.

Return to investors from funds

Nordic equity funds over five years old

The funds established by CapMan between 1990 and 1999 have typically invested in both buyout and technology portfolio companies. Only the Swedestart II Fund focuses purely on technology and life science investments.

CapMan has well succeeded in utilising prevailing market conditions for the funds that started operations between 1990 and 1997, and these funds have mainly yielded good returns to investors when compared to European funds. As a pioneer in the private equity investment field CapMan made many investments in the mid 1990s,

in which the associated growth capital was realised by the end of the decade. New types of exit opportunities such as initial public offerings emerged at the same time. For the period 1997–2001, CapMan's successful realisations via public listings included exits from PKC Group, Rocla, Nordic Aluminium, Ramirent, Aldata, LPG Telecom and Readsoft. The portfolios of older CapMan funds still include investments to be realised in more favourable market conditions.

The buyout transactions by Finnventure IV and V funds established in 1998 and 1999 (80% of the funds' investments) have been made at reasonable prices despite rising markets, and their value has mostly developed as expected. The technology boom in the late 1990s and early 2000 raised the acquisition price of technology investments made by these funds (20% of the funds' investments), and some of the investments have been made at quite high valuation levels. However the overall portfolios of these funds are in good condition and include substantial return potential.

Nordic equity funds between three and five years old

The investment focus of CapMan funds established in 2000–2002 is diversified between buyout, technology and life

science investments. Technology fund Finnventure V ET started operations in 2000, and it is visible in the fund's market-based valuation, return percentages and multiples that the market-based valuations of technology portfolio companies are still at a lower level than in 2000.

The return rates of the Fenno Program funds that commenced operations in 2001 are strongly influenced by the exit from Eitel in 2004. The Swedestart Tech and Swedestart Life Science funds that commenced operations in 2001 as well as the CapMan Equity VII fund that commenced operations in 2002 have made investments at moderate valuation levels. These funds are in the early stage of their life cycles and have not reached an active exit phase yet. This is reflected in the funds' return rates to investors, as private equity funds will typically show returns less than one in the first few years of operations due to management fees paid. For this reason the returns of these funds are not comparable with those of older funds. The overall portfolios of funds established in 2001–2002 are in good condition regardless of their current low return rates and they include substantial return potential.

KEY FIGURES FOR CAPMAN'S NORDIC PRIVATE EQUITY FUNDS AS AT 31 DECEMBER 2004

Funds that have started operations from 1990–2002 (funds that have operated for over two years).

Fund	Operations started in year	Operations ended in year	Fund size	Net return to investors by 31.12.2004	Return multiple (net) to investors by 31.12.2004
	*		MEUR	** IRR % p.a.	***
FUNDS OVER 5 YEARS OLD					
Finnventure Fund I	1990		11.1	15.4%	3.0
Nordic Private Equity Partners I	1991	2004	13.5	10.3%	2.1
Finnventure Fund II	1994		11.9	55.6%	3.3
Nordic Private Equity Partners II	1995		20.7	-	0.9
Finnventure Fund III	1996		29.7	63.1%	3.6
Fenno Program / Fenno Fund	1997		42.5	12.3%	1.6
Fenno Program / Skandia I	1997		8.4	20.9%	1.6
Swedestart II	1997		26.3	176.0%	6.3
Finnventure Fund IV	1998		59.5	1.5%	1.1
Finnventure Fund V	1999		169.9	6.5%	1.2
FUNDS 3-5 YEARS OLD					
Finnventure Fund V ET	2000		34.0	-	0.4
Swedestart Tech	2001		85.1	-	0.6
Swedestart Life Science	2001		51.0	-	0.7
Fenno Program / Skandia II	2001		8.1	47.5%	3.6
Fenno Program / Other	2001	2004	6.0	73.7%	6.4
CapMan Equity VII A	2002		156.7	-	0.9
CapMan Equity VII B	2002		56.5	-	0.9
CapMan Equity VII C	2002		23.1	-	0.7
CapMan Equity VII KB	2002		67.0	-	0.9

* The year when operations were started differs with the fund's establishment year for following funds: Finnventure Fund V ET (established in 1999), Swedestart Tech and Swedestart Life Science (established in 2000), Fenno Program / Skandia II and Other (established in 1997).

** Net return to investors = Internal Rate of Return (IRR) p.a. to investors; cumulative cash flow between investors and fund + portfolio at valuation 31 December 2004.

*** Return multiple (net) to investors = (Cash flow to investors + investors' share of the portfolio)/paid-in capital.

The investors' share of the funds' portfolios includes possible

EVCA in 2001. A more comprehensive table is presented on CapMan's Internet pages at www.capman.com.

Fund investors and fundraising

Fundraising in 2004

CapMan established its fourth mezzanine fund CapMan Mezzanine IV in 2004. The second closing took place at the end of the year at €142.5 million, and CapMan expects additional commitments to the fund in the first quarter of 2005. The focus of the fund is on mezzanine investments in middle market buyout transactions in the Nordic countries. The net sales of portfolio companies normally vary between €50–500 million.

New fund products

CapMan's objective is to develop new types of fund products for Nordic and international investors. CapMan pioneered a new fund structure on Nordic markets in connection with the inception of CapMan Mezzanine Fund IV, which offers institutional investors an opportunity to participate by subscribing secured bonds listed on the Helsinki Stock Exchange. The bonds are issued by the Finnish special purpose vehicle Leverator Plc. The new fund structure offers more flexibility to investors, as the investment can be made in listed bonds, in limited partnership interests, or in a combination of these.

The combination of listed bonds with a traditional fund structure has enabled new institutional investors, who due to their own investment criteria may have been unable to invest in funds managed/advised by CapMan or in the private equity industry in general, to join the asset class and invest in CapMan Mezzanine Fund IV. CapMan Mezzanine IV's flexible structure has attracted 10 completely new investors to the fund as at the end of 2004, and this represents approximately 10% of CapMan's institutional investor base.

In January 2005 CapMan announced that it was studying the possibilities to establish a private equity real estate fund.

Fundraising

The Group's fundraising for all business areas is centralised in the Development team. Fundraising for CapMan Mezzanine IV continues in early 2005 and fundraising for new buyout and life science funds will commence during the year. For further information on fundraising please contact Mr Jerome Bouix, Director, Fundraising and IR, tel. +358 9 6155 8358 or e-mail jerome.bouix@capman.com.

Fund investors

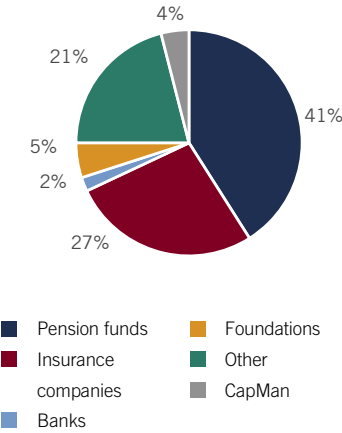
The investor base of funds managed/advised by CapMan comprises Nordic institutional investors such as pension, life assurance and non-life insurance companies, pension trusts and pension funds, as well as banks and foundations. Of the commitments in CapMan's newest funds CapMan Equity VII and CapMan Mezzanine IV, 41% are made by pension funds, 27% by insurance companies, 7% by banks and foundations, 21% by other investors such as investment companies and 4% by CapMan. This investor spread is largely representative of the investor base in all CapMan funds. The majority of investors have invested in several CapMan funds and many have invested in both equity and mezzanine funds.

In addition to the institutional investors, the other investors in CapMan funds include private individuals, via their companies, as well as CapMan's investment professionals and other key personnel, via the Private and Maneq funds established for this purpose. As at 31 December 2004, the Private funds had €28.3 million in capital and Maneq funds had €7.9 million.

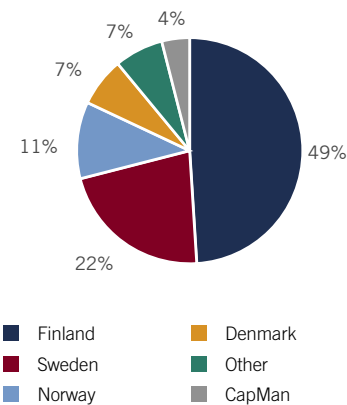
INVESTORS IN CAPMAN'S NORDIC FUNDS ACCORDING TO CAPITAL COMMITTED

The investors in CapMan's latest funds CapMan Equity VII, established in 2002, and CapMan Mezzanine IV, established in 2004. Total capital in these funds was €445.8 million as at 31 December 2004.

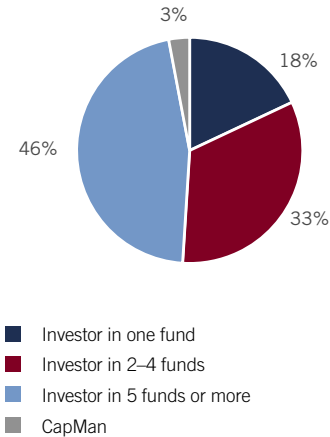
CAPITAL COMMITTED BY INVESTOR TYPE



GEOGRAPHICAL DISTRIBUTION OF CAPITAL COMMITTED



NUMBER OF REPEAT INVESTORS*



* Total capital in all CapMan's Nordic funds €1,278.7 million. Includes the capital of funds that have closed down operations (NPEP I / €13.5 million and Fenno/Others / €6.0 million). Excludes capital in Alliance ScanEast Fund €20.8 million.

Access Capital Partners

CapMan Plc's affiliated company Access Capital Partners is a leading European fund of funds manager with assets of €527.3 million under management in two funds of funds, Access Capital Fund and Access Capital Fund II. In addition, Access Capital Partners manages/advises private equity investment mandates for a total consideration of €95.2 million.

CapMan owns 47.5 per cent of the funds' management/advisory company and the operative management owns the remainder. Access Capital Fund (ACF) has €250.3 million in capital, and Access Capital Fund II (ACFII) €277.0 million in capital.

Access Capital Partners offers its investors the opportunity to diversify their investments across Europe. The investors are mainly pension funds, insurance companies and other institutional investors, but include also some family businesses and private individuals.

Investment focus and criteria

Access Capital Partners constitutes a carefully balanced portfolio of high-performance European private equity funds targeting companies at diverse stages of the value creation stream. The portfolio is allocated between growth and buyout funds as well as early stage and later stage funds within technology and life science.

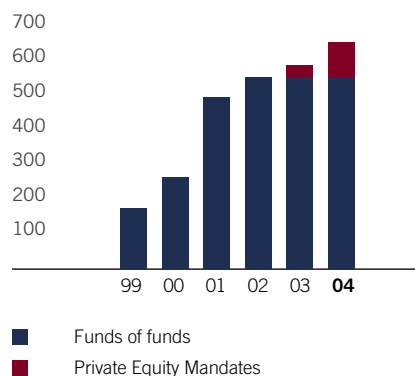
ACF and ACF II invest principally in country-specific private equity funds in Western Europe ranging from €100 million to one billion in size. The funds managed/

advised by Access Capital Partners do not invest in Finland or in the funds managed/ advised by CapMan.

Access Capital Partners is looking for investment teams that have been working together successfully for several years and have a proven track record for superior yield. Investment teams are typically specialised according to the business sector or stage of development of portfolio companies.

Access Capital Partners has offices in Paris and Guernsey and the company had 14 employees at the end of 2004. The partners, Mr Philippe Poggjoli, Ms Agnès Nahum and Mr Dominique Peninon, all have extensive experience in international private equity investment.

CAPITAL UNDER MANAGEMENT BETWEEN 1999-2004



ACCESS CAPITAL PARTNER

ACC



Mr Dominique Peninon,
Managing Partner of Access Capital Partners

Personnel

CapMan's success depends on the Group's ability to recruit, develop, motivate and maintain the top professionals in the private equity investment industry. In 2004, CapMan paid special attention to the enhancement of the evaluation process, career path model and compensation systems for CapMan's investment professionals.

Personnel in 2004

At the end of 2004 CapMan had 74 (71) employees and five (seven) Senior Advisors acting as consultants for CapMan. New employees were recruited mainly to the Oslo office but investment teams were also strengthened in other countries. To promote Nordic integration, which continued to play a central role in 2004, five employees worked abroad in another CapMan office for part of the year.

