

CapMan

ANNUAL REPORT

2005

Helsinki • Stockholm • Copenhagen • Oslo • Guernsey

RESULT. **ANNUAL REPORT** FINANCIAL STATEMENTS. CAPMAN AS
AN INVESTMENT. OBJECTIVES. ORGANISATION. FUNDS UNDER MANAGEMENT.
INFORMATION FOR SHAREHOLDERS. VISION, MISSION AND VALUES. FUTURE.

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70%

Total capital in funds managed by CapMan grew by 70%, from €1,280.0 million to €2,176.1 million.

40%

CapMan's new and follow-on investments in portfolio companies grew by 40%, from €90.8 million to €127.3 million. There were eight new investments in total: three in Sweden, two in Finland, two in Norway and one in Denmark. In addition, there were 18 new real estate investments totalling €225.7 million.

70%

2005 was a record year in terms of the number of realisations. Exits at acquisition cost grew by 70%, from €69.7 million to €118.7 million. CapMan funds exited 19 companies in total during the year.

85%

The total amount of CapMan's fund investments from balance sheet including remaining commitments and fair value of cumulative fund investments at year-end grew by 85%, from €38.3 million to €70.7 million.

43%

CapMan's operating profit grew by 13.5%, from €7.4 million to €8.4 million and profit for the year increased by 43%, from €4.9 million to €7.0 million.

CEO'S REVIEW



Heikki Westerlund
CEO, Senior Partner



CapMan's Nordic course of action, wide selection of fund products and status as a listed company differentiate us from other private equity investors in the Nordic region. These qualities are also the platform for CapMan's growth strategy.

CapMan is today a strong, independent, pan-Nordic private equity house. Capital under management by CapMan amounts to €2.2 billion in funds subscribed by about 100 institutional investors. Being Nordic is one of the cornerstones of our operations. As a region, the Nordic countries offer attractive potential for growth also in future.

In 2005 we identified and analysed in excess of 500 potential investee companies of which CapMan funds invested in just eight, or less than two per cent of all the companies that we saw. In addition, our new Real Estate team made 18 investments in commercial properties in the Helsinki metropolitan area in total. Low interest rate levels have lifted company valuation levels to a historical high and this has affected the valuations of large buyout transactions, which are outside of CapMan funds' investment focus, in particular. However the low interest rate level, together with the plentiful supply of bank financing, is reflected also in our business area, middle market buyout transactions. Our solution to price competition has always been a significant emphasis on the independent identification of new investments and building of investment opportunities, as opposed to auctions. About 60 per cent of our buyout investments have been the result of proprietary deal flow generation. A steady investment pace independent of economic cycles has proved to be an appropriate strategy for our long-term investment horizon.

CapMan achieved record growth in 2005. The successful closing of new funds increased the amount of capital under management by 70 per cent, compared to our average capital growth objective of 15 per cent per annum. Year 2005 was also extremely busy with respect to the number of realisations. Although the majority of exits were from the buyout portfolio, our profitable exits from Setec Oy, Entific Medical Systems AB and NeoPharma AB are indicators of a favourable upturn also in venture exit opportunities. The European venture sector, following several difficult years, is again in positive territory. CapMan Life Science is one of the European leaders in its own speciality, investments in medical tech-

nology, and CapMan Technology is one of the most seasoned technology teams in the Nordic countries.

There is a justifiable trend for increasing volumes of private equity investment also in the coming years. Large institutions are allocating a growing share of assets in alternative classes, including private equity investments and indirect real estate investments. Investments in private equity are, however, in the early stages for many institutions. CapMan strives to develop the best product portfolio within the investment class in the Nordic region. We offer our clients access to attractive returns on buyout transactions in traditional industries, technology and life science investments with greater risk and return potential and, as a new opportunity, indirect real estate investments. Our objective is to internationalise our fund investor base further.

The most important income source impacting CapMan's performance is carried interest received from the funds. In the next few years one of the funds with the most significant earnings potential is Finnventure V, the portfolio of which contains many interesting companies, such as Mehiläinen, Nordkalk, Staffpoint and Sentera. In accordance with our strategy we have gradually increased our investments in CapMan funds from balance sheet. Our cumulative commitments in the funds have already risen to the level of €70 million and successful fund investments will, therefore, have significant impact on CapMan's result in coming years. Cumulative fund investments totalled approximately €20 million as at the end of 2005, and the impact of these investments on CapMan's 2005 result was approximately €2 million.

CapMan's long-standing CEO Ari Tolppanen transferred to Chairman of the Board of Directors in spring 2005, and he also continues as an active investment professional in the CapMan Buyout team. I wish to extend my warmest appreciation to Ari for his successful years as CEO. I would also like to thank CapMan's shareholders, clients, cooperation partners, portfolio companies and personnel for the past year.

CapMan is a leading Nordic private equity investor and manages approximately €2.2 billion of capital in its funds. The Group provides fund management and advisory services in two main business areas: funds making investments in portfolio companies (CapMan Private Equity) and funds making investments in real estate assets (CapMan Real Estate). CapMan has a team of around 90 people operating throughout the Nordic region from offices in Helsinki, Stockholm, Copenhagen and Oslo. CapMan Plc's B share has been traded on the Helsinki Stock Exchange since spring 2001.

A STRONG PLAYER IN SELECTED AREAS

The investment activities of CapMan funds making direct investments in portfolio companies are specialised in three investment areas, which are middle market buyout transactions (CapMan Buyout), technology investments (CapMan Technology) and life science investments (CapMan Life Science). Portfolio company investments are made in all Nordic countries, whereas real estate investment operations have geographical focus on Finland.

CapMan has a strong market position in its selected investment areas, and there has been annual growth in capital under management and the funds' investment volume since the Company's inception. The current investment portfolios of the funds comprehensively cover different sectors and countries. The funds managed by CapMan have historically delivered attractive returns both for the institutions that have invested in the funds and for CapMan as the funds' management company.

STRATEGY AND OBJECTIVES

The platform for CapMan's growth strategy is our Nordic philosophy, our wide portfolio of investment activities and fund products and our status as a public limited company. CapMan's operations have been consolidated by strong growth and internationalisation in the 2000s as a result of acquisitions in Denmark and Sweden and the organic expansion of operations into Norway. Additionally, the Group expanded its operations to private equity real estate fund management in 2005.

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

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 trendsetter for the industry. Employees are our most important resource.

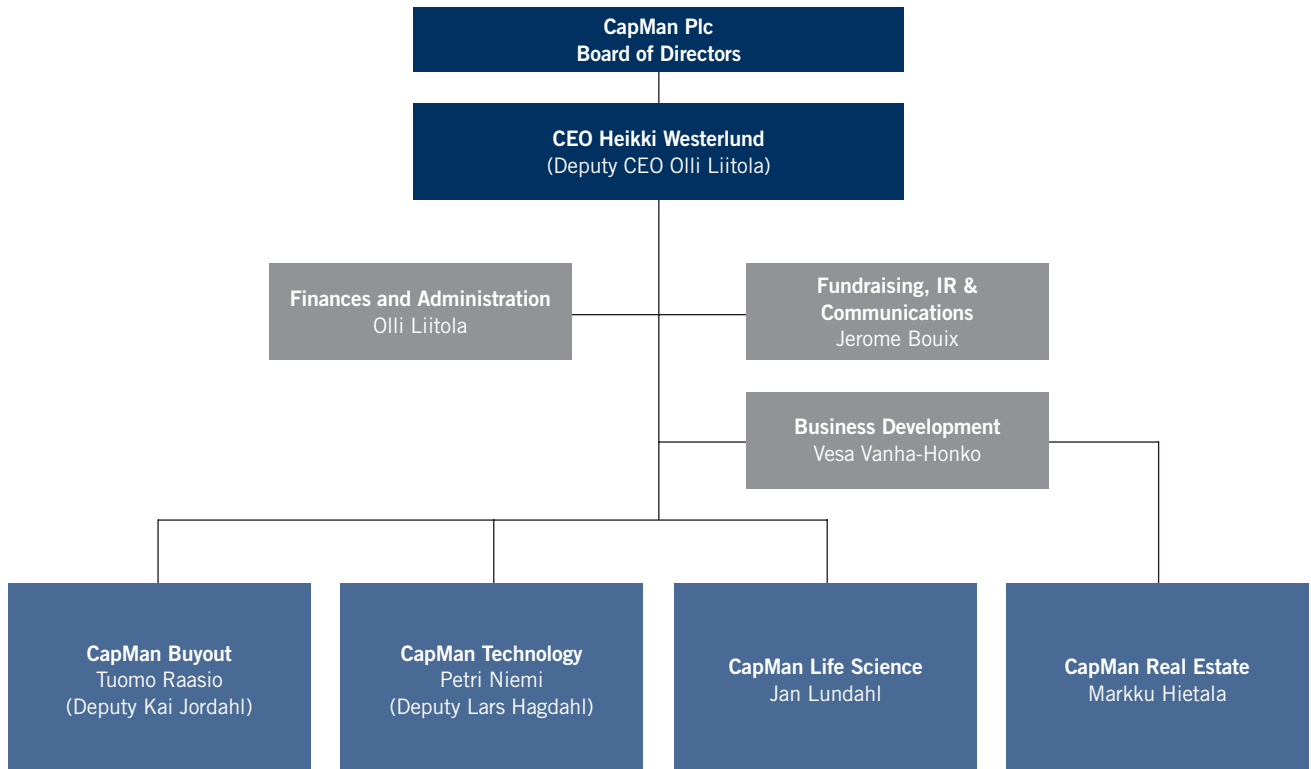
Profitability

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.