Personnel development and satisfaction

CapMan's objective is to support the well-being of its employees, develop competitive compensation systems and carefully plan job rotations and successions. In 2004 CapMan focused in particular on the enhancement of the evaluation process, career path model and compensation systems for investment professionals. A work group comprised of CapMan's Senior Partners was responsible for the preparation of a new career path model, which specifies common criteria for the evaluation of individual work performance and opportunities for promotion as well as identification of developmental needs. The new model ensures that compensation for investment professionals is more closely connected to the achieved work performance.

CapMan has conducted five internal employee barometers in years 2002 to 2004 to measure employee satisfaction and develop the Nordic work community. Personnel have participated actively in the barometers, and the results have been consistently good compared to common standards. The results have revealed the high commitment of CapMan employees to the objectives of the company and their own units. The results and recommendations for further measures, which are handled at both Group and team levels, have formed the basis for development of Nordic business practices. Measures for improvement are reported to personnel quarterly at staff information meetings or at the Group's Nordic training days.

The individual work performance of all employees is evaluated at regular employee evaluation discussions, where employees receive feedback and new objectives and individual developmental needs are defined. In 2004 CapMan's total expenditure on personnel development was approx. €175,000 or an average of EUR 2,200 per employee.

Personnel incentive schemes

CapMan has a bonus scheme and two stock option programs to motivate and reward employee commitment. Detailed in-

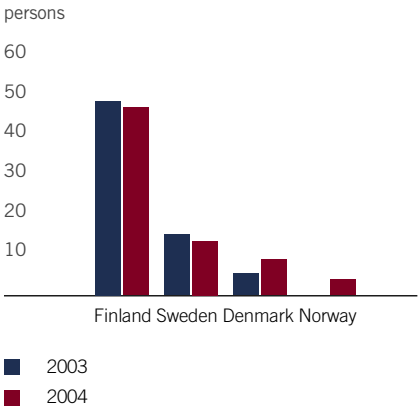
formation about the stock option programs and employee shareholdings can be found in the Shares and Shareholders section on pages 68–71.

The bonus scheme covers CapMan's entire personnel. The bonus is paid annually and is based on both the achievement of personal objectives and the Group's result.

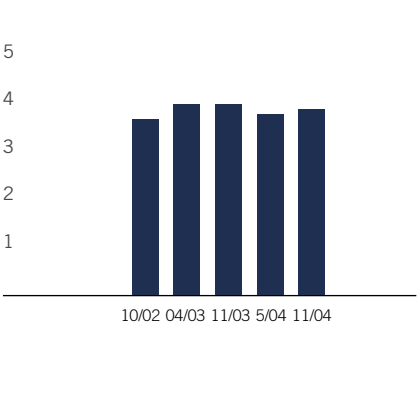
In July 2004, the Board of Directors of CapMan Plc decided to enhance the company's compensation system so that 20–30% of the possible carried interest of CapMan's future funds will be distributed to the members of the specific investment team in question. The new compensation model is common practice in the private equity industry and will gradually replace CapMan's current system, where part of the carried interest income that CapMan receives from the funds it manages/advises is paid to team members as annual bonuses based on the Group's result.

In addition CapMan's investment professionals and other key personnel have the opportunity to participate in portfolio company investments alongside the funds, via an equity fund established for this purpose, as a part of their total compensation.

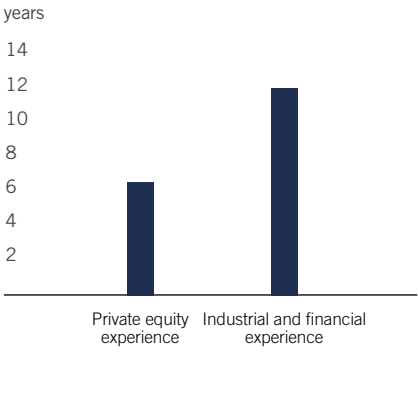
PERSONNEL BY COUNTRY



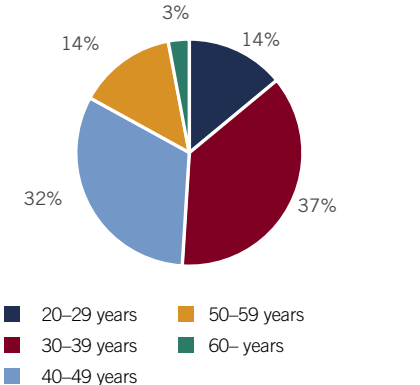
JOB SATISFACTION (SCALE 1-5)*



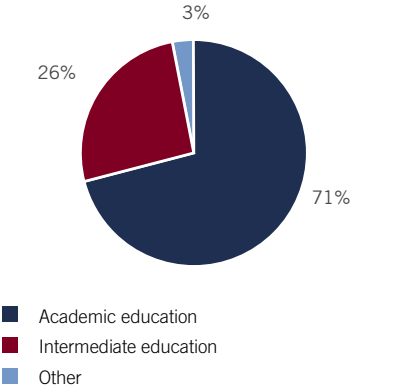
EXPERIENCE OF INVESTMENT PROFESSIONALS*



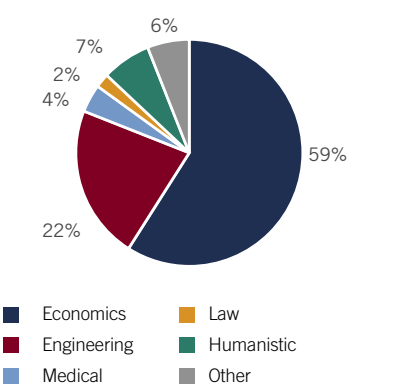
PERSONNEL AGE PROFILE*



EDUCATIONAL LEVELS OF EMPLOYEES*



EDUCATIONAL BACKGROUND OF EMPLOYEES**



* The figures include CapMan's Senior Advisors.
 ** There are nine CapMan employees who have academic qualifications in two fields. Qualifications are listed under the level or field of education that they represent.

Corporate social responsibility

Private equity investment business has a prominent role in society as a manager of fund investors' assets and an enabler of portfolio company development. CapMan strives to be a responsible and ethical corporate citizen in its relations with all stakeholders. The company's values guide a responsible course of action.

CapMan as an asset manager and advisor

CapMan has an important role in society as the manager/advisor of the capital invested by institutional investors in its funds. The most socially significant group of fund investors are pension insurance companies, whose investments represent about 41% of the capital in CapMan funds. The success of investment activities has a direct effect on the results of fund investors and their stakeholders, such as pensioners. The risks associated with investments and risk management are described on page 45.

Development of portfolio companies

In international surveys¹⁾, private equity investment has been proven to have a positive effect on the development of investee companies and thus on the economy and

employment. The positive effects arise from the opportunities for development that are enabled by the private equity investor's finance and strategic expertise. In CapMan's 20 latest exited investments from Finnish buyout portfolio companies at 31 December 2004, net sales grew by 140%, net operating profit by 85% and net number of employees by about 120% during the period of CapMan's investment.

CapMan operates a policy of active ownership to guide the operations and business principles of its portfolio companies, primarily via active work on the Boards of Directors. The companies must comply with prevailing laws and codes of practice as well as commonly accepted and socially sustainable business and management principles.

Community involvement and sponsorship

CapMan has a partnership with the Family Business Network of Finland and is a supporter of family businesses. In addition, CapMan supports education of the industry and was one of the donors for a five-year private equity professorship to the Department of Industrial Engineering and Management at Helsinki University of Technology.

¹⁾ See "Survey of the Economic and Social Impact of Venture Capital in Europe" and "Survey of the Economic and Social Impact of Buyouts in Europe" by the European Private Equity and Venture Capital Association at www.evca.com.

Corporate governance

CapMan Plc complies with the recommendation for Corporate Governance of Listed Companies issued by Helsinki Exchanges, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers on 2 December 2003. The Board of Directors of CapMan Plc is responsible for verification of the company's principles on corporate governance.

Group structure

The CapMan Group is comprised of CapMan Plc and its subsidiaries and affiliated companies. The most significant subsidiaries are CapMan Capital Management Oy, CapMan AB, CapMan Invest A/S, CapMan Norway AS, CapMan (Guernsey) Ltd and CapMan Mezzanine (Guernsey) Ltd. The subsidiaries are 100% owned by CapMan Plc and they act as fund management and/or advisory companies for Group funds making direct investments in portfolio companies. The most significant affiliated company, which is 47.5% owned by CapMan Plc, is Access Capital Partners S.A. and its operations are presented on pages 38-39. A complete list of CapMan Plc's Group and affiliated companies is presented in the notes to the balance sheet on page 60.

Operative organisation

CapMan has subsidiaries in Finland, Sweden, Denmark, Norway and Guernsey and it operates in pan-Nordic teams.

The Group's investment activities are divided into three Nordic investment teams: CapMan Buyout, CapMan Technology and CapMan Life Science. The teams are responsible for identifying new portfolio companies, making investments, supporting value creation of portfolio companies and carrying out exit projects. Their operations are supplemented by Finances and Administration and Development

teams, which are responsible for Group finances and administration, fundraising, fund product development, fund and shareholder investor relations, communications, legal matters, corporate governance and business development.

Annual General Meeting

The highest power of decision is the Annual General Meeting (AGM) of CapMan Plc, where the shareholders can exercise their rights to speak and vote. The Board of Directors convenes the AGM annually, no later than the end of May. The AGM decides on the tasks specified by the law and CapMan's Articles of Association, which are presented on the company's Internet pages under About us/Corporate Governance/Articles of Association.

Invitation to the AGM is published in at least one national newspaper determined by the Board of Directors no earlier than two months and no later than seventeen days prior to the AGM. The proposals of the Board of Directors to the AGM are presented in the invitation. The invitation is also published as a stock exchange release.

The candidates for the Board of Directors who have been notified to the Board are disclosed prior to the AGM, either in the invitation or in a separate bulletin after publication of the invitation, provided that the candidates have given their written consent to the election and are

supported by at least 10% of the total votes attached to the shares of the company. In addition, the proposal of the Board concerning the company's auditor is published prior to the meeting.

In the absence of exceptional reasons for non-attendance, it is the company's objective that all of the members of the Board, candidates for election to the Board and the CEO shall be present at the AGM.

Board of Directors Composition and term

The members of the Board of Directors of CapMan Plc are elected by the AGM for a one-year term, which commences at the closing of the Meeting and continues until the closing of the following AGM. The Board elects the Chairman and the Vice Chairman among themselves.

According to the Articles of Association the Board of Directors comprises between three and nine members, who do not have deputy members. There were seven members of the Board at the end of 2004. The Board met 11 times in 2004 and the average participation rate of its members was 92%.

Duties and responsibilities

The duties and responsibilities of the Board of Directors are determined for the main part by the Finnish Companies Act. The Board is responsible for the administration and proper organisation of the company's

operations and decides upon exceptional or far-reaching matters, taking into account the extent and quality of the company's operations. Examples of such matters include the adoption of Group business strategy and approval of large investments. The Board has general authority to render decisions on all of those company matters which, on the basis of the law or the Articles of Association, are not stipulated to be decided or carried out by another executive body. In addition to the tasks set forth by the law the Board has confirmed a charter for Board work. It includes:

1. An annual review program ensuring that the Group has:
 - proper organisation
 - proper strategic goals
 - identified the major risks and has a program for their management
 - sufficient compliance control of important areas identified by the Board, and
 - proper corporate values
2. An annual self-evaluation of Board performance and review of the charter for Board work.

The Chairman of the Board is responsible for overseeing that the Board fulfils the tasks specified by the law and the Articles of Association.

Board committees

With respect to the size of the company and its Board of Directors, the Board of CapMan Plc has decided not to establish any committees. However, the Board has decided to pay special attention in its own work to risk management, external auditing and internal control.

Remuneration

The remuneration of the members of the Board of Directors is decided by the AGM. In 2004 the AGM resolved to pay monthly

compensation of €2,500 to the Chairman and €2,000 to the Vice Chairman and other members of the Board. Compensation is not paid to those Board members who are employed by CapMan Group. The total remuneration paid to the members of the Board in 2004 was €87,300.

Members of the Board may also be remunerated for Board work with stock options in accordance with the decision of the AGM, in which case shareholders have the opportunity to evaluate whether such remuneration is in their interest.

Members of the Board and their independence of the company

At the end of 2004 the members of the Board of CapMan Plc were Mr Lauri Koivusalo (Chairman), Mr Vesa Vanha-Honko (Vice Chairman), Mr Tapio Hintikka, Mr Lennart Jacobsson, Mr Claes de Neergaard (resigned from the Board on 2 February 2005), Mr Teuvo Salminen and Mr Ari Tolppanen. Their personal and background information as well as company shareholdings and stock options are presented on page 46.

The majority of members of the Board (Tapio Hintikka, Lauri Koivusalo, Claes de Neergaard and Teuvo Salminen) were independent of CapMan Plc at year-end. Lennart Jacobsson, Ari Tolppanen and Vesa Vanha-Honko are not independent of the company, as they are employed by CapMan Group as well as major shareholders in the company.

CEO and Deputy CEO

The Board of Directors elects the CEO and Deputy CEO of CapMan Plc. The CEO leads and oversees the company's operations in accordance with the instructions and orders set forth by the Companies Act and the Board of Directors. As a rule, the CEO is independently responsible for de-

terminating and implementing matters concerning the company's operative activities and ordinary business.

Remuneration

The central conditions of the CEO's employment are specified in writing in the service contract, which is approved by the Board of Directors. In 2004, CEO Ari Tolppanen received salary and other remuneration totalling €161,480 and Deputy CEO Heikki Westerlund received salary and other remuneration totalling €162,598.

The retirement age and retirement benefits for the CEO and Deputy CEO are specified according to the statute on employee pensions. The term of notice for the CEO, Deputy CEO and the company is 12 months, during which time the normal monthly salary is paid.

The CEO's and Deputy CEO's personal and background information as well as company shareholdings and stock options are presented on pages 46 and 47.

Other management Steering Group

The Steering Group of CapMan Plc, which comprises the CEO and Heads of teams, is responsible for supporting decisions of the CEO and Heads of teams by preparing and co-ordinating matters other than investment activities for the units.

The CEO appoints the Heads of teams. In 2004, the salaries and remuneration paid to the Steering Group totalled €862,631. The current members of the Steering Group and their personal and background information as well as company shareholdings and stock options are presented on page 47.

Investment Committee

CapMan also has an Investment Committee, which is comprised of the

Senior Partners of the company. The Investment Committee makes investment presentations and proposals on new investments and exits from portfolio companies to the funds' Advisory Boards, and is not involved in managing the operative activities of the company.

Insider issues

CapMan Plc complies with the guidelines for insiders issued by the Helsinki Stock Exchange on 1 March 2000. CapMan's Board of Directors has supplemented the general guidelines with its own set of internal insider guidelines, which are in part stricter than the general guidelines. The guidelines are communicated clearly to the entire staff and compliance is monitored by the CFO. The insider register is regularly distributed to permanent insiders for inspection.

The permanent insiders of CapMan Plc are the members of the Board of Directors, the CEO, Deputy CEO and auditors including the auditor in charge, in accordance with the Securities Market Act. The members of the Steering Group, CEO's Executive Assistant, CFO, Chief Accountant, Accountant, Group Controller, Director of Fundraising and Investor Relations, Communications Manager and Legal Counsel are also permanent insiders. The insider register for CapMan Plc is held by the Finnish Central Securities Depository Ltd. A list of CapMan Plc's insiders and their holdings of shares and stock options is updated monthly on the company's Internet pages under Investor Relations/CapMan shares/Insiders.

Employees of CapMan Group are not permitted to trade company shares or stock options without the permission of the CFO. Trading is completely forbidden in the fourteen-day period prior to the release of the company's financial results.

Auditor

CapMan shall have one auditor (a public accountant company or auditor) approved by the Central Chamber of Commerce, in accordance with the company's Articles of Association. The auditor is elected by the AGM for a one-year term, which terminates at the closing of the following AGM.

CapMan Plc's auditors PricewaterhouseCoopers Oy and auditor in charge Mr Jan Holmberg, Authorised Public Accountant, are responsible for guiding and co-ordinating the auditing work of the entire Group.

In accordance with the decision by the AGM, the auditor shall be remunerated as per the amount invoiced. The auditor's remuneration for the 2004 financial year amounted to €121,816.

Risk management and internal control

Clear financial and other operative objectives are specified for all of the Group's business and support units. CapMan has an internal code of practice and risk management program for the achievement of set objectives and minimisation of associated risks. The program, which includes identification, evaluation and management of major risks, is annually reviewed and presented for approval by the Board of Directors. Major risks are published, provided that the information does not contain confidential information pertaining to CapMan's business.

The Head of Finances and Administration is responsible for drafting and updating an internal control program, which also covers the statutory control of the funds and their activities. The aim of the internal control program is to ensure that:

- authorisations for effecting payments in the Group and funds are clearly defined

- authorisations for entering into undertakings on behalf of the Group are clearly defined
- the Group and funds comply with their related obligations.

The major risks associated with CapMan's business are the failure of fundraising and the resignation of key personnel from the company. Successful fundraising depends in the long-term on successful investment and exit activities, which in turn largely depend on the professional expertise of the personnel. CapMan strives to minimise the risks and maximise the returns associated with investments by means of deliberate investment strategies and criteria, a phased investment decision-making process and a well-diversified portfolio of investee companies. Additionally, CapMan participates actively in the business development of its portfolio companies to manage risks and grow returns, for example through work on the companies' Boards of Directors.

CapMan Plc is not party to any legal proceedings.

Board of Directors



Lauri Koivusalo



Vesa Vanha-Honko



Claes de Neergaard



Tapio Hintikka



Lennart Jacobsson



Teuvo Salminen



Ari Tolppanen

Lauri Koivusalo

(b. 1941), LL.M.

Chairman of the Board since 2001.

Managing Director of Etera Mutual Pension Insurance Company.

Key Board memberships:

The Mortgage Society of Finland (member of the Board of Trustees), Tornator Oyj, Garantia Insurance Company Ltd, VVO Group Plc.

CapMan Plc shares and options:

13 B shares,
50,000 2000A options,
50,000 2000B options.

Vesa Vanha-Honko

(b. 1955), M.Sc. (Eng.), B.Sc. (Econ.).

Chairman of the Board from 1993 to 2001,

Vice Chairman since 2001.

Head of CapMan's Development team,
Senior Partner. Joined CapMan in 1989.

Key Board memberships:

Access Capital Partners S.A. (member of the Board of Trustees), Espe Group Oy (chairman).

CapMan Plc shares and options:

1,291,638 A shares,
4,006,540 B shares

Claes de Neergaard

(b. 1949), M.Sc. (Econ. and BA).

Member of the Board between 1 April 2004 – 2 February 2005.

Key Board memberships:

Nordic Investment Bank, The Third National Swedish Pension Fund AP3 (chairman), Access Capital Partners S.A. (member of the Board of Trustees).

CapMan Plc shares and options:

None.

Tapio Hintikka

(b. 1942), M.Sc. (Eng.).

Member of the Board since 2004.

Key Board memberships:

Teleste Corporation (chairman), Evli Bank Plc, Onninen Oy.

CapMan Plc shares and options:

None.

Lennart Jacobsson

(b. 1955), BBA.

Member of the Board since 2002.

Senior Partner. Head of CapMan Technology between 2002-2004. Joined CapMan in 1995.

Key Board memberships:

Eco-Dan A/S, Northlight Optronics AB.

CapMan Plc shares and options:

1,129,217 B shares.

Teuvo Salminen

(b. 1954), M.Sc. (Econ.), Authorised

Public Accountant.

Member of the Board since 2001.

Executive Vice President of Jaakko Pöyry Group Oyj.

Key Board memberships:

Tapiola General Mutual Insurance Company (member of the Board of Directors), YIT Corporation.

CapMan Plc shares and options:

20,000 B shares,
25,000 2000A options,
25,000 2000B options.

Ari Tolppanen

(b. 1953), M.Sc. (Eng.).

Member of the Board since 1993.

CEO of CapMan Plc, Senior Partner. Joined CapMan in 1989.

Key Board memberships:

Access Capital Partners (Guernsey) Limited, Å&R Carton AB, Access Capital Partners S.A. (chairman of the Supervisory Board).

CapMan Plc shares and options:

2,447,032 A shares,
7,608,920 B shares

Background information on the members of the Board of Directors is presented on CapMan's Internet pages at www.capman.com. The share and option ownership figures are as at 31 December 2004. The Senior Partners of CapMan own 8,000,000 CapMan A shares and most of their B shares through their companies.

Steering Group

Lennart Jacobsson (see page 46)

Head of CapMan Technology and member of the Steering Group to 31 December 2004.

Olli Liitola

(b. 1957), M.Sc. (Eng.).

CFO of CapMan Plc, Managing Director of CapMan Capital Management Oy, Senior Partner. Joined CapMan in 1991.

Key Board memberships:

PPTH-Norden Ltd (chairman), Pretax Oy, Wood Heat Finland Ltd (chairman).

CapMan Plc shares and options:

1,291,638 A shares,
4,016,327 B shares.

Jan Lundahl

(b. 1954), B.Sc. (Econ.).

Head of CapMan Life Science, Senior Partner. Joined CapMan in 1997.

Key Board memberships:

Swedestart Life Science AB (chairman), Elinga Partners AB, Entific Medical Systems AB, Gordo AB, Mateus Stock AB, NeoPharma Productions AB, Otre AB, Prostalund AB.

CapMan Plc shares and options:

1,129,217 B shares.

Petri Niemi

(b. 1961), M.Sc. (Eng.).

Partner. Joined CapMan in 1999. Head of CapMan Technology and member of the Steering Group as of 1 January 2005.

Key Board memberships:

Setec Oy.

CapMan Plc shares and options:

267,920 B shares.

Ari Tolppanen (see page 46)

Vesa Vanha-Honko (see page 46)

Heikki Westerlund

(b. 1966), M.Sc. (Eng.).

Head of CapMan Buyout, Deputy CEO of CapMan Plc, Senior Partner. Joined CapMan in 1994.

Key Board memberships:

AtBusiness Communications Corporation, Medianorth Group Corporation.

CapMan Plc shares and options:

741,448 A shares,
3,221,057 B shares.

Background information on the members of the Steering Group is presented on CapMan's Internet pages at www.capman.com. The share ownership figures are as at 31 December 2004. The Senior Partners of CapMan own 8,000,000 CapMan A shares and the majority of their B shares through their companies.

Report of the Board of Directors

Business

CapMan's core business is private equity fund management and advisory services. The Report of the Board of Directors for 2004 is divided into two sections: the investment activities of the funds managed/ advised by CapMan and CapMan Group's financial performance and events in 2004.

FUNDS MANAGED/ADVISED BY CAPMAN

The main investment activity of CapMan's funds comprises direct investments in portfolio companies in Finland, Sweden, Denmark and Norway. Direct investments include middle market buyouts, technology investments and investments in the life science sector. Buyouts are made in manufacturing, service and retail industries; technology investments focus on strong growth companies in the IT and telecommunications sector; and life science investments focus on companies specialising in medical technology.

CapMan also has a 47.5% stake in Access Capital Partners, a fund of funds manager/advisor based in Paris and Guernsey. Access Capital Partners manages/advises two funds that invest in middle market buyout and technology funds throughout Europe. In addition it manages/ advises private equity investment mandates.

Capital under management and investment capacity

At the end of 2004 CapMan managed/ advised €1,280.0 million (€1,159.3 million) in funds making direct investments in portfolio companies. During the year, capital under management was raised by fundraising for the new CapMan Mezzanine IV and lowered by the closing down of Nordic

Private Equity Partners I and the Fenno Program/Others.

The assets managed/ advised by Access Capital Partners totalled €622.5 million (€559.7 million).

Investments in portfolio companies at acquisition cost totalled €578.5 million at the end of 2004. Of this, €428.8 million or 74.1% was invested in buyouts, €121.5 million or 21.0% in technology companies and €28.2 million or 4.9% in life science companies. Several of the portfolio companies in the funds making direct investments offer substantial upside potential. At the same time the portfolios include companies that have higher risk levels than at the time of the initial investment.