Independence

We are independent of other financial actors in the market.

CAPMAN'S ORGANISATION



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 the Group'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. 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 investment targets, successful value creation in the investee companies or investee properties 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, returns on direct fund investments made from CapMan's own balance sheet and a share of the result of associated companies.

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. In the case of CapMan funds that were established before 2004, carried interest is typically a 20–25% share of a fund's cash flow through exits from its portfolio companies. For funds estab-

lished in 2004 and thereafter, a share of carried interest will be distributed to the members of the investment team responsible for the fund's investment activities during its life cycle (typically 10 years), in accordance with common practice in the private equity investment industry. The share of possible carried interest that is allocated to teams varies from 20% to a maximum of 50%. The Board of Directors decides on the share of potential carried interest to be allocated to the investment team in connection with the establishment of the fund in question.

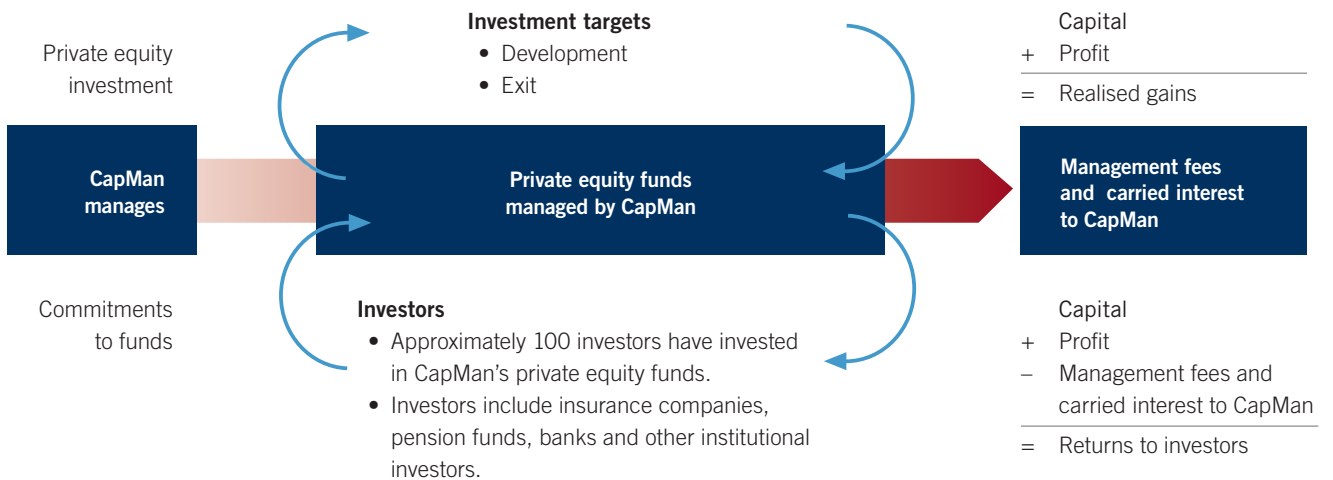
The income of investments in funds will have a greater influence on the Group's result in the future, as CapMan's objective is to make direct capital investments from its balance sheet corresponding to about 5–10% of the capital in future CapMan equity funds investing in portfolio companies. The aim is to improve the Group's return on equity and to even out fluctuations in income in coming years via returns from these investments. CapMan has made substantial investment decisions in CapMan Buyout VIII, CapMan Equity VII, CapMan Mezzanine IV, Swedestart Tech and Access Capital Fund II funds to date. As at 31 December 2005, the fair value of cumulative fund investments made from CapMan's own balance sheet was €20.3 million and remaining commitments totalled €50.4 million.

EVALUATION OF CAPMAN'S FINANCIAL PERFORMANCE

The profitability of CapMan's business operations depends largely 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. Successful exits are reflected in the form of carried interest income in CapMan's result and distribution of dividend.

The value gains of an individual investment will have more rapid impact on CapMan's result in future as the number of investments made from CapMan's balance sheet grows, in so far as CapMan is a substantial investor in the fund in question.

EARNINGS MODEL



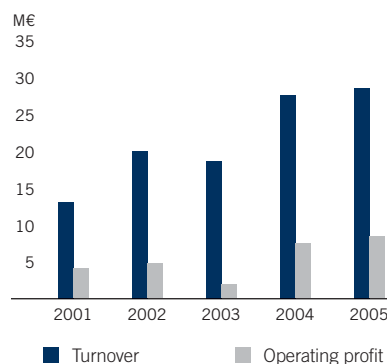
CAPMAN'S FINANCIAL OBJECTIVES

- Fund performance in the top quartile of all European private equity investors.
- CapMan's own direct capital investments corresponding to about 5–10% of the capital of future equity funds investing in portfolio companies.
- At least 15% per annum average capital growth of funds under management.
- Return on equity over 25%.
- A liquid share.
- At least 50% of CapMan's annual net profit used for dividend payments or repurchase of CapMan shares.

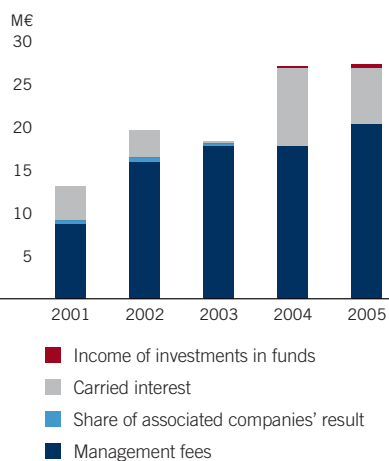
KEY RATIOS FOR CAPMAN GROUP 2001–2005

M€	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
Turnover	13.1	20.0	18.7	27.7	28.7
Management fees	8.6	15.9	17.8	17.8	20.3
Carried interest	4.0	3.1	0.2	9.1	6.6
Income of investments in funds	0.0	0.0	0.0	0.2	0.5
Share of associated companies' result	0.5	0.6	0.3	-	-
Other operating income*	18.0	0.0	0.0	0.1	0.1
Fair value gains/losses of investments	-	-	-	-0.4	1.6
Operating profit	22.1	4.7	1.8	7.4	8.4
Financial income and expenses	8.5	0.5	0.4	0.5	0.8
Share of associated companies' result	-	-	-	0.4	0.3
Profit for the financial year	21.7	3.4	1.1	4.9	7.0
Return on equity, %	50.1	5.9	2.3	11.1	14.8
Return on investment, %	70.7	10.3	4.9	18.9	20.2
Equity ratio, %	97.6	93.2	93.6	88.8	85.8
Dividend paid**	18.5	7.5	3.7	4.5	5.3
Personnel (at year-end)	52	66	71	74	87

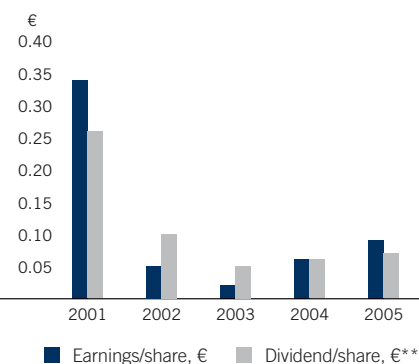
TURNOVER AND OPERATING PROFIT



TURNOVER



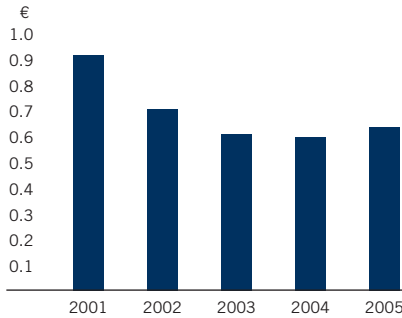
EARNINGS/SHARE AND DIVIDEND/SHARE



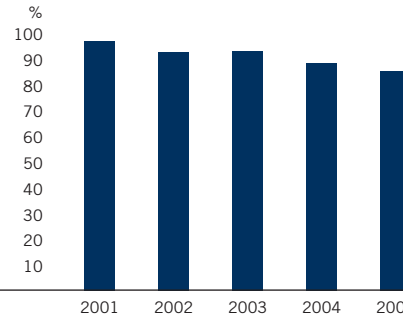
* Capital gain from the sale of Sampo plc shares in 2001. The gain has been excluded from the turnover and operating profit graph.

** For 2005 dividend, proposal of the Board of Directors to the Annual General Meeting.

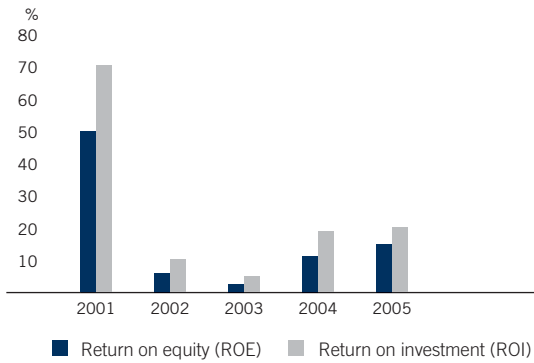
SHAREHOLDERS' EQUITY/SHARE



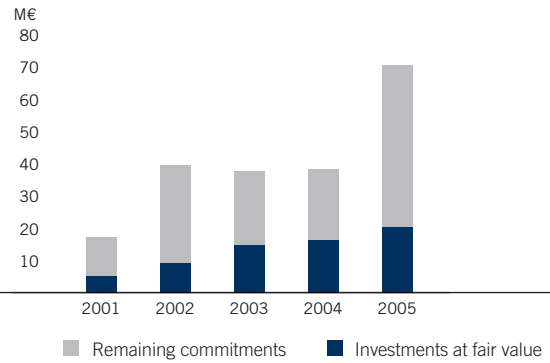
EQUITY RATIO, %



ROI AND ROE, %



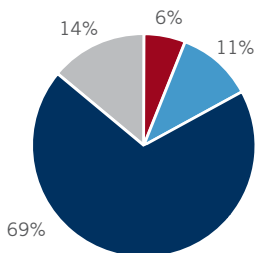
CAPMAN PLC'S INVESTMENTS AND COMMITMENTS IN FUNDS, M€



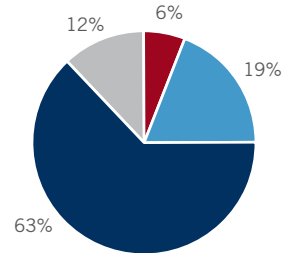
CARRIED INTEREST POTENTIAL TO CAPMAN AT 31 DECEMBER 2005

by gross fund size €2,176.1 million

by funds' gross portfolio totalling €851.4 million



- Funds generating carried interest, €132.0 million
- Funds that are estimated to start generating carried interest in 2007, €246.4 million
- Other funds not yet generating carried interest, €1,491.9 million
- Funds with limited carried interest potential to CapMan, €305.8 million



- Funds generating carried interest, €53.3 million
- Funds that are estimated to start generating carried interest in 2007, €158.3 million
- Other funds not yet generating carried interest, €540.6 million
- Funds with limited carried interest potential to CapMan, €99.2 million

The establishment of new funds in 2005 was reflected by strong growth in the amount of capital under management by CapMan, totalling €2,176.1 million at 31 December 2005. CapMan managed 12 equity funds, four mezzanine funds and one real estate fund at the end of the year. A fund may comprise several parallel funds, each with a different investment focus or investment portfolio.

CAPITAL UNDER MANAGEMENT

As at 31 December 2005 CapMan managed a total of €2,176.1 million in capital (2004: €1,280.0 million), of which €1,676.1 million (€1,280.0 million) was in funds investing in portfolio companies and €500 million was in the CapMan Real Estate I Fund established in June 2005 and investing in real estate assets.

Of the capital in funds making direct portfolio company investments, €1,180.9 million (€882.3 million) was in equity funds and €495.2 million (€397.7 million) was in mezzanine funds. Capital under management in funds investing in portfolio companies was increased during the year as a result of fundraising for CapMan Buyout VIII and CapMan Mezzanine IV funds, and was decreased by the termination of Finnventure Fund I's operations.

FUNDS GENERATING CARRIED INTEREST

The funds managed by CapMan are at different stages of the life cycle. Of the funds managed by CapMan, Finnventure Fund II, Finnventure Fund III, Finnmezzanine Fund I as well as the Fenno Fund, Fenno/Skandia I and Fenno/Skandia II funds co-managed by CapMan and Fenno Management Oy were generating carried interest at the end of 2005. CapMan received carried interest income of €6.6 million (€9.1 million) from funds generating carried interest in 2005.

Finnventure V and IV funds as well as Finnmezzanine Fund II B are expected to start generating carried interest during 2007. Fund sizes of funds generating carried interest and other funds are presented in the table on page 14. The carried interest potential of the funds to CapMan is presented on page 9 according to the funds' original commitments and portfolios at fair value. Information on the portfolio companies of each fund can be found on CapMan's website under www.capman.com/En/InvestorRelations/Funds.

PRIVATE EQUITY FUNDS

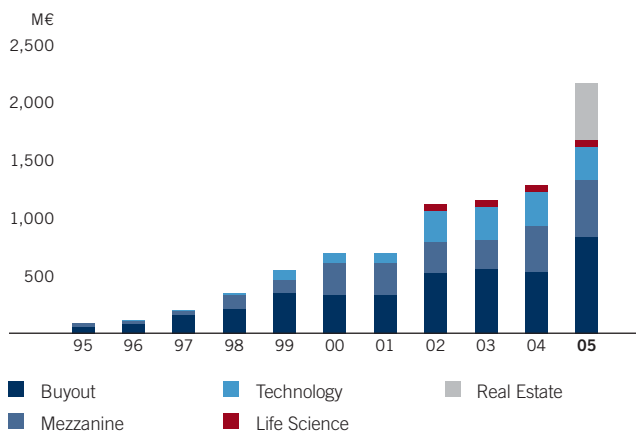
A private equity fund has a limited and predetermined term, usually ten years. Fund capital is invested in selected unquoted portfolio companies or properties mainly during the fund's first three to four years.

The private equity investor has an active role in the development and expansion of the investment target. The aim is to create prerequisites for significant increase in the value of the portfolio company or property. Investments are usually made for four to six years after which the private equity investor exits from the target, for example through an initial public offering or 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 and properties.

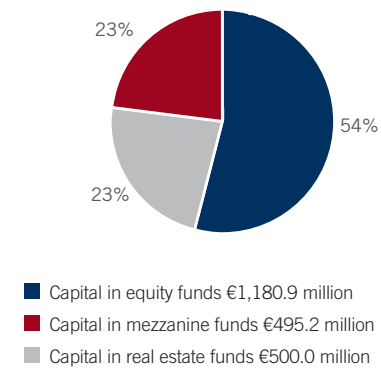
The fund's management company or General Partner receives an annual management fee, which is typically based on total capital originally committed by investors during the fund's investment period and on the remaining portfolio at cost thereafter. In addition, the management company receives carried interest from the fund. 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. CapMan's share of the funds' carried interest income is presented on page 15.

Private equity houses assure the continuity of business by establishing new funds and raising capital for them as the previous funds become fully invested.

CAPITAL UNDER MANAGEMENT 1995–2005, M€

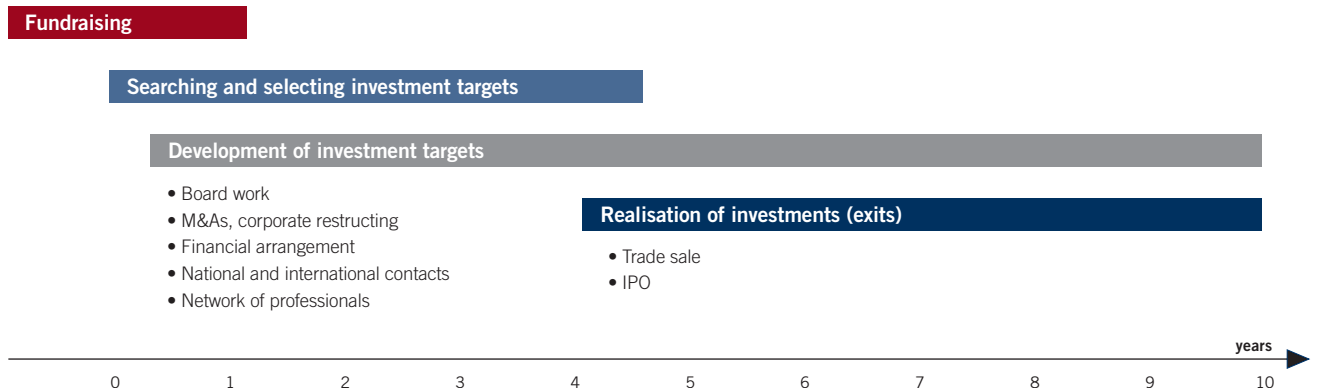


CUMULATIVE CAPITAL IN FUNDS AS PER 31 DECEMBER 2005, €2,176.1 MILLION

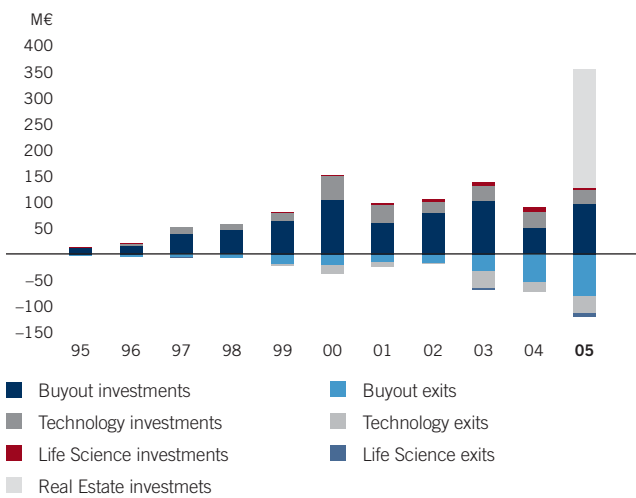


Foreign currency items are translated for the entire period at the exchange rate on 31.12.2005.