Excluding realised and estimated future expenses, CapMan has an investment capacity of about €410 million for new and follow-on investments in portfolio companies.

Investments in portfolio companies in 2004

CapMan's funds investing directly in portfolio companies made ten new investments, four substantial follow-on investments and several smaller follow-on investments in 2004 (9 new investments, 9 substantial follow-on investments and several smaller follow-on investments in 2003). All in all, €90.8 million (€138.5 million) was invested by CapMan funds during the financial year. In the comparative period, third quarter investments in Metallfabriken Ljunghäll AB and Noiro Oy had a significant impact of €72.2 million on the sum of investments for 2003.

Investments in the fourth quarter

In November, Swedestart Life Science Fund invested in the Swedish medtech company Millicore AB. Millicore has developed the market's first digital disposable

chest drainage unit for the treatment of lung collapse.

The investment in the new Tokmanni Oy by CapMan Equity VII, Finnmezzanine III and CapMan Mezzanine IV funds was finalised in November. The new Tokmanni Oy is the second largest non-food discount store chain on the Finnish market. The company was formed in the acquisition of the non-food discount operations under the Tokmanni and Vapaa Valinta names from the Okman Group and Notex-Yhtiöt Oy.

CapMan Equity VII and Swedestart Tech funds invested in Swedish Gammadata Mätteknik i Uppsala AB (Gammadata) in November. The company develops and provides instrumentation based on fundamental nuclear and material physics.

In November, CapMan Equity VII and Swedestart Tech funds invested in Swedish technology company Animex AB, which provides industrial automation and IT solutions for the plastics industry.

In December, Finnventure V and Finnventure V ET funds made a substantial follow-on investment in Finnish Hantro Products Oy, provider of mobile multimedia technology.

Investments in January - September

In March CapMan Equity VII and Finnmezzanine III funds invested in the Danish company Anhydro Group, which specialises in evaporation and drying technologies.

In April, CapMan Equity VII and Swedestart Tech funds invested in Finnish technology company Solid Information Technology Oy.

CapMan Equity VII and Swedestart Tech funds invested in Swedish technology company Trittech Technology AB in April.

In May, Finnmezzanine III fund invested in Norwegian transaction process-

ing company EuroProcessing International ASA.

Swedestart Life Science fund invested in Swedish biotech company InDex Pharmaceuticals AB in May.

In August, CapMan Equity VII and Swedestart Tech funds invested in Norwegian technology company Locus AS.

There were substantial follow-on investments in Swedish technology company Northlight Optronics AB, Finnish life science company Inion Oy and Finnish buy-out investment Tiimari Oy.

Exits by the funds in 2004

The funds managed/advised by CapMan exited in total from eleven companies in 2004 (nine exits in 2003). Exits at acquisition cost (including partial exits and mezzanine loan instalments) for the review period totalled €69.7 million (€65.5 million).

Exits in the fourth quarter

In November the Fenno Program/Skandia II Fund exited from Finnish Takamaki Oy, which develops and licences photo-resolution 3D-coatings. The fund invested in the company in 2001.

In November, Swedestart II Fund exited from the Swedish software developer QlickTech International AB. The fund invested in the company in 2000.

Finnventure IV and V as well as Finnmezzanine II and III funds sold their holdings in Finnish Karelia Corporation to the Hartwall family in December. Karelia Corporation is Finland's leading flooring manufacturer. The funds invested in the company in 2000.

The sale of Finnish Eltel Networks Corporation (Eltel) to a fund managed by Industri Kapital was closed in December. Eltel is specialised in design, construction and maintenance of electrical and telecommunications networks. Finnventure V,

Finnmezzanine II B and Finnmezzanine III funds as well as the Fenno Program/Others and Fenno/Skandia II funds invested in the company in 2001.

Exits in January - September

During the first nine months of 2004 CapMan funds exited from Lohja Caravans Oy Ab, Finnhepo Oy, Ramirent Europe Oy, Handwise Oy and Kotipizza Oy and sold their shares in Displayit AB, Sweco AB and Satama Interactive Oyj. In addition, there were partial exits from SecGo Group Oy (now SecGo Software Oy) and AudioNord International A/S.

European fund investments

At the end of 2004 CapMan Plc's affiliated company Access Capital Partners had €622.5 million (€559.7 million) under management in two funds and mandates. Access Capital Fund has €250.3 million in capital, and Access Capital Fund II has €277.0 million in capital. In addition, Access Capital Partners manages/advises private equity investment mandates for a total consideration of €95.2 million. Additional information about Access Capital Partners can be found online at www.access-capital-partners.com.

Other events in 2004

Inion Oy, a Finnish portfolio company of Swedestart Life Science Fund, completed an Initial Public Offering with a listing on the Main List of the London Exchanges in early December. Inion specialises in the development and commercialisation of biodegradable polymer implants for orthopaedic fixation. The fund did not sell its Inion shares in connection with the IPO and continues in the company as an owner.

Events after the close of the year

The sale of NeoPharma AB to Solvay Pharmaceuticals, which was announced in December 2004, was finalised in January 2005. NeoPharma has developed the Duodopa drug delivery system for the treatment of advanced Parkinson's disease. Swedestart II fund, which exited NeoPharma, invested in the company in 1999.

Netseal Oy, the Finnish provider of data security software and portfolio company of Finnventure IV, V and V ET funds, filed for bankruptcy in January. The funds invested in Netseal in 2000.

In February, Swedestart Life Science fund invested in the Swedish medtech company SciBase AB. SciBase has developed instrumentation for the diagnosis and monitoring of malignancies in the skin and skin cancers.

CAPMAN GROUP

Financial performance in 2004

CapMan's turnover for 2004 increased compared to the previous year and was €28.1 million (€18.7 million). Management fees from the funds totalled €17.8 million (€17.8 million).

There was a rise in the amount of carried interest income received by CapMan to €9.1 million (€0.2 million). The most substantial carried interest income were generated by Fenno Program (approx. €7.6 million following the sale of Eltel Networks), Finnventure fund I (approx. €0.9 million following the sale of Lohja Caravans) and Finnmezzanine fund I (€0.4 million following the sale of Kotipizza).

The share from the result of CapMan's affiliated companies was €0.4 million (€0.3 million).

Operating profit for the year grew to €9.3 million (€1.8 million) as a result of higher carried interest income. Profit after taxes and minority interests increased to €6.3 million (€1.1 million). Earnings per share was 8.4 cents (1.5 cents).

Shareholders' equity per share was 64.1 cents (60.6 cents) and CapMan's cash assets on 31 December 2004 totalled €15.5 million (€13.9 million). The Company has no interest-bearing debt. Return on equity was 13.8% (2.3%).

Dividend

The Board of Directors of CapMan Plc decided on 10 February 2005 to amend CapMan Plc's dividend policy as of 2005 so that the CapMan's objective is to use at least 50% of the net profit either for dividend payments or purchase of the Company's own shares. The Board of Directors proposes to the AGM that a dividend of €0.06 per share, which equals to 71% of the net profit, will be distributed to shareholders for the year 2004.

Funds generating carried interest

Finnventure Fund I, which exited from Lohja Caravans, began to generate carried interest in 1997. Finnventure Fund III, which sold its shares in Satama, has been generating carried interest since 2000 and Finnmezzanine Fund I, which exited Kotipizza, since 2001. Additionally, Finnventure Fund II has been generating carried interest since 1997. Following the sale of Eltel, the Fenno/Skandia II and Fenno/Others funds co-managed by CapMan and Fenno Management Oy began to generate carried interest. Eltel was the only portfolio company in the Fenno/Others Fund, and after the exit the fund's operations were closed.

During 2004 Finnventure Fund V moved significantly closer to the point where the fund will begin to generate carried interest, as a result of the sale of its holdings in Eltel, Karelia Corporation and Sweco. Finnventure Fund V's share of the accrued cash flows from the Eltel sale was approx. €65 million. The other CapMan funds that moved closer to carry were Finnventure Fund IV following the sales of Karelia Corporation and Sweco shares, and Finnmezzanine Fund III following the sales of Eltel and Karelia Corporation.

New mezzanine fund

CapMan established its fourth mezzanine fund CapMan Mezzanine IV in 2004. The focus of the fund is on investments in middle market buyouts in the Nordic countries. Part of the fund is securitised by offering institutional investors an opportunity to participate by subscribing secured bonds listed on the Helsinki Stock Exchange.

By the end of the year, the fund had 25 investors and commitments totalling €142.5 million. CapMan Plc's own commitment to the fund is €3.0 million. The management fee and carried interest arrangements of

the fund are in accordance with common practice in the industry. CapMan will continue fundraising for the fund in the first quarter of 2005.

Personnel and company management

CapMan had 74 (71) employees at the end of 2004. There were 46 (47) employees in Helsinki, 15 (17) in Stockholm, 9 (7) in Copenhagen and 4 (0) in Oslo. In addition there were five Senior Advisors acting as consultants for CapMan, three in Finland, one in Sweden and one in Denmark. Many employees in the Helsinki office work actively with business generation also in other Nordic countries.

In December, Partner Petri Niemi was appointed Head of CapMan Technology and member of CapMan's Nordic Steering Group as of 1 January 2005. Senior Partner Lars Hagdahl was appointed Deputy Head of CapMan Technology as of 1 January 2005. Mr Niemi's predecessor Lennart Jacobsson continues as a member of the technology team with responsibilities in Swedestart and CapMan funds. He is also a member of the Board of CapMan Plc.

Changes in ownership

On 2 March 2004, some Senior Partners and other employee owners of CapMan Plc Group sold a total of 10,000,000 CapMan Plc B shares to international and Finnish institutional investors. Following the sales, the Senior Partners and other employees of CapMan Plc hold 56.3% of shares and 77.7% of voting rights. There was one disclosure of change in ownership related to the share sale, when the combined ownership of Ari Tolppanen and Aristo Invest Oy, a corporation under his control, decreased to less than three-twentieths (3/20) or 13.5%. CapMan Plc had 6,256 shareholders as at 31 December 2004.

Shares and warrants

A total of 31,016,971 (10,740,016) CapMan Plc B shares with an approx. value of €56.3 million (€17.5 million) were traded on the Helsinki Stock Exchange in 2004. Compared to the previous year there was a significant rise in trading, of which approx. half or 10,000,000 shares is accounted by the share sale by the Senior Partners and other employee owners of CapMan in March. Share sale adjusted trading turnover increased significantly compared to the previous year, almost doubling in terms of number of shares traded and more than doubling in terms of value.

The B share's highest trading price for the year was €2.42 and the lowest trading price was €1.49, with an average price of trades of €1.82. The opening price on the first day of trading for the year was €1.75 and the closing price on 31 December 2004 was €2.30. The Company's total market capitalisation, including CapMan A shares, was €171.8 million (€130.7 million).

The year 2000A warrants' highest trading price was €1.52, the lowest was €0.85 and the average price of trades was €1.14. The opening price on the first day of trading for the year was €0.94 and the closing price on 31 December 2004 was €1.35. A total of 1,268,500 A warrants with a value of €1.4 million were traded in 2004 (421,000 warrants with a value of €0.3 million in October-December 2003). As at 31 December 2004, 27,700 CapMan Plc B shares had been subscribed for with warrants. The share subscription will be entered in the trade register during February 2005.

Decisions adopted by the AGM

The Annual General Meeting (AGM) of CapMan Plc held on 1 April 2004 elected the following members to the Board of Directors: Mr Tapio Hintikka, Mr Lauri Koivusalo, Mr Lennart Jacobsson, Mr Claes

de Neergaard, Mr Teuvo Salminen, Mr Ari Tolppanen and Mr Vesa Vanha-Honko. Of the Board members, Mr Hintikka, Mr Koivusalo, Mr de Neergaard and Mr Salminen are independent of the Company. The AGM also approved the authorisations of the Board to increase the Company's share capital by a maximum of €35,000.00 and to acquire a maximum of 3,500,000 of the Company's own B shares.

Share repurchase

On 26 May 2004 the Board of Directors of CapMan Plc resolved that the Company will acquire a maximum of 3,500,000 of the Company's own B shares, on the basis of the authorisation given by the AGM. However, the Company has not repurchased shares to date.