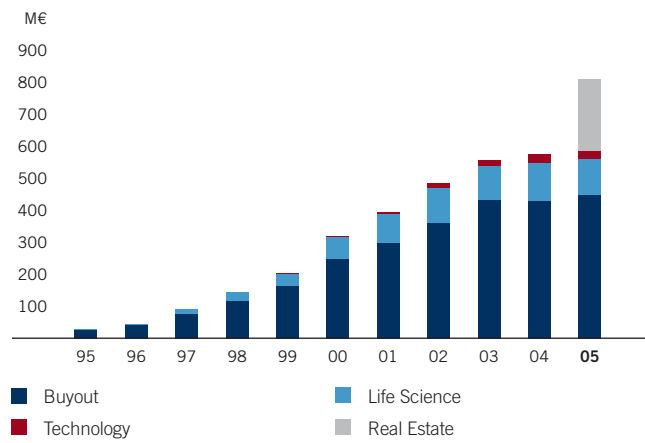
LIFE CYCLE OF PRIVATE EQUITY FUNDS



INVESTMENTS AND EXITS AT COST 1995–2005, M€*

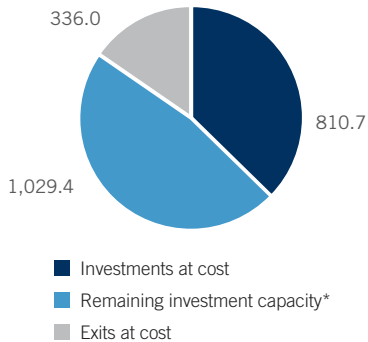


FUNDS' AGGREGATE PORTFOLIO AT COST 1995–2005, M€

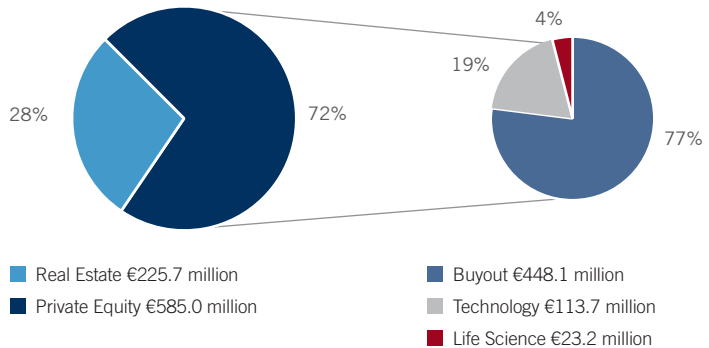


* Includes regressive figures for NPEP and Swedestart funds. Exits include partial exits. Foreign currency items are translated for the entire period at the exchange rate on 31.12.2005.

STATUS OF CAPMAN FUNDS AS AT 31 DECEMBER 2005 M€



INVESTMENTS AT COST €810.7 MILLION AS AT 31 DECEMBER 2005



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

INVESTMENT ACTIVITIES

The investment activities of private equity funds managed by CapMan comprise investments in portfolio companies, mainly in the Nordic countries, and real estate investments. CapMan has separate investment teams and funds for each investment area. The investment activities of funds making direct investments in portfolio companies 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 and selected early stage technology companies; and life science investments focus on companies specialising in medical technology. In exception to the other funds managed by CapMan the investment focus of Alliance ScanEast Fund is on Eastern Europe, but the fund no longer makes new investments. The investment focus of CapMan's only private equity real estate fund to date, CapMan Real Estate I, is on commercial properties in the Helsinki metropolitan area.

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 strong growth technology companies
- Equity investments €3–15 million per company

Life Science investments

- Nordic medical technology companies
- Equity investments €2–7 million per company

Real Estate investments

- Commercial properties in the Helsinki metropolitan area
- Equity investments €5–50 million per property

As at the end of 2005 the funds making direct investments in portfolio companies had invested in 141 companies and exited from 79 companies in total, and CapMan Real Estate I had invested in 18 commercial properties.

CAPMAN PLC GROUP'S FUNDS AS AT 31 DECEMBER 2005, M€

Private equity funds	Established/ generating carried interest	Fund size*	Paid-in capital**	Fund's current portfolio at cost	Fund's current portfolio/ EVCA- valuation***	Distributed cash flow to investors	Distributed cash flow to management company**** (carried interest)	Liquid assets
Funds generating carried interest								
Finnventure Fund II	1994/1997	11.9	11.9	2.5	1.9	40.6	15.5	
Finnventure Fund III ¹⁾	1996/2000	29.7	29.7	7.4	6.8	111.9	26.0	0.2
Fenno Program/Fenno Fund ²⁾	1997/2005	42.5	42.5	23.1	32.8	64.7	0.2	1.2
Fenno Program/Skandia I ²⁾	1997/2005	8.4	8.4	5.2	4.1	10.0	0.2	
Fenno Program/Skandia II ²⁾	1997/2004	8.1	8.0	3.0	2.0	26.1	2.7	
Finnmezzanine Fund I	1995/2001	31.4	31.4	4.0	5.7	47.2	1.9	0.7
In total		132.0	131.9	45.2	53.3	300.5	46.5	2.1
Funds that are estimated to start generating carried interest during 2007								
Finnventure Fund IV	1998	59.5	59.5	30.5	34.0	43.5		1.2
Finnventure Fund V	1999	169.9	159.8	112.0	119.4	106.7		4.0
Finnmezzanine Fund II B	1998	17.0	15.8	4.3	4.9	17.4		0.2
In total		246.4	235.1	146.8	158.3	167.6		5.4
Other funds not yet generating carried interest								
CapMan Equity VII A	2002	156.7	108.0	88.1	100.6	10.3		6.1
CapMan Equity VII B	2002	56.5	46.0	39.7	46.6	1.3		1.9
CapMan Equity VII C	2002	23.1	10.8	7.0	6.9	3.4		1.5
CapMan Equity Sweden	2002	67.0	46.5	37.7	43.0	4.5		4.2
Finnmezzanine Fund III ¹⁾	2000	135.5	122.9	94.8	99.8	53.5		2.8
CapMan Mezzanine IV ⁵⁾	2004	240.0	8.5	21.6	22.7	0.9		-18.2
CapMan Real Estate I ⁶⁾	2005	500.0	230.2	225.7	221.0	3.2		3.4
CapMan Buyout VIII Fund A	2005	233.1	2.3	0.0	0.0			1.0
CapMan Buyout VIII Fund B	2005	80.0	0.8	0.0	0.0			0.4
In total		1,491.9	576.0	514.6	540.6	77.1		3.1
Funds with limited carried interest potential to CapMan								
Nordic Private Equity Partners II ³⁾	1995	20.6	20.6	7.1	6.2	11.4		0.7
Swedestart II ³⁾	1997	25.2	25.2	4.2	4.2	158.0	0.1	5.2
Finnventure Fund V ET	1999	34.0	34.0	19.2	14.6			
Swedestart Life Science ³⁾	2000	49.0	32.6	19.0	18.1	0.1		0.2
Swedestart Tech ^{1), 3)}	2000	81.7	54.2	28.6	26.6	14.9		6.3
Finnmezzanine Fund II A,C,D ¹⁾	1998	71.3	71.3	24.5	25.6	56.7		2.3
Alliance ScanEast Fund ^{3), 4)}	1994	24.0	24.0	1.5	3.9	27.9		0.2
In total		305.8	261.9	104.1	99.2	269.0	0.1	14.9
Private equity funds in total		2,176.1	1,204.9	810.7	851.4	814.2	46.6	25.5

CAPITAL MANAGED/ADVISED BY ASSOCIATED COMPANY ACCESS CAPITAL PARTNERS AS AT 31 DECEMBER 2005, M€

Funds of funds and mandates	Established	Fund size*
Access Capital Fund ¹⁾	1999	250.3
Access Capital Fund II Mid-market Buyout ¹⁾	2001	153.5
Access Capital Fund II Technology ¹⁾	2001	123.5
Access Capital Fund III ¹⁾	2005	144.4
Private Equity Mandates	2003	405.0
Total capital		1,076.7

FOOTNOTES

- * Total capital committed by investors. In CapMan's statistics the terms 'capital under management' and 'fund size' refer to the gross capital commitment in the fund. Funds managed by associated company Baltcap Management Oy are excluded (CapMan's share of Baltcap Management Oy is 20%; the total size of the funds is approx. €43.9 million).
- ** Total capital paid into the fund by investors.
- *** The funds' portfolios are valued to fair value in accordance with the new guidelines of the European Private Equity & Venture Capital Association (EVCA). The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Due to the nature of private equity investment activities, the funds' portfolios contain companies with fair value greater than acquisition cost as well as companies with fair value less than acquisition cost.
- **** CapMan Plc Group's share of carried interest income.

When the return of a fund has exceeded a required cumulative return target, the management company is entitled to a share of the cash flow from the funds (carried interest). Cash flow includes both the distribution of profits and distribution of capital. Carried interest % of the remaining cash flows are (for the funds which were generating carried interest as at 31 December 2005): Finnventure Fund II: 35%, Finnventure Fund III: 25%, Finnmezzanine Fund I: 20%, Fenno Program/Fenno Fund: 20%, Fenno Program/Skandia I: 20%, Fenno Program/Skandia II: 20%.

CapMan Plc Group's share of the carried interest is less than 100% for the following funds: CapMan Buyout VIII A and B: 70%, CapMan Mezzanine IV: 75%, CapMan Real Estate I: 68%, Fenno Fund and Fenno Program (Skandia I and 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: 45%, Access Capital Fund III: 25%, Access/Private Equity Mandates: 25%.

- ¹⁾ The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).
- ²⁾ Fenno Program is managed jointly with Fenno Management Oy.
- ³⁾ Currency items are valued at the average EUR rate at 31 December 2005.
- ⁴⁾ The portfolio valuation is made by the fund's General Partner/management company with adjusted EVCA guidelines.
- ⁵⁾ CapMan Mezzanine IV: The paid-in commitment includes a €8 million bond issued by Leverator Plc. The fund's liquid assets include a loan facility, with which investments are financed up to the next bond issue. Distributed cash flow includes payments to both bond subscribers and equity investors.
- ⁶⁾ CapMan Real Estate I: The paid-in commitment includes a €100 million bond issued by Real Estate Leverator Oyj and a €114 million senior loan, which is secured by the fund's current portfolio. Distributed cash flow includes payments to both bond subscribers and equity investors.

INVESTMENTS AND EXITS BY THE FUNDS

As at the end of 2005, the funds managed by CapMan that make direct investments in portfolio companies had invested in 141 companies and exited from 79 companies in total. The value of CapMan's equity investments that had been realised as at 31 December 2005 had increased by a gross money back multiple of 3.9 from the time of initial investment to time of exit and the pooled IRR was 56%.

The values of the funds' current portfolios at cost and at fair value are presented on page 14. The funds' portfolios are valued to fair value in accordance with the guidelines of EVCA.

RETURNS TO INVESTORS FROM FUNDS

Nordic equity funds over five years old

The majority of funds established by CapMan between 1990 and 1999 have invested in both buyout and technology portfolio companies. Only the Swedestart II focuses on technology and life science investments, and the Finnventure V ET purely on technology investments.

CapMan has succeeded well 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 industry, 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, Satama, LPG Telecom and Readsoft. The portfolios of CapMan funds established between 1994 and 1997 still include investments to be realised.

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, 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 by these funds (20% of the funds' investments), and investments have been made at quite high valuation levels. The overall portfolios

of these funds developed well in 2005 and include substantial return potential.

Market-based valuations of technology portfolio companies are still at a lower level than at the turn of the millennium, which is particularly evident in the technology fund Finnventure V ET's market-based valuation, IRR and multiples.

Nordic equity funds between two and five years old

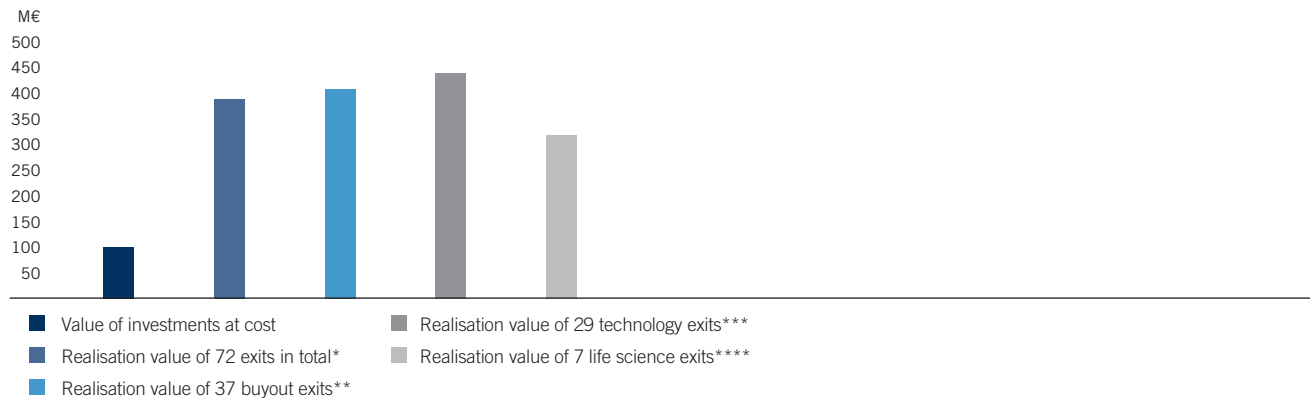
The investment focus of CapMan funds established in 2001–2002 is diversified between buyout, technology and/or life science investments. The return rates of the Fenno Program funds that commenced operations in 2001 are strongly influenced by the exit from Eltel Networks in 2004. All of the Fenno Program's funds made successful realisations also in 2005.

The Swedestart Tech and Swedestart Life Science funds that commenced operations in 2001 as well as the CapMan Equity VII funds that commenced operations in 2002 have also made investments at reasonable valuation levels. These funds are in an active investment stage and have not reached the exit phase yet. For this reason the returns of these funds are not comparable with those of older funds. In buyout investments, the CapMan Buyout VIII fund that was established in November 2005 has the most active role in making new investments. The overall portfolios of funds established in 2001–2002 are in good condition and they include substantial return potential. Especially the portfolios of CapMan Equity VII funds developed favourably in 2005.

INCREASE IN THE VALUE OF CAPMAN'S INVESTMENTS, ACQUISITION PRICE INDEXED (date of investment=100)

Exits by Nordic equity funds managed by CapMan to 31 December 2005.

72 EXITS FROM EQUITY FUNDS



* Gross money back multiple 3.9. IRR 56%. Average holding period 4.1 years.

** Average money back multiple for buyout investments 4.1. IRR 40%. Average holding period 4.8 years.

*** Average money back multiple for technology investments 4.4. IRR 133%. Average holding period 3.2 years.

**** Average money back multiple for life science investments 3.2. IRR 163%. Average holding period 3.7 years.

Incl. dividends, interest income and sales revenue. Total number of exits is 72 (incl. exits made by Swedestart AB, excl. mezzanine exits and exit by NPEP funds and Alliance ScanEast Fund). Exits made by Alta Berkeley Nordic Partners Ky recorded as one single exit within technology investments.

KEY FIGURES FOR CAPMAN'S NORDIC PRIVATE EQUITY FUNDS AS AT 31 DECEMBER 2005

Funds that have started operations from 1990–2003 (so-called mature funds, which have operated for over two years).

Funds	Operations started in year*	Operations ended in year	Fund size, M€	Net return to investors by 31.12.2005, IRR% p.a.**	Return multiple (net) to investors by 31.12.2005***
Funds over 5 years old:					
Finnventure Fund I	1990	2005	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	55.8 %	3.5
Nordic Private Equity Partners II	1995		20.6	-	0.9
Finnventure Fund III	1996		29.7	63.4 %	4.0
Fenno Program / Fenno Fund	1997		42.5	16.1 %	2.1
Fenno Program / Skandia I	1997		8.4	20.0 %	1.6
Swedestart II	1997		25.2	168.5 %	6.6
Finnventure Fund IV	1998		59.5	5.4 %	1.3
Finnventure Fund V	1999		169.9	9.0 %	1.4
Finnventure Fund V ET	2000		34.0	-	0.4
Funds 2–5 years old:					
Swedestart Tech	2001		81.7	-	0.9
Swedestart Life Science	2001		49.0	-	0.6
Fenno Program / Skandia II	2001		8.1	46.1 %	3.5
Fenno Program / Other	2001	2004	6.0	73.7 %	6.4
CapMan Equity VII A	2002		156.7	4.9 %	1.1
CapMan Equity VII B	2002		56.5	4.5 %	1.1
CapMan Equity VII C	2002		23.1	6.2 %	1.1
CapMan Equity Sweden	2002		67.0	4.5 %	1.1

* 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 2005.

*** 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 liquid assets. Portfolios are valued at fair value according to EVCA guidelines.

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

2005 was a very successful fundraising year for CapMan. Capital under management in CapMan funds grew by about 70%, or from €1.3 billion to €2.2 billion, in 2005. The Fundraising team met a large number of potential international investors during the year, thus laying a solid foundation also for the raising of future funds.

FUNDRAISING IN 2005

CapMan held the final closing of CapMan Mezzanine IV in March with €240 million in total commitments. 33 institutions invested in the fund, which is one of the largest mezzanine funds in the Nordic countries. In November CapMan established its eighth buyout fund CapMan Buyout VIII, and the fund had €313.1 million in commitments from 19 institutional investors as at 31 December 2005. Both funds invest in middle market buyout transactions in the Nordic countries.

Additionally CapMan established its first private equity real estate fund CapMan Real Estate I in June, with a final size of €500 million. Nine institutional investors invested with CapMan in the fund, which is one of the first private equity real estate funds in the Nordic countries. The fund has investment focus on commercial properties in the Helsinki metropolitan area.

NEW FUND PRODUCTS

CapMan's objective is to develop new types of fund products for its investor base. In 2004 and 2005 CapMan has launched CapMan Mezzanine IV and CapMan Real Estate I funds, which offer institutional investors an opportunity to participate by subscribing secured bonds listed on the Helsinki Stock Exchange. The bonds for CapMan Mezzanine IV and CapMan Real Estate I are issued by Finnish special purpose vehicles Leverator Plc and Real Estate Leverator Oyj respectively.

The total capital of CapMan Mezzanine Fund IV comprises €48 million of equity and a €192 million bond issued by Leverator Plc. CapMan Real Estate I Fund's total capital comprises €100 million of equity, a €100 million bond issued by Real Estate Leverator Oyj and a €300 million senior bank loan facility. The funds, therefore, contain a high level of debt gearing.

The developed fund structures have introduced a new type of flexibility for 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 by CapMan or in the private equity industry in general, to invest in CapMan funds. CapMan Mezzanine IV's new structure attracted ten completely new investors to the fund, and this represents approximately 10% of CapMan's institutional investor base.

FUND INVESTORS

CapMan's investor base comprises mainly Nordic institutional investors. The largest investors in the funds are pension, life assurance and non-life insurance corporations as well as pension trusts and pension funds, but banks and foundations are also investors in the funds among others. Of the capital invested in CapMan funds, 37% is historically from pension funds, 25% from insurance corporations, 6% from banks and foundations, 7% from funds of funds, 13% from capital markets, 9% from other investors such as investment companies and 3% from CapMan. The majority of investors have invested in several CapMan funds and many have invested in both equity and mezzanine funds. At 31 December 2005, capital invested by the five largest investors was approx. €600 million of total capital under management and the aggregate capital invested by individual investors was approx. €175 million.