Changes in CapMan's compensation system

In July, the Board of Directors of CapMan Plc decided to enhance the Company's compensation system so that 20-30% of the possible carried interest of CapMan's future funds will be distributed to the members of the specific investment team in question. Targeting part of a certain fund's carried interest to the members of a specific investment team is common practice in the private equity industry. The objective is that this practice will gradually replace CapMan's current system, where part of the carried interest income that CapMan receives from the funds it manages/advises is paid to team members as annual bonuses based on the Company's result.

Events after the close of the year

In January, CapMan Plc announced that the Company was studying the possibilities to establish a Finnish private equity real estate fund and negotiating the matter with institutional investors.

Claes de Neergaard, member of the CapMan Plc Board, was appointed as President of the Swedish venture capital investor Industrifonden (The Swedish Industrial Development Fund) as of 2 February 2005. Due to this appointment de Neergaard resigned from the CapMan Plc Board of Directors.

ADOPTION OF IFRS STANDARDS (IAS)

As of 1 January 2005, CapMan Plc will adopt International Financial Reporting Standards (IFRS) in its financial reporting. The changeover date to IFRS is 1 January 2004, for which an opening IFRS balance sheet is prepared. The effects of IFRS on the opening balance sheet as well as on shareholders' equity 1 January 2004 are presented in Appendix 4 of CapMan Plc's Financial Statements Bulletin for 2004. Comparison information on the income statement and balance sheet in line with IFRS and Finnish Accounting Standards (FAS) will be published quarterly in connection of the Interim Reports in 2005.

FUTURE OUTLOOK

Funds managed/advised by CapMan

Private equity investment in Europe is estimated to show growth in the mid and long term. In CapMan's home market in the Nordic area, growth is accelerated by consolidation in various sectors, privatisation of public services and functions, strong investment in research and development in technology and life science sectors, and increasing entrepreneurial activity.

CapMan will continue to focus its investment strategy on a Nordic level. The focus of the funds' investment activities will remain on developing the existing portfolio

and finding new investee companies. CapMan is well positioned to continue as an active player in the private equity market, as its funds making direct investments have approx. €410 million in capital for new and follow-on investments.

The competition for middle market buyouts has increased as a result of new players entering the market and new funds being established by existing private equity investors. The local presence in all Nordic countries enables CapMan's Buyout team to proactively look for new portfolio companies in the Nordic area, which is increasingly important in the current market situation. In comparison, there is less competition and good opportunities to syndicate investments in technology and life science sectors.

There was a gradual improvement in exit markets during 2004 and we expect this trend to continue also in 2005. Several exit negotiations are ongoing in the funds making direct investments in portfolio companies.

CapMan Group

The Group's income derives from management fees from the funds, carried interest

from funds generating carried interest, a share of the result of affiliated companies and returns on direct fund investments made from CapMan's own balance sheet. The returns from direct fund investments will also have a greater influence on the Company's result in the future, as CapMan's objective is to make investments from its balance sheet corresponding to 3-5% of the capital in future CapMan funds.

As a management company CapMan begins to receive carried interest after the investors have regained their investment in addition to a preferred annual return, usually 6 to 8%. Carried interest is typically 20 to 25% of the fund's cash flow through exits from its portfolio companies. Five of the funds managed/advised by CapMan are already generating carried interest. The original capital in these funds is €92.2 million, which represents approximately 7.2% of the total capital in CapMan funds that invest directly in portfolio companies (€1,280.0 million).

The management fees CapMan receives from the funds are expected to cover the Company's expenses in 2005, and the share from affiliated companies is estimated to remain at the same level as the pre-

vious year. CapMan's result for 2005 will mostly depend on whether exits are made from portfolio companies owned by funds already generating carried interest, and the possible transfer of new funds to carry. The funds making direct investments in portfolio companies have several exit discussions underway.

Helsinki 11 February 2005
CAPMAN PLC
Board of Directors

EUR	Note	Group		Parent company	
		2004	2003	2004	2003
Turnover	1	28 088 527	18 663 307	727 362	992 620
Other operating income	2	79 538	13 292	8 200	4 345
Personnel expenses	3	-9 015 805	-7 100 391	-488 260	-452 222
Depreciation	4	-2 152 827	-1 589 890	-76 672	-72 475
Other operating expenses		-7 685 927	-8 224 034	-974 545	-707 842
Operating profit (loss)		9 313 506	1 762 284	-803 915	-235 574
Financial income and expenses	5	527 509	402 050	2 183 139	841 588
Profit before extraordinary items		9 841 015	2 164 334	1 379 224	606 014
Extraordinary items	6	0	0	9 400 000	2 200 000
Profit before taxes		9 841 015	2 164 334	10 779 224	2 806 014
Income taxes	7	-3 394 374	-1 030 973	-3 106 324	-694 818
Minority interest		-189 034	9 290	0	0
PROFIT FOR THE FINANCIAL YEAR		6 257 607	1 142 651	7 672 900	2 111 196

BALANCE SHEET

EUR	Note	Group		Parent company	
		2004	2003	2004	2003
ASSETS					
Fixed assets					
Intangible assets	1	740 200	921 465	187 279	219 137
Consolidated goodwill	2	5 416 271	6 964 665	0	0
Tangible assets	3	1 097 472	1 247 670	17 386	30 041
Investments	4				
Shares in subsidiaries		0	0	11 953 225	11 920 692
Investments in associated companies		1 206 305	943 722	251 995	198 062
Other investments		17 787 474	16 060 981	14 125 667	10 583 492
Total investments		18 993 779	17 004 703	26 330 887	22 702 246
Total fixed assets		26 247 722	26 138 503	26 535 552	22 951 424
Current assets					
Long-term receivables	5	5 608 497	4 092 255	5 608 497	4 092 255
Deferred tax receivables	6	229 619	245 780	194 354	245 780
Short-term receivables	7	5 839 123	4 438 224	14 332 647	8 540 676
Marketable securities		5 497 894	7 196 917	2 299 462	4 822 374
Cash and bank		9 999 478	6 663 873	561 060	3 965 524
Total current assets		27 174 611	22 637 049	22 996 020	21 666 609
TOTAL ASSETS		53 422 333	48 775 552	49 531 572	44 618 033
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital		747 093	746 816	747 093	746 816
Share premium account		36 887 800	36 864 539	36 887 800	36 864 539
Retained earnings		3 989 773	6 538 335	2 579 439	4 202 324
Profit for the financial year		6 257 607	1 142 651	7 672 900	2 111 196
Total shareholders' equity	8	47 882 273	45 292 341	47 887 232	43 924 875
Minority interest		207 236	38 330	0	0
Liabilities					
Deferred tax liabilities	9	583 569	293 158	0	0
Long-term liabilities	10	51 402	90 202	0	0
Short-term liabilities	11	4 697 853	3 061 521	1 644 340	693 158
Total liabilities		5 332 824	3 444 881	1 644 340	693 158
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		53 422 333	48 775 552	49 531 572	44 618 033

EUR	Group		Parent company	
	2004	2003	2004	2003
Operations				
Operating profit (loss)	9 313 506	1 762 284	-803 915	-235 574
Adjustments to operating profit	1 769 852	1 552 308	-97 652	-139 157
Change in net working capital	273 203	1 125 370	-6 027 966	2 268 503
Interest paid	-971	-15	-132	-10
Interest received	150 362	395 152	187 334	79 504
Dividends received	174 325	422 750	1 474 325	859 750
Taxes paid	-2 228 338	-1 712 441	-1 362 167	-1 242 497
Total from operations	9 451 939	3 545 408	-6 630 173	1 590 519
Investments				
Investments in tangible and intangible assets	-272 969	-598 618	0	-20 962
Proceeds from sale of tangible and intangible assets	8 200	166 246	8 200	0
Investments in other placements	-2 549 341	-5 935 364	-3 660 800	-5 024 621
Translation differences	-3 383	43 728	0	0
Dividends received from investments	0	5 558	0	
Total from investments	-2 817 493	-6 318 450	-3 652 600	-5 040 025
Financing				
Purchase of own shares	0	-209 314	0	-209 314
Change in short-term loan receivables	36 479	125 837	36 479	125 837
Change in long-term loan receivables	-1 346 540	-2 526 066	-1 346 540	-2 526 066
Dividends paid	-3 758 082	-7 693 163	-3 758 082	-7 468 163
Translation differences and other changes	70 279	9 351	23 539	-29
Group contributions received	0	0	9 400 000	2 200 000
Financing total	-4 997 864	-10 293 355	4 355 396	-7 877 735
Change in cash	1 636 582	-13 066 397	-5 927 377	-11 327 241
Liquid assets, January 1	13 860 790	26 927 187	8 787 898	20 115 139
Liquid assets, December 31	15 497 372	13 860 790	2 860 521	8 787 898

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

Extent of consolidation

The consolidated financial statements include the accounts of all companies and associated companies of CapMan Group, excluding inoperative subsidiaries.

Consolidation principles

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 debts, and intra-Group dividends have been eliminated.

Minority interest

Minority interest is separated from the Group's shareholders' equity and net profit and is presented as a separate item. For net loss, a receivable from the minority is presented as a separate item to the extent of the deficit that is covered by minority shareholdings.

Translation difference

The figures for the foreign subsidiaries' financial statements have been translated into euros at the average year-end exchange rate and the translation differences from the elimination of shareholders' equity is given in the Group's shareholders' equity.

Associated companies

The associated companies have been consolidated by the equity method. The Group's share (based on its holding) of the associated companies' net profit for the year is given in the turnover.

Valuation of fixed assets

Fixed assets are reported in the balance sheet at their acquisition value less depreciation according to plan. 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 are:

Intangible rights	5 - 10 years
Consolidated goodwill	5 - 10 years
Other long-term expenditure	5 years
Machinery and equipment	4 - 5 years

Valuation of financial assets

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

Pensions

Statutory pension liabilities are handled through private insurance companies. Pension expenses are reported in accordance with local regulations and practices.

Income taxes

The consolidated income statement includes current taxes calculated in accordance with local regulations and deferred taxes. Deferred tax assets or liabilities are recognised for the future tax consequences of events that have been recognised in financial statements or tax returns, based on the tax laws and tax rates enacted by the balance sheet date.

Foreign currency items

Receivables and liabilities denominated in foreign currencies are translated at the year-end exchange rate.

EUR	Group		Parent company	
	2004	2003	2004	2003
1. Turnover				
Turnover by area				
Finland	16 281 729	7 950 759	303 037	319 870
Other	11 806 798	10 712 548	424 325	672 750
Total	28 088 527	18 663 307	727 362	992 620
2. Other operating income				
Gain on sales of fixed assets	8 200	3 403	8 200	0
Other	71 338	9 889	0	4 345
Total	79 538	13 292	8 200	4 345
3. Personnel expenses and average number of employees				
Personnel expenses				
Wages and salaries	6 967 290	5 386 333	406 521	284 227
Pension expenses	921 562	792 080	53 761	45 305
Other personnel expenses	1 126 953	921 978	27 978	122 690
Total	9 015 805	7 100 391	488 260	452 222
Management wages and salaries				
Managing Directors and members of the Board of Directors	776 361	670 970	12 600	12 600
Average number of employees				
Personnel	79	75	5	7
4. Depreciations				
Depreciation by asset type:				
Intangible rights	46 368	162 704	2 624	36 372
Consolidated goodwill	1 548 394	1 035 596	0	0
Other long-term expenditure	169 446	34 066	61 394	17 829
Machinery and equipment	388 619	357 524	12 654	18 274
Total	2 152 827	1 589 890	76 672	72 475

EUR	Group		Parent company	
	2004	2003	2004	2003
5. Financial income and expenses				
Dividend income				
Income from subsidiaries	0	0	1 659 437	437 000
Others	0	38 535	0	7 828
Dividend income total	0	38 535	1 659 437	444 828
Other interest and financial income				
Group companies	0	0	20 890	20 951
Others	637 634	611 992	503 208	442 343
Other interest and financial income total	637 634	611 992	524 098	463 294
Interest and other financial expenses				
Group companies	0	0	-261	0
Others	-110 125	-248 477	-135	-66 534
Interest and other financial expenses total	-110 125	-248 477	-396	-66 534
Financial income and expenses total	527 509	402 050	2 183 139	841 588
6. Extraordinary items				
Extraordinary income				
Group contributions received	0	0	9 400 000	2 200 000
Total	0	0	9 400 000	2 200 000
7. Income taxes				
Imputation credit	75 337	12 880	0	0
Income taxes	-3 200 200	-1 038 707	-3 054 899	-714 023
Change in deferred tax asset/liability	-269 511	-5 146	-51 425	19 205
Total	-3 394 374	-1 030 973	-3 106 324	-694 818

EUR	Group		Parent company	
	2004	2003	2004	2003
1. Intangible assets				
Intangible rights				
Acquisition cost 1.1.	1 047 162	950 980	204 686	183 724
Increases	2 390	120 323	0	20 962
Decreases	-655 440	-24 141	-185 663	0
Acquisition cost 31.12.	394 112	1 047 162	19 023	204 686
Accumulated depreciation 1.1.	-249 330	-110 694	-56 865	-20 493
Accumulated depreciation in decreases	168 501	24 068	52 921	0
Depreciation for financial year	-46 368	-162 704	-2 624	-36 372
Accumulated depreciation 31.12.	-127 197	-249 330	-6 568	-56 865
Book value 31.12.	266 915	797 832	12 455	147 821
Other long-term expenditure				
Acquisition cost 1.1.	170 330	81 185	89 145	0
Increases	687 600	0	217 823	0
Transfers between items	0	89 145	0	89 145
Decreases	-6 166	0	0	0
Acquisition cost 31.12.	851 764	170 330	306 968	89 145
Accumulated depreciation 1.1.	-46 697	-12 631	-17 829	0
Accumulated depreciation in decreases	-162 335	0	-52 921	0
Depreciation for financial year	-169 447	-34 066	-61 394	-17 829
Accumulated depreciation 31.12.	-378 479	-46 697	-132 144	-17 829
Book value 31.12.	473 285	123 633	174 824	71 316
Intangible rights total	740 200	921 465	187 279	219 137
2. Consolidated goodwill				
Acquisition cost 1.1.	9 758 611	9 847 756		
Transfers between items	0	-89 145		
Acquisition cost 31.12.	9 758 611	9 758 611		
Accumulated depreciation 1.1.	-2 793 946	-1 758 350		
Depreciation for financial year	-1 548 394	-1 035 596		
Accumulated depreciation 31.12.	-4 342 340	-2 793 946		
Book value 31.12.	5 416 271	6 964 665		
Consolidated goodwill total	5 416 271	6 964 665		
3. Tangible assets				
Machinery and equipment				
Acquisition cost 1.1.	1 853 517	1 700 388	78 832	84 877
Increases	245 081	560 410	0	0
Decreases	-150 536	-407 281	-21 864	-6 045
Acquisition cost 31.12.	1 948 062	1 853 517	56 968	78 832
Accumulated depreciation 1.1.	-726 729	-544 136	-53 716	-41 488
Accumulated depreciation in decreases	143 421	137 246	21 409	6 045
Depreciation for financial year	-388 164	-319 839	-12 200	-18 273
Accumulated depreciation 31.12.	-971 472	-726 729	-44 507	-53 716
Book value 31.12.	976 590	1 126 788	12 461	25 116
Other tangible assets				
Acquisition cost 1.1.	120 882	120 882	4 925	4 925
Book value 31.12.	120 882	120 882	4 925	4 925
Tangible assets total	120 882	1 247 670	4 925	30 041

	Group ownership of shares, %	Parent company ownership of shares, %	Share capital
4. Investments			
Subsidiaries:			
CapMan Capital Management Ltd, Finland	100%	100%	
CapMan Holding AB, Sweden	100%	100%	
CapMan AB, Sweden	100%		
CapMan Sweden AB, Sweden	100%	100%	
CapMan Invest A/S, Denmark	100%	100%	
NPE General Partner II Ltd, Jersey	100%	100%	
CapMan Norway AS, Norway	100%	100%	
CapMan (Guernsey) Ltd, Guernsey	100%	100%	
CapMan Mezzanine (Guernsey) Ltd, Guernsey	100%	100%	
Finnmezzanine Oy, Finland	70%		
EastMan Advisors Oy, Finland	60%		
ScanEast Managing Partner Ltd., Guernsey *)	70%		
*) Via the subsidiary EastMan Advisors Oy			
Dissimilium Enumeratio Invest AB, Sweden *)	100%	100%	SEK 100 000
Praeveniens Praesumitur Invest AB, Sweden *)	100%	100%	SEK 100 000
CapMan Germany GmbH, Germany *)	100%	100%	EUR 25 000
CapMan Mezzanine Classic GP Ltd, Finland *)	100%	100%	EUR 8 000
Fortes Fortuna Adiuvat Oy, Finland *)	100%	100%	EUR 8 000
In Omnia Paratus Plc, Finland *)	100%	100%	EUR 80 000
*) Not consolidated, included in the total of other investments			
Associated companies:			
Access Capital Partners S.A., France	47.47%	47.47%	
Access Capital Partners (Guernsey) Limited, Guernsey	47.50%	47.50%	
Baltcap Management Oy, Finland	20.00%	20.00%	
BIF Management Ltd, Jersey	33.33%	33.33%	
Baltic SME Management B.V., The Netherlands	33.33%	33.33%	
Maneq 2002 AB, Sweden	35.00%	35.00%	

EUR	Group		Parent company	
	2004	2003	2004	2003
Shares in subsidiaries				
Acquisition cost 1.1.			11 920 692	12 027 342
Increases			32 533	0
Decreases			0	-106 650
Acquisition cost 31.12.			11 953 225	11 920 692
Shares in associated companies				
Acquisition cost 1.1.	943 722	1 078 188	198 062	198 062
Increases	262 583	0	53 933	0
Decreases	0	-134 466	0	0
Acquisition cost 31.12.	1 206 305	943 722	251 995	198 062
Own shares				
Acquisition cost 1.1.	0	1 279 576	0	1 279 576
Increases	0	209 314	0	209 314
Decreases	0	-1 488 890	0	-1 488 890
Acquisition cost 31.12.	0	0	0	0
Other investments				
Acquisition cost 1.1.	16 060 981	10 505 385	10 583 492	5 558 872
Increases	4 128 165	5 990 373	3 817 463	5 089 261
Decreases	-2 408 359	-397 762	-275 288	-64 641
Translation difference	6 687	-37 015	0	0
Acquisition cost 31.12.	17 787 474	16 060 981	14 125 667	10 583 492
Investments total	18 993 779	17 004 703	26 330 887	22 702 246

	Group		Parent company	
	2004	2003	2004	2003
5. Long-term receivables				
Receivables from associated companies				
Loan receivables	871 795	0	871 795	0
Loan receivables	4 736 702	4 092 255	4 736 702	4 092 255
Long-term receivables total	5 608 497	4 092 255	5 608 497	4 092 255
6. Deferred tax receivables				
Accrued differences	229 619	245 780	194 354	245 780
Deferred tax receivables total	229 619	245 780	194 354	245 780
7. Short-term receivables				
Accounts receivable	705 398	547 155	19 869	1 479
Receivable from group companies				
Accounts receivable	0	0	146 464	850 683
Loan receivables	0	0	386 007	1 093 746
Other receivables	0	0	12 261 934	5 810 695
Total	0	0	12 794 405	7 755 124
Receivable from associated companies				
Loan receivables	125 939	125 939	125 939	125 939
Accrued income	51 502	0	51 502	0
Total	177 441	125 939	177 441	125 939
Loan receivables	142 047	219 889	142 047	219 889
Other receivables	2 842 021	1 870 862	794 380	75 111
Accrued income	1 972 216	1 674 379	404 505	363 134
Short-term receivables total	5 839 123	4 438 224	14 332 647	8 540 676
8. Shareholders' equity				
Share capital 1.1.	746 816	756 946	746 816	756 946
Share issue	277	0	277	0
Decrease of share capital	0	-10 130	0	-10 130
Share capital 31.12.	747 093	746 816	747 093	746 816
Share premium account 1.1.	36 864 539	36 854 438	36 864 539	36 854 438
Issue premium	23 268	0	23 268	0
Decrease	-7	-29	-7	-29
Decrease of share capital	0	10 130	0	10 130
Share premium account 31.12.	36 887 800	36 864 539	36 887 800	36 864 539
Reserve for own shares 1.1.	0	1 279 576	0	1 279 576
Increase	0	209 314	0	209 314
Decrease	0	-1 488 890	0	-1 488 890
Reserve for own shares 31.12.	0	0	0	0
Retained earnings 1.1.	7 680 986	14 155 180	6 313 520	11 879 801
Dividend payment	-3 734 081	-7 468 163	-3 734 081	-7 468 163
Translation differences	42 868	2 018	0	0
Transfer to reserve for own shares	0	-209 314	0	-209 314
Transfer from other reserves	0	58 614	0	0
Retained earnings 31.12.	3 989 773	6 538 335	2 579 439	4 202 324
Profit for the financial year	6 257 607	1 142 651	7 672 900	2 111 196
Shareholders' equity, total	47 882 273	45 292 341	47 887 232	43 924 875
Calculation of distributable assets				
Retained earnings	3 989 773	6 538 335	2 579 439	4 202 324
Other reserves	0	-58 614	0	0
Profit for the financial year	6 257 607	1 142 651	7 672 900	2 111 196
Total	10 247 380	7 622 372	10 252 339	6 313 520

	2004		2003	
CapMan PLC's share capital is divided as follows:	pcs	€	pcs	€
Series A share (10 votes / share)	8 000 000	80 000	8 000 000	80 000
Series B share (1 vote / share)	66 681 630	666 816	66 681 630	666 816
Series B share / increase / entered into the Trade Register on 14 February 2005	27 700	277		

9. Deferred tax liabilities

	Group		Parent company	
	2004	2003	2004	2003
From untaxed reserves	583 569	293 158	0	0
Deferred tax liabilities total	583 569	293 158	0	0

10. Long-term liabilities

Other long-term liabilities	51 402	90 202	0	0
Long-term liabilities total	51 402	90 202	0	0

11. Short-term liabilities

Advances received	0	322 290	0	0
Accounts payable	675 979	644 892	47 186	63 868
Liabilities to Group companies				
Other liabilities	0	0	41 779	376 006
Other liabilities	628 502	281 460	36 503	27 963
Accrued expenses	3 393 372	1 812 879	1 518 872	225 321
Short-term liabilities total	4 697 853	3 061 521	1 644 340	693 158

EUR	Group		Parent company	
	2004	2003	2004	2003
1. Contingent liabilities and other commitments				
Rent and leasing obligations				
Year 2005	147 444	157 452	0	0
Thereafter	134 853	70 230	0	0
Total	282 297	227 682	0	0
Other contingent liabilities				
Pledged deposit for own commitment	61 410	7 835	0	0
Remaining commitments to Funds				
Finnventure Fund IV Ky	0	12 951	0	
Finnventure Fund V Ky	99 899	99 899	0	0
Finnventure Fund V ET Ky	0	22 284	0	0
Finnmezzanine Fund II A Ky	0	4 697	0	0
Finnmezzanine Fund II B Ky	12 109	12 109	0	0
Finnmezzanine Fund II C Ky	0	6 174	0	0
Finnmezzanine Fund II D Ky	0	8 057	0	0
Finnmezzanine Fund III A Ky	224 983	325 333	0	0
Finnmezzanine Fund III B Ky	100 170	119 175	0	0
Finnmezzanine Fund III C Ky	162 010	178 290	0	0
Access Capital FCPR	7 010	12 082	7 010	12 082
Access Capital FCPR II A	21 303	26 037	21 303	26 037
Access Capital FCPR II B	14 167	16 121	14 167	16 121
Access Capital LP	95 985	141 985	95 985	141 985
Access Capital LP II A	3 457 321	4 191 547	3 457 321	4 191 547
Access Capital LP II B	3 669 783	4 175 960	3 669 783	4 175 960
Access Capital LP II C	15 806	18 556	15 806	18 556
Access Capital LP II D	18 968	22 268	18 968	22 268
Access Capital II Founder Partner LP	67 001	79 245	67 001	79 245
CapMan Equity VII A L.P.	6 070 500	7 146 150	6 070 500	7 146 150
CapMan Equity VII B L.P.	965 250	1 082 250	965 250	1 082 250
CapMan Equity VII C L.P.	750 750	871 500	750 750	871 500
CapMan Equity Sweden KB	1 340 793	1 552 350	763 740	884 250
CapMan Mezzanine IV L.P.	2 970 000	0	2 970 000	0
Swedestart Tech KB	1 945 460	2 827 400	1 945 460	2 827 400
Swedestart Tech AB	89 061	128 927	89 061	128 927
Swedestart Life Science AB	44 896	64 855	44 896	64 855
Total	22 143 225	23 146 202	20 967 001	21 689 133
Total contingent liabilities and other commitments	22 339 488	23 154 037	20 967 001	21 689 133

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

Proposal by the Board for distribution of dividend

At the end of the fiscal year, the Group's unrestricted equity totalled €10.3 million and the parent company's €10.3 million. The Board of Directors proposes to the Annual General Meeting that a dividend of €0.06 be paid for each A and B share. Total dividends amount to €4.5 million.