The other investors in CapMan funds, in addition to institutional investors, include private persons. At the end of 2005 CapMan managed three Private funds for investments by private persons via their investment companies. CapMan's investment professionals and other key personnel have the opportunity to invest in portfolio company investments alongside the funds, via the Maneq funds established for this purpose. At the end of 2005 the Private funds had €42.1 million in capital and Maneq funds had €11.4 million in capital.

CAPMAN'S OWN INVESTMENTS

As at 31 December 2005 the total amount of CapMan's own commitments was €70.7 million, of which the paid-in capital at fair value totalled €20.3 million. The majority of CapMan's commitments and investments target funds established in 2002 and thereafter. More information on direct capital investments by CapMan is presented on page 33.

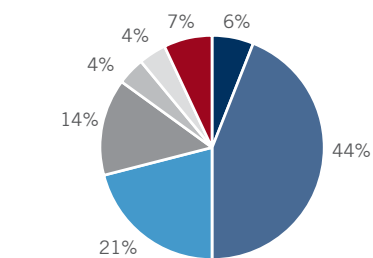
FUNDRAISING

CapMan's objective is to further internationalise its existing investor base. In 2005 the Fundraising team met more than 100 new international potential investors, thus laying a solid foundation for the raising of future funds. Even if new investors typically monitor interesting teams for a few years prior to their first investments, about ten of the new institutions met by the team in 2005 invested in CapMan funds on the basis of the first contact.

The Group's fundraising operations for all investment areas are centralised in the Fundraising team.

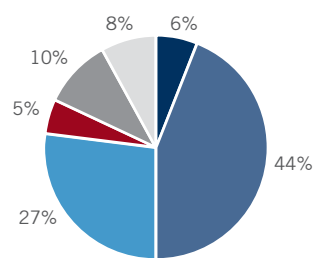
€856.4 MILLION IN CAPITAL IN CAPMAN'S NORDIC FUNDS AT 31 DECEMBER 2005*

COMMITTED CAPITAL BY INVESTOR TYPE



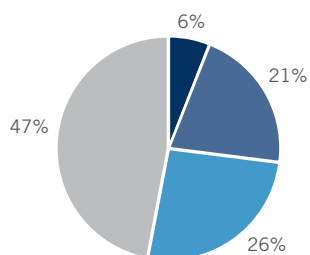
- CapMan
- Pension funds
- Insurance companies
- Fund of funds
- Banks
- Foundations
- Other

GEOGRAPHICAL DISTRIBUTION OF COMMITTED CAPITAL



- CapMan
- Finland
- Sweden
- Denmark
- Norway
- Europe and USA

NUMBER OF REPEAT INVESTORS**



- CapMan
- Investor in one fund
- Investor in 2-4 funds
- Investor in 5 funds or more

* The funds that invest directly in portfolio companies and established after CapMan's Nordic expansion: CapMan Equity VII €303.3 million (founded in 2002), CapMan Mezzanine IV €240.0 million (founded in 2004) and CapMan Buyout VIII €313.1 million (founded in 2005).

** Investments in Nordic funds that invest directly in portfolio companies as well as investments in CapMan's earlier funds.

CapMan Plc's associated company Access Capital Partners is a leading manager and advisor of European private equity funds of funds. At the end of 2005, Access Capital Partners had assets of €1.1 billion under management in three funds of funds and in private equity investment mandates. CapMan owns 47.5 per cent of the funds' management/advisory company and the operative management owns the remainder.

THE BUSINESS

The funds managed by Access invest in European buyout and technology venture private equity funds. The first Access Capital Fund (ACF I) was founded in 1999 at €250.3 million and the second fund Access Capital Fund II (ACF II) in 2002 at €277.0 million. Fundraising for the third fund Access Capital Fund III (ACF III) started in 2005, and the fund's first closing was held in November 2005 at €144.4 million. ACF III funds consist of two separate subfunds: one targeted for buyout fund investments (Access Capital Fund III Mid-market Buy-out Europe) and one for technology funds (Access Capital Fund III Technology Europe).

In spring 2005 New York State Common Retirement Fund granted Access a €250 million mandate to make investments in European mid-market buyout funds. At the end of 2005 the private equity mandates managed by Access totalled €405.0 million, representing almost one-third of total capital under management through white label or customised products.

Access offers its investors the opportunity to diversify their investments across Europe in a variety of small to mid-sized funds, sector focused funds and special situations funds, in addition to technology venture funds. Access is also active in secondary investments in both markets.

The investors are mainly pension funds, insurance companies and other institutional investors, but include also family businesses and private individuals.

INVESTMENT FOCUS AND CRITERIA

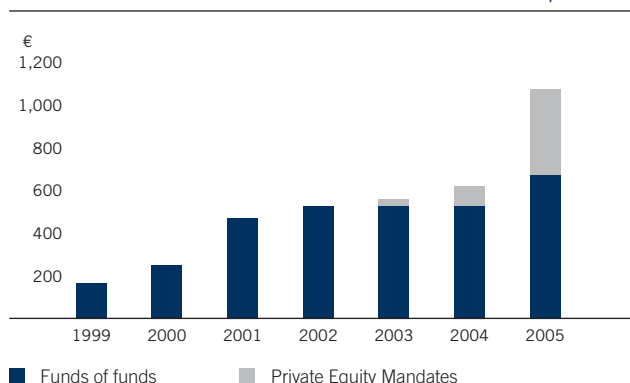
Access aims to invest in European top performing funds and constitutes carefully balanced portfolios of European private equity funds, which in turn target companies at diverse stages of the value creation stream: high-potential technology ventures, mature companies seeking market expansion and buyout opportunities. For each Access fund of funds, investors can choose between European mid-market and European venture technology.

When making investments, 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. They must also demonstrate a strong pricing discipline together with a high level of value added to investee companies.

THE TEAM

Access Capital Partners has offices in Paris and Guernsey and its investment operations are managed by a team of 20 professionals. The three founding partners Dominique Peninon, Agnès Nahum and Philippe Poggioli have gained a combined experience of 52 years from the European private equity field covering both funds of funds operations as well as direct investments.

CAPITAL UNDER MANAGEMENT BETWEEN 1999–2005, M€



More extensive background information is available on Access' website at www.access-capital-partners.com.

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

CAPMAN AS AN ASSET MANAGER

CapMan has an important role in society as the manager of capital invested by institutional investors in its funds. A considerable amount of the capital in the funds is invested by pension funds, whose commitments represent about 37% of the total 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 26.

CONTRIBUTION TO GROWTH AND EMPLOYMENT

In international surveys¹⁾, private equity investment has been proven to have a positive effect on the development of investee companies and thus on the overall economy and employment. According to an EVCA survey²⁾ that was published in November 2005, private equity and venture capital investment created around one million new jobs in Europe and contributed an average 5.4% annual growth rate in the number of personnel employed in European private equity portfolio companies between 2000 and 2004. At the end of 2004 European portfolio companies employed a total of 6 million people, of whom 83% worked for buyout portfolio companies and 17% for venture companies. A Swedish survey³⁾ published in autumn 2005 also corroborates the significant contribution of private equity and venture capital to employment and growth. The survey of 560 Swedish portfolio companies reported an increase in the number of personnel employed in portfolio companies from 101,000 to 134,000 and an average 21% annual increase in the companies' turnover between 2003 and 2005.

The positive effects of private equity investment arise from the opportunities for development that are enabled by the private equity investor's finance and strategic expertise. 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. During the period of CapMan's investment the aggregate net sales grew by 82% and the aggregate operating profit by 87% in the 39 buyout portfolio companies from which CapMan had exited.

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 EVCA at www.evca.com.

²⁾ See "Employment Contribution of Private Equity and Venture Capital in Europe" by EVCA at www.evca.com.

³⁾ See "Utvecklingen för Riskkapitalbolagens portföljbolag 1999-2004" by SVCA and Nutek at www.svca.se or www.nutek.se.

CapMan has a Nordic team of around 90 people located in Helsinki, Stockholm, Copenhagen and Oslo. The personnel is divided into four investment teams – CapMan Buyout, CapMan Technology, CapMan Life Science and CapMan Real Estate – as well as three Group level teams – Finances and Administration, Business Development and Fundraising, IR & Communications.

PERSONNEL IN 2005

At the end of 2005 CapMan had 87 (74) employees and four (five) Senior Advisors acting as consultants for CapMan. The number of CapMan personnel grew during the review period mainly as a result of the establishment of real estate operations and the acquisition of Realprojekti companies. CapMan's new team specialising in real estate investments and real estate consulting comprises 15 employees, who moved to CapMan's headquarters on Korkeavuorenkatu in Helsinki at the end of the year.

PERSONNEL DEVELOPMENT AND SATISFACTION

CapMan's success depends on the Group's ability to recruit, develop, motivate and retain the top professionals in the private equity investment industry for all of its teams. CapMan's objective is to support the well-being of its employees, develop competitive compensation systems and carefully plan job rotations and successions within the Group.

CapMan conducts an annual employee barometer to measure employee satisfaction and develop the Nordic work community. In 2005, the barometer paid special attention to the strengths and developmental needs of the personnel and the Group. The response rate to the survey was 80%, and the results were good compared to information intensive companies in general. The results to the survey revealed among others that the Group's employees have a strong belief in CapMan's success in the future and a high regard for the expertise of their colleagues. Cooperation between teams and countries was raised as an area for development. The results are handled at both Group and team levels, and as in previous years recommendations for further measures are reported to personnel at quarterly staff information meetings and the Group's Nordic training days.

The individual work performance of all CapMan employees is evaluated at regular employee developmental discussions, where employees receive feedback and new objectives and individual developmental needs are defined. In 2005 CapMan's total expenditure on personnel development was approx. €250,000 or an average of €2,750 per employee, including expenditure on Group Nordic days attended by the entire personnel.

PERSONNEL INCENTIVE SCHEMES

CapMan has a bonus scheme and two stock option programs to motivate and reward employee commitment. Detailed information about the stock option programs and employee shareholdings can be found in the Shares and Shareholders section on pages 59–63.

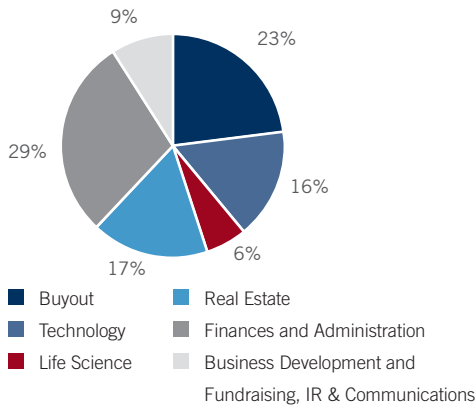
The bonus scheme covers CapMan's entire personnel. The bonus is paid annually and is based on both the achievement of personal objectives and the Group's result. The bonus paid to investment professionals and other key personnel is also influenced by the amount of accrued carried interest income. The bonus paid to members of the Management Group is accrued from the result after the bonuses paid to other employees have been taken into consideration.

In July 2004, the Board of Directors of CapMan Plc decided to enhance the Group's compensation system such that a share of the possible carried interest of CapMan funds established in 2004 and thereafter will be distributed to investment professionals. In accordance with the decisions of the Board in July 2004 and November 2005, 20–50% of carried interest generated by future CapMan funds will be distributed to the members of the specific investment team in question. The share of potential carried interest to be allocated to the investment team is always decided separately in connection with the establishment of a new fund.

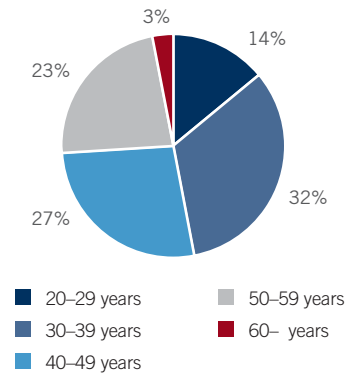
The new compensation model is closer to the common practice in the private equity industry, where investment teams receive 90–100% of the carried interest. It will gradually replace CapMan's current system, where part of the carried interest income that CapMan receives from the funds is paid to team members as annual bonuses based on the Group's result. A new fund begins to generate carried interest after the investors have regained their investment in addition to a preferred annual return, usually 6–8%.

CapMan's investment professionals and other key personnel also have the opportunity to participate in portfolio company investments alongside CapMan funds, via the Maneq funds established for this purpose.

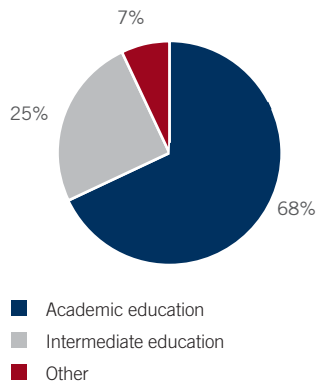
PERSONNEL BY TEAM



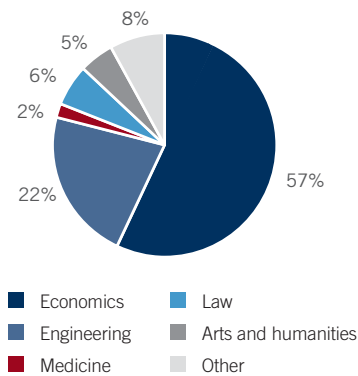
PERSONNEL AGE PROFILE



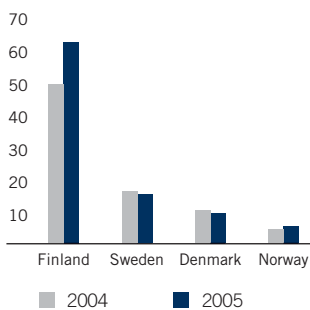
EDUCATIONAL LEVELS*



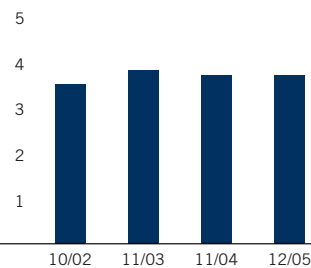
EDUCATIONAL BACKGROUND**



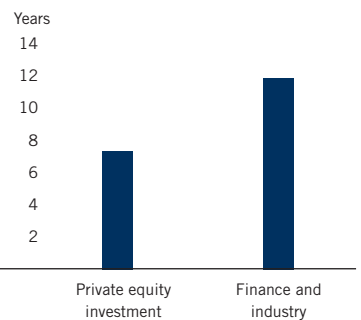
PERSONNEL BY COUNTRY



AVERAGE JOB SATISFACTION (SCALE 1-5)



AVERAGE EXPERIENCE OF INVESTMENT PROFESSIONALS



* There are 11 CapMan employees who have academic qualifications in two fields. Qualifications are listed under the level or field of education that they represent. The figures include CapMan's Senior Advisors.

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 Group's principles on corporate governance.

GROUP STRUCTURE

The CapMan Group is comprised of CapMan Plc and its subsidiaries and associated companies. The most significant subsidiaries are CapMan Capital Management Ltd, CapMan Real Estate Ltd, CapMan AB, CapMan Invest A/S, CapMan Norway AS, CapMan (Guernsey) Ltd, CapMan Mezzanine (Guernsey) Ltd and CapMan (Guernsey) Buyout VIII Ltd. The subsidiaries act as fund management and/or advisory companies for Group funds making direct investments in portfolio companies or in real estate assets. All subsidiaries are 100% owned by CapMan Plc except for CapMan Real Estate Ltd, which is 80% owned by CapMan Plc. The most significant associated company is Access Capital Partners S.A., which is 47.5% owned by CapMan Plc.

OPERATIVE ORGANISATION

CapMan provides management and advisory services in two main business areas: funds making investments in portfolio companies (CapMan Private Equity) and private equity real estate funds making investments in real estate assets (CapMan Real Estate). Investments by CapMan funds investing in portfolio companies focus mainly on the Nordic countries in three investment areas, which are middle market buyouts (CapMan Buyout), technology investments (CapMan Technology) and life science investments (CapMan Life Science).

The Group has nominated teams for each investment area. The teams are responsible for identifying new investment targets, making investments, supporting value creation of portfolio companies or properties and carrying out exit projects. The operations of investment teams are supported by general Group functions, which are responsible for the Group's and funds' 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. CapMan

Plc's Articles of Association are presented on the Company's Internet pages under www.capman.com/Fi/AboutCapMan/CorporateGovernance/ArticlesofAssociation/.

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 17 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 are five members of the Board at present. The Board met 13 times in 2005 and the average participation rate of its members was 94%.

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 of CapMan Plc. 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 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 2005 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 2005 was €83,000.

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

In 2005 the AGM decided that the members of the Board are Mr Ari Tolppanen (Chairman), Mr Teuvo Salminen (Vice Chairman), Mr Lauri Koivusalo, Mr Tapio Hintikka and Mr Lennart Jacobsson. The majority of Board members (Tapio Hintikka, Lauri Koivusalo and Teuvo Salminen) are independent of CapMan Plc. Lennart

Jacobsson and Ari Tolppanen are not independent of the Company, as they are employed by CapMan Group as well as major shareholders in the Company. The members of the Board are presented on page 27.

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 deciding and implementing matters concerning the Company's operative activities and ordinary business. For the period 1 January to 31 March 2005 the CEO of CapMan Plc was Ari Tolppanen and the Deputy CEO was Heikki Westerlund. As of 31 March 2005, the CEO of CapMan Plc was Heikki Westerlund and the Deputy CEO was Olli Liitola.

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 2005, CEO Ari Tolppanen received salary and other remuneration totalling €62,074 (January-March) and CEO Heikki Westerlund received €162,269 (April-December). Deputy CEO Heikki Westerlund received salary and other remuneration totalling €58,713 (January-March) and Deputy CEO Olli Liitola received €95,303 (April-December).

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.

OTHER MANAGEMENT

Management Group

The Management Group of CapMan Plc, which comprises the CEO and heads of teams, is responsible for the preparation and coordination of matters relating to CapMan Group's business. The Management Group is divided into two subgroups, one of which comprises the CEO and heads of investment teams and the other the CEO and heads of general Group functions.

The CEO appoints the heads of teams. In 2005, the salaries and remuneration paid to the Management Group totalled €1,079,751. The members of the Management Group are presented on page 28-29.

Investment Committee

CapMan also has Investment Committees, which are comprised of the Senior Partners and Partners of the Company, for its funds. The Investment Committees make investment presentations and proposals on new investments and exits from portfolio companies to the funds' Advisory Boards, and are not involved in managing the operative activities of the Company.