Helsinki, 10 March 2005

Lauri Koivusalo
Chairman of the Board of Directors

Lennart Jacobsson

Tapio Hintikka

Teuvo Salminen

Ari Tolppanen
CEO

Vesa Vanha-Honko

To the shareholders of CapMan Plc

We have audited the accounting, the financial statements and the corporate governance of CapMan Plc for the period 1.1. - 31.12.2004. 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 CEO. Based on our audit we express an opinion on these financial statements and on 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 CEO 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 CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 10 March 2005

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

CALCULATION OF KEY RATIOS

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

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

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

$$\text{Earnings per share (EPS) = } \frac{\text{Profit before extraordinary items - taxes -/+ minority interest}}{\text{Share issue adjusted number of shares (average)}}$$

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

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

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

Buyout

A transaction in which a business, business unit or company is acquired from the current shareholders. CapMan's buyout activities focus on Nordic countries.

Capital Under Management

This is the total amount of capital committed in the funds, i.e. the remaining capital available for investments, the capital already invested and not yet divested, and the capital already invested and divested.

Capital Weighted Average IRR

The average IRR weighted by fund size with funds contributing to the average in proportion to their size.

Carried interest

A bonus entitlement accruing to the fund's management company. A management company begins to receive carried interest after the investors have regained their investment in addition to a preferred annual return (hurdle rate). Also known as "carry".

Commitment

A limited partner's obligation to provide a certain amount of capital to a private equity fund.

Deal flow

The number of investment opportunities available to a private equity house.

Early stage

Seed and start-up stages of a business.

Equity fund

A private equity fund making equity investments.

Exit (Realisation)

Liquidation of holdings by a private equity fund. Typical exit methods are sale to industrial or financial buyer or a sale by public offering (including IPO).

Follow-on/Add-on investment

An additional investment in a portfolio company which has already received funding from a private equity investor.

Fund focus

The fund's focus is determined by deciding to which stage and sector and with which geographical concentration the fund's future investments will be made.

Fund of funds

A fund that makes equity investments in other private equity funds.

Fund Size

The total amount of capital committed by the Limited and General Partners of a fund.

Fundraising

The process in which private equity houses themselves raise money to create a private equity fund. These funds are raised from private, corporate or institutional investors, who make commitments to the fund which will be invested by the General Partner.

General Partner

A partner in a private equity management company who has unlimited personal liability for the debts and obligations of the limited partnership.

Hurdle rate

The annual IRR that private equity fund managers must return to their investors before they can receive carried interest.

Internal rate of return (IRR)

In a private equity fund, the net return earned by investors from the fund's activity from inception to a stated date. The IRR is calculated as an annualised effective compounded rate of return, using monthly cash flows and annual valuations.

Later stage

A fund investment strategy involving financing for the expansion of a company.

Life Science

Includes pharmaceuticals, medtech and biotechnology, but CapMan Life Science invests primarily only in companies that are specialised in medical technology.

Management buyout (MBO)

A buyout in which the target's management team acquires an existing product line or business from the vendor with the support of private equity investors.

Management Fee

Compensation for the management of a venture fund's activities. This annual management charge is equal to a certain percentage of investors' initial commitments to the fund.

Mezzanine (finance)

A financing instrument involving subordinated debt (the level of financing senior to equity and below senior debt).

Net asset value

This is the value of the company based on the valuation of the assets less any liabilities that it has in its balance sheet.

Portfolio company (investee company)

The company or entity into which a private equity fund invests directly.

Private equity

Equity finance used in buyout transactions. See Venture capital.

Seed Stage

An investment strategy involving portfolio companies which have not yet fully established commercial operations, and may also involve continued research and product development.

Syndication

A group of private equity investors jointly investing in an investee company.

Technology

CapMan Technology's investment focus is on IT and communications.

Track record

A private equity management house's experience, history and past performance.

Venture capital

Equity finance in an unquoted, and usually quite young, company to enable it to start up, expand or restructure its operations entirely. Offsetting the high risk the investor takes is the expectation of higher than average return on the investment. See Private Equity.

Shares and shareholders

Key ratios per share	2000	2001	2002	2003	2004
Earnings/share, €	0.42	0.34	0.05	0.02	0.08
Diluted	0.38	0.32	0.04	0.02	0.08
Shareholders' equity/share, €	0.45	0.92	0.71	0.61	0.64
Dividend/share, €	0.32	0.26	0.10	0.05	0.06*
Dividend/earnings %	76.2	85.2	222.5	327.0	71.4
Average share issue adjusted number of shares	40 918 032	64 797 244	73 752 718	74 681 630	74 682 861
Share issue adjusted number of shares at year-end	48 000 000	71 194 630	75 694 630	74 681 630	74 709 330
Number of shares outstanding		71 194 630	74 813 630	74 681 630	74 709 330

* Proposal of the Board of Directors to the Annual General Meeting

Share series and share capital

CapMan Plc has two series of shares, A series and B series. Each A share entitles its holder to ten (10) votes and each B share entitles its holder to one (1) vote. At the end of 2004 the total number of A shares was 8,000,000 and the total number of listed B shares was 66,681,630. Share issue adjusted number of shares was 74,709,330. A shares entitle to 54.5% of all votes and B shares to 45.5% of all

votes. Companies owned by CapMan's Senior Partners own all A shares.

The nominal share value is € 0.01. The company's shares belong to the book-entry system.

The share capital of CapMan Plc is a minimum of €390,000 and a maximum of €1,560,000, within which limits the amount of share capital can be increased or decreased without amending the Articles of Association. The paid-in share capital,

which is entered in the Trade Register, was €746,816.30 as of 31 December 2004. In December 2004, 27,700 B shares were subscribed for with 2000A stock options. As a result of this share subscription the increase of the share capital, €277.00 was entered into the Trade Register on 14 February 2005, after which the total number of shares is 74,709,330 and the total amount of share capital €747,093.30.

	Number of A shares	Number of B shares	Total number of A and B shares	Share capital, EUR
Share capital at 1.1.2001	8 000 000	40 000 000	48 000 000	480 000.00
Merger/Vestcap Oyj on 2.4.2001		22 072 991	22 072 991	220 729.91
Decreases in share capital on 13.6.2001		-8 361	-8 361	-83.61
Direct share issue on 1.10.2001		1 130 000	1 130 000	11 300.00
Direct share issue on 18.4.2002		4 500 000	4 500 000	45 000.00
Decrease in share capital on 30.4.2003		-1 013 000	-1 013 000	-10 130.00
Share capital at 31.12.2004	8 000 000	66 681 630	74 681 630	746 816.30
Increase in share capital on 14.2.2005		27 700	27 700	277.00
Share capital at 15.2.2005	8 000 000	66 709 330	74 709 330	747 093.30

Redemption obligation clause

A shareholder whose share of the entire share capital of the company or votes produced by the shares reaches or exceeds 33.3% or 50% has, at the request of other shareholders, the obligation to redeem their shares and related securities in accordance with the Articles of Association of CapMan Plc.

Stock options

CapMan has two stock option programs as part of the Group's incentive and commitment program for all employees and members of the Board, excluding substantial shareholders of the company. The full terms and conditions of the programs and information on share subscriptions with options can be found on CapMan's

Internet pages at www.capman.com. Key information about the programs is presented in the table on page 69.

	Stock option program 2000		Stock option program 2003	
	Stock option 2000A	Stock option 2000B	Stock option 2003A	Stock option 2003B
Stock options, number	2 635 000	2 635 000	625 000	625 000
Entitlement to subscribe for B shares, number	2 635 000	2 635 000	625 000	625 000
Share subscription price	€1.26 less dividends from 2001 onwards (€0.85 as of 31.12.2004) (€0.85 as of 31.12.2004)	€1.26 less dividends from 2001 onwards (€0.85 as of 31.12.2004) (€0.85 as of 31.12.2004)	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.12.–31.12.2003 (€1.72)	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.6.–30.6.2004 (€1.60)
Share subscription period begins	1.10.2003	1.10.2005	1.10.2006	1.10.2007
Share subscription period ends	31.10.2007	31.10.2007	31.10.2008	31.10.2009

The AGM of CapMan Plc annually resolves on the number of stock options to be distributed to the members of the Board of Directors, in connection with the decision on remuneration for Board members. The maximum number of stock options that can be distributed to Board members totals 263,500 for year 2000 stock options and 125,000 for year 2003 stock options. The Board of Directors decides on the distribution of stock options to all others, who are not members of the Board.

The maximum amount of shares and voting rights respectively that can be subscribed with stock options is 6.49% and 3.44% for year 2000 stock options and 1.54% and 0.82% for year 2003 stock options, subsequent to a prospective increase in the share capital.

Listing and trading codes of shares and options

CapMan Plc's B share is listed on the Main List of the Helsinki Stock Exchange as of 2 April 2001. CapMan's company code on the Helsinki Exchanges is CPM and the trading code of CapMan B shares is CPMBV. The trading lot is 500 shares.

Trading of CapMan Plc's 2000A stock options commenced on the Main List of the Helsinki Stock Exchange on 1 October 2003. The trading code of A options is CPMBVEW100 and the trading lot is 100 options.

Trading and price of shares and options

The opening price of the CapMan Plc B share on the first day of trading for the year was €1.75 and the closing price on 31 December 2004 was €2.30. The share's lowest trading price was €1.49 and the highest trading price was €2.42, with an average price of trades of €1.82.

A total of 31,016,971 (10,740,016) B shares with an approximate value of €56.3 million (€17.5 million) were traded on the Helsinki Stock Exchange in 2004. Share turnover was 46.5% (16.1%) of all B shares. The share sale by some Senior Partners and other employee owners of CapMan in March accounts for 10,000,000 shares of the rise in trading. Compared to the previous year, share sale adjusted trading turnover almost doubled in terms of the number of shares traded and more than doubled in terms of value.

The market value of B shares at year-end was €153.4 million (€116.7 million). The company's total market capitalisation, including all A and B shares, was €171.8 million (€130.7 million).

The opening price of the year 2000A stock option on the first day of trading for the year was €0.94 and the closing price on 31 December 2004 was €1.35. The option's lowest trading price was €0.85 and the highest trading price was €1.52, with an average price of trades of €1.14. A total of 1,268,500 A options with a va-

lue of €1.4 million were traded in 2004 (421,000 A options with a value of €0.3 million in October-December 2003). As at 31 December 2004 the options had been subscribed for 27,700 CapMan Plc B shares. The share subscription was entered in the Trade Register on 14 February 2005.

Changes in ownership

On 2 March 2004, some Senior Partners and other employee owners of CapMan Plc Group sold a total of 10,000,000 CapMan Plc B shares to international and Finnish institutional investors. Following the sales, the Senior Partners and other employee owners of CapMan Plc hold 56.3% of shares and 77. % of voting rights. There was one disclosure of change of ownership related to the share sale, when the combined ownership of Ari Tolppanen and Aristo Invest Oy, a corporation under his control, decreased to less than three-twentieths (3/20) or 13.5%.

The shareholdings of international investors and owners of nominee-registered shares in CapMan increased from 10.1% to 18.3% during the year. CapMan Plc had 6,256 shareholders as at 31 December 2004.

Board and management shareholdings

As of 31 December 2004 the members of the Board of Directors, the CEO and Deputy CEO of CapMan Plc own a total of 20,465,865 A and B shares, both directly and via their companies. The shareholdings of the Board and management represent 27.4% of shares and 41.4% of voting rights.

Own shares

CapMan Plc or its subsidiaries did not hold any of the company's own shares as of the end of the financial year.

Dividend policy

CapMan's policy is to use at least 50% of the net profit either for dividend payments

or purchase of the company's own shares. Both share series give an equal entitlement to receive dividend. The Board of Directors proposes to the AGM that a dividend of €0.06 per share will be distributed to shareholders for the year 2004.

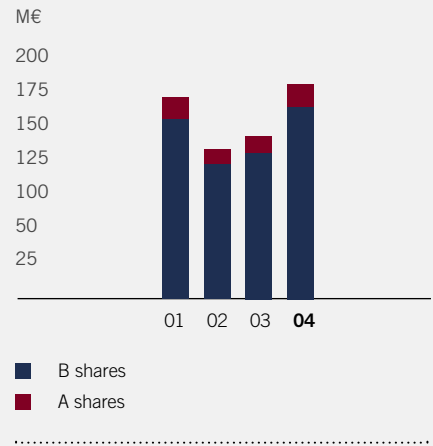
Authorisations of the Board of Directors

The authorisations granted to the Board of Directors by the AGM of CapMan Plc held on 1 April 2004 are outlined in the Report of the Board of Directors on page 51.

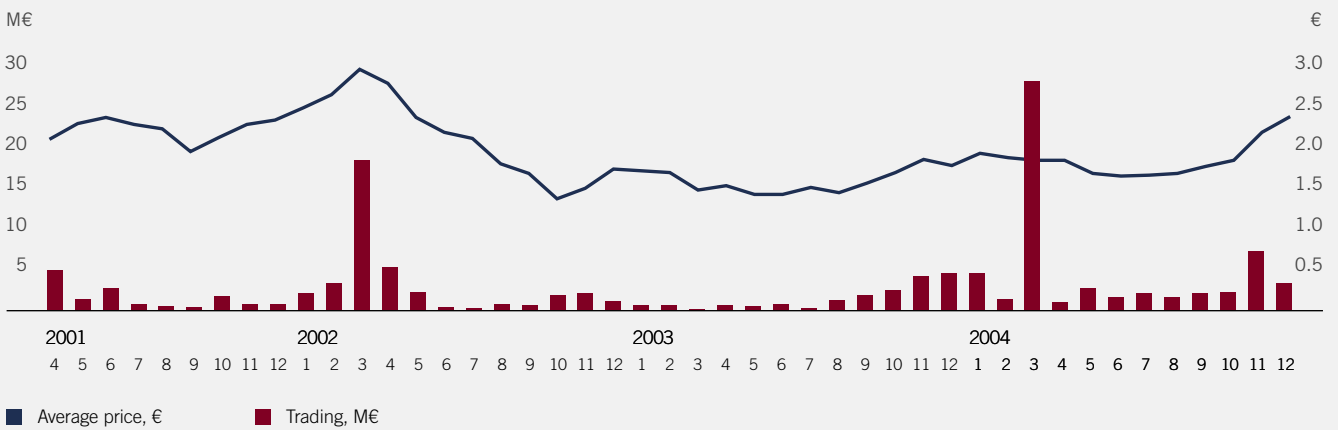
Insiders

CapMan Plc's insiders and insider rules are outlined in the Corporate Governance section on page 45.

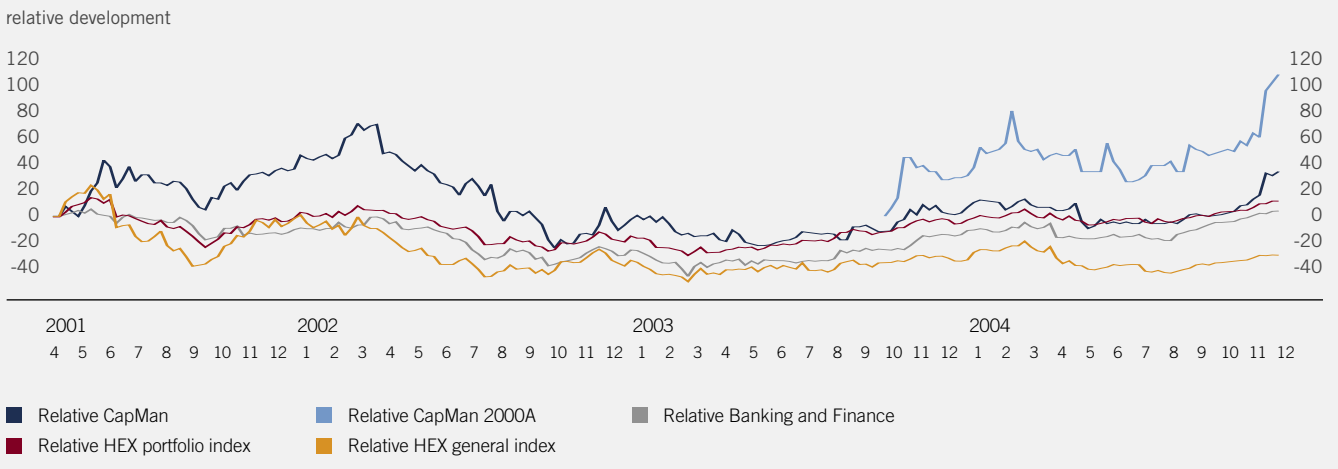
MARKET VALUE



CAPMAN B SHARE TRADING AND AVERAGE PRICE 1.4.2001-31.12.2004



THE RELATIVE DEVELOPMENT OF CAPMAN B, CAPMAN 2000A AND HEX INDEXES 2.4.2001 - 31.12.2004



Distribution of A and B shareholdings on 31 December 2004

Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1-100	1 065	17.02	47 432	0.06	47 432	0.03
101-1 000	2 957	47.27	1 612 525	2.16	1 612 525	1.10
1 001-10 000	2 009	32.11	6 350 277	8.50	6 350 277	4.33
10 001-100 000	178	2.85	4 580 457	6.13	4 580 457	3.12
100 001-1 000 000	34	0.54	11 206 879	15.01	12 963 301	8.84
1 000 001-	13	0.21	50 864 958	68.11	121 108 536	82.57
Total	6 256	100.00	74 662 528	99.97	146 662 528	99.99
In nominee register	7		9 599 597	12.85	9 599 597	6.54

On the book-entry register

joint account			19 102	0.03	19 102	0.01
Total shares outstanding			74 681 630	100.00	146 681 630	100.00

Group	Number of owners	%	Number of shares	%	Number of votes	%
Publicly and privately held companies	441	7.05	35 322 176	47.30	107 322 176	73.17
Financial and insurance institutions	22	0.35	16 130 397	21.60	16 130 397	11.00
Public associations	5	0.08	2 704 313	3.62	2 704 313	1.84
Households	5 723	91.48	14 625 995	19.58	1 4625 995	9.97
Non-profit entities	41	0.66	1 780 457	2.38	1 780 457	1.21
International investors	24	0.38	4 099 190	5.49	4 099 190	2.79
Total	6 256	100.00	74 662 528	99.97	146 662 528	99.99
In nominee register	7		9 599 597	12.85	9 599 597	6.54

On the book-entry register

joint account			19 102	0.03	19 102	0.01
Total shares outstanding			74 681 630	100.00	146 681 630	100.00

Source: Finnish Central Securities Depository Ltd, as at 31 December 2004. Figures are based on the total number of shares 74,681,630 and total number of shareholders 6,256. Companies owned by CapMan's Senior Partners own all 8,000,000 A shares.

CapMan's largest shareholders on 31 December 2004

	Number of A shares	Number of B shares	Share of A and B shares, %	Number of votes	Share of votes, %
1 Aristo Invest Oy* + Ari Tolppanen**	2 447 032	7 608 920	13.47	32 079 240	21.87
2 Geldegal Oy* + Olli Liitola**	1 291 638	4 016 327	7.11	16 932 707	11.54
3 Winsome Oy* + Tuomo Raasio**	1 291 638	4 016 327	7.11	16 932 707	11.54
4 Vescas Oy* (Vesa Vanha-Honko***)	1 291 638	4 006 540	7.09	16 922 920	11.54
5 Heiwes Oy* + Heikki Westerlund**	741 448	3 221 057	5.31	10 635 537	7.25
6 Novestra Ab* + Peter Buch Lund**	741 448	2 483 000	4.32	9 897 480	6.75
7 Nordea Life Assurance Finland Ltd		2 980 306	3.99	2 980 306	2.03
8 Other CapMan employees****		2 610 985	3.50	2 610 985	1.78
9 The State Pension Fund		2 390 000	3.20	2 390 000	1.63
10 OP-Suomi Kasvu Mutual Fund		1 493 200	2.00	1 493 200	1.02
11 Guarneri Oy* + Petri Saavalainen**	195 158	1 039 302	1.65	2 990 882	2.04
12 Degato International SARL (Lennart Jacobsson***)		1 129 217	1.51	1 129 217	0.77
13 Mateus International SARL (Jan Lundahl***)		1 129 217	1.51	1 129 217	0.77
14 Torpet International SARL (Lars Hagdahl***)		1 053 936	1.41	1 053 936	0.72
15 Investment Fund Gyllenberg Finlandia		700 000	0.94	700 000	0.48
16 Leif Jensen**		699 469	0.94	699 469	0.48
17 Svenska Litteratursällskapet i Finland		577 000	0.77	577 000	0.39
18 Etra-Invest Oy Ab		501 851	0.67	501 851	0.34
19 Kari Stadigh		476 959	0.64	476 959	0.33
20 Investment Fund Mandatum Suomi Kasvuosake		325 000	0.44	325 000	0.22
Total	8 000 000	42 458 613	67.56	122 458 613	83.49

* Companies owned by CapMan's Senior Partners
A shares in total.

** Senior Partner of CapMan.

*** The owner of the company marked in parentheses is a Senior Partner of CapMan who does not directly own CapMan shares

**** CapMan employee shareholders in the 100 largest shareholders, excluding Senior Partners of CapMan.

Information for shareholders

Annual General Meeting

The Annual General Meeting of CapMan Plc will be held on Thursday, 31 March 2005 at 10.00 a.m. in Helsinki at the Adams Room, Erottajankatu 15–17.

Attendance at the Annual General Meeting is open to shareholders who, by Monday, 21 March 2005, have been entered in the company's Shareholder Register held by Finnish Central Securities Depository Ltd.

The deadline for registration to attend the meeting is Thursday, 24 March 2005 at 12.00 p.m. Finnish time. Shareholders can register either by telephone to the numbers +358 9 6155 8384 or +358 9 6155 8345, by fax to the number +358 9 6155 8350, by e-mail to reetta.peltonen@capman.com or by written notice to CapMan Plc, Korkeavuorenkatu 32, 00130 Helsinki, Finland. Registrations shall be received at CapMan prior to the expiration of the registration period. Any proxy by which the shareholder wishes to exercise his or her voting right at the meeting shall be delivered to CapMan Plc at the aforementioned postal address prior to the expiration of the registration period.

Dividend

The Board of Directors of CapMan Plc proposes to the Annual General Meeting that a dividend of €0.06 per share will be paid for the year 2004. The dividend shall be paid to shareholders, who are entered in the Shareholder Register held by Finnish Central Securities Depository Ltd on 5 April 2005, which is the record date for the dividend payment. The payment date will be 12 April 2005 in Finland.

CapMan Plc financial reports in 2005

In 2005, CapMan Plc will publish its interim reports on the following dates:

Interim Report for 1.1.-31.3.2005 on Tuesday, 10 May
Interim Report for 1.1.-30.6.2005 on Thursday, 4 August
Interim Report for 1.1.-30.9.2005 on Thursday, 3 November

CapMan's financial reports are published in Finnish and English. CapMan's Annual Report, interim reports, stock exchange releases, press releases and other information for investors can be viewed on CapMan's Internet pages at www.capman.com. In addition, it is possible to subscribe to the company's press releases and order print copies of CapMan's Annual Report online.

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