Heikki Westerlund is Chairman of CapMan Equity VII and CapMan Buyout VIII funds' Investment Committees and Jukka Iivari is Chairman of CapMan Real Estate I fund's Investment Committee.

INSIDER ISSUES

CapMan Plc complies with the Guidelines for Insiders by the Helsinki Stock Exchange, that entered into force on 1 January 2006. CapMan has supplemented the general guidelines with its own set of internal insider guidelines, which are in part stricter than the general guidelines. The public and company specific insider registers are regularly distributed to insiders for inspection.

The public insiders of CapMan Plc are the members of the Board of Directors, the CEO, Deputy CEO, members of the Management Group and auditors including the auditor in charge, in accordance with the Securities Market Act. In addition, the company specific insider register includes the CEO's Executive Assistant, Deputy CFO, Chief Accountant, Accountant, Group Controller, Communications Manager and Legal Counsel. The insider register for CapMan Plc is held by the Finnish Central Securities Depository Ltd. A list of CapMan Plc's public insiders and their holdings of shares and stock options is updated monthly on the Company's Internet pages under the section www.capman.com/Fi/InvestorRelations/Shares/InsiderHoldings.

Employees of CapMan Group are not permitted to trade Company shares or stock options without the permission of the CFO. Trading is always 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 coordinating 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 2005 financial year amounted to €104,493.

RISK MANAGEMENT AND INTERNAL CONTROL

Clear financial and other operative objectives are specified for all CapMan teams. CapMan has an internal code of practice and risk management program for the achievement of set objectives and minimisation of associated risks. Major risks are published, provided that the information does not contain confidential information pertaining to CapMan's business.

The Head of Group 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.

INVESTOR RELATIONS AND COMMUNICATIONS

CapMan's IR & Communications team serves the Company's various stakeholder groups by giving information about CapMan's strategy, operations, objectives and business environment in a way that will give the correct picture of CapMan as an investment and partner.

The Company's Articles of Association, corporate governance, releases, annual reports and share related information is presented on the Company's website www.capman.com.



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

Member of the Board since 1993, Chairman of the Board as of 31 March 2005. Senior Partner, CEO of CapMan Plc from 1989 to 31 March 2005. Joined CapMan in 1989.

Key Board memberships:

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

CapMan Plc shares and options:

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



Teuvo Salminen (b. 1954), M.Sc. (Econ.).

Authorised Public Accountant.

Member of the Board since 2001, Vice Chairman of the Board as of 31 March 2005. Executive Vice President of Jaakko Pöyry Group Oyj.

Key Board memberships:

YIT Corporation.

CapMan Plc shares and options:

20,000 B shares,
50,000 2000A/B options.



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

Member of the Board since 2004.

Key Board memberships:

Teleste Corporation (Chairman), Evli Bank Plc.

CapMan Plc shares and options:

None.



Lennart Jacobsson (b. 1955), BBA.

Member of the Board since 2002.

Senior Partner. Joined CapMan in 1995.

Key Board memberships:

Eco-Dan A/S, Gammadata Mätteknik I Uppsala AB.

CapMan Plc shares and options:

1,129,217 B shares.



Lauri Koivusalo (b. 1941), LL.M.

Member of the Board since 2001, Chairman of the Board from 2001 to 31 March 2005. Managing Director of Etera Mutual Pension Insurance Company until 31 December 2005.

Key Board memberships:

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

CapMan Plc shares and options:

13 B shares,
100,000 2000A/B options.



Heikki Westerlund (b. 1966), M.Sc. (Eng.).
CEO of CapMan Plc, Senior Partner.
Joined CapMan in 1994.

Key Board memberships:

-

CapMan Plc shares and options:
741,448 A shares,
3,221,057 B shares.



Jerome Bouix (b. 1971), M.Sc. (Econ.).
Head of Fundraising, IR & Communications,
Partner. Joined CapMan in 2000.

Key Board memberships:

-

CapMan Plc shares and options:
209,500 2000A/B options.



Markku Hietala (b. 1957), LL.M.
Head of CapMan Real Estate, Managing Director
of Realprojekti Oy. Joined CapMan in 2005.

Key Board memberships:

-

CapMan Plc shares and options:
181,818 B shares.



Olli Liitola (b. 1957), M.Sc. (Eng.).
CFO and Deputy CEO of CapMan Plc, Senior
Partner. Joined CapMan in 1991.

Key Board memberships:

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:
Prostalund AB.

CapMan Plc shares and options:
929,217 B shares.



Petri Niemi (b. 1961), M.Sc. (Eng.).
Head of CapMan Technology, Senior Partner.
Joined CapMan in 1999.

Key Board memberships:
ScanJour A/S.

CapMan Plc shares and options:
267,920 B shares.



Tuomo Raasio (b. 1958), LL.M.
Head of CapMan Buyout, Senior Partner.
Joined CapMan in 1988.

Key Board memberships:
-

CapMan Plc shares and options:
1,291,638 A shares,
4,016,327 B shares.



Vesa Vanha-Honko (b. 1955), M.Sc. (Eng.),
B.Sc. (Econ.).
Senior Partner, Head of Business Development.
Chairman of the Board of CapMan Plc from
1993 to 2001 and Vice Chairman from 2001 to
2005. Joined CapMan in 1989.

Key Board memberships:
Access Capital Partners S.A. (member of the Board of Trustees),
Finlayson & Co Oy, Access Capital Partners (Guernsey) Ltd.

CapMan Plc shares and options:
1,291,638 A shares,
4,006,540 B shares.

Background information on the members of the Management Group is presented on CapMan's Internet pages at www.cap-man.com. The share and stock option ownership figures are as at 31 December 2005 and cover the ownership both directly and through corporations under control.

BUSINESS

CapMan's core business is private equity fund management and advisory services. The funds under management invest mainly in unlisted Nordic companies or real estate assets. CapMan Plc's income derives from management fees from the funds, carried interest from funds generating carried interest, returns on direct fund investments made from CapMan Plc's own balance sheet and a share of the result of associated companies.

As a private equity fund management company, CapMan begins to receive carried interest after the investors have regained their investment in addition to a preferred annual return, usually 6–8%. In the case of CapMan funds that were established before 2004, carried interest is typically a 20–25% share of a fund's cash flow through exits from its portfolio companies. For funds established in 2004 and thereafter, a share of carried interest will be distributed to the members of the investment team responsible for the fund's investment activities during its life cycle (typically 10 years), in accordance with common practice in the private equity investment industry. The share of possible carried interest that is allocated to teams varies from 20% to a maximum of 50%. The Board of Directors decides on the share of potential carried interest to be allocated to the investment team in connection with the establishment of the fund in question.

CapMan Plc's returns on direct fund investments from its own balance sheet will have a greater impact on the Company's result in the next few years, as since 2002 CapMan has been a significant investor in the funds managed by the Group. CapMan's objective is to invest 5–10% of the total capital in future CapMan funds investing in portfolio companies.

EXPANSION OF OPERATIONS INTO PRIVATE EQUITY REAL ESTATE FUNDS

CapMan Plc's subsidiary CapMan Real Estate Oy and nine Finnish institutional investors established the private equity real estate fund CapMan Real Estate I Ky on 20 June 2005. The fund has a size of €500 million and its investment focus is on commercial properties in the Helsinki metropolitan area. The expansion of business operations into private equity real estate funds is a significant strategic step for CapMan.

In connection with the establishment of the real estate fund CapMan Plc acquired the Realprojekti companies, which act as advisor to the fund's management company CapMan Real Estate Oy and continue their previous consulting business. CapMan Plc owns 80% of the aforementioned companies and real estate consulting company Corinthium Oy owns 20%. CapMan Plc financed the acquisitions with cash and a share issue.

CAPMAN PLC'S BUSINESS AREAS

CapMan provides management and advisory services in two main business areas: funds making investments in portfolio companies (CapMan Private Equity) and private equity real estate funds making investments in real estate assets (CapMan Real Estate).

Investments by CapMan funds investing in portfolio companies focus mainly on the Nordic countries in three investment areas, which are middle market buyouts (CapMan Buyout), technology investments (CapMan Technology) and life science investments (CapMan Life Science).

Information on each business area is reported in its own segment in interim reports. Associated company Access Capital Partners has been included in the Group's figures under CapMan Private Equity. As for funds, Access Capital Partners' figures have been presented separately.

FINANCIAL PERFORMANCE IN 2005

CapMan's turnover for year 2005 was €28.7 million (€27.7 million). Management fees from the funds increased to €20.3 million (€17.8 million). The growth resulted from management fees received from new funds CapMan Buyout VIII and CapMan Real Estate I as well as from CapMan Mezzanine IV Fund, for which commitments received during the review period were also entered regressively from the previous year. The regressively entered one-off item totalled €0.5 million.

Carried interest income received by CapMan Plc from funds generating carried interest totalled €6.6 million (€9.1 million), and realised returns on direct fund investments totalled €0.5 million (€0.2 million). Fair value gains/losses associated with fund investments from CapMan's own balance sheet were €1.6 million (€ –0.4 million). The gains were related in particular to value creation in CapMan Equity VII, where CapMan is a substantial investor (5%). The fair value of all fund investments by CapMan at 31 December 2005 totalled €20.3 million.

Operating expenses were €21.9 million (€20.0 million). Operating profit for the year increased to €8.4 million (€7.4 million).

The share from the result of CapMan's associated companies was €0.3 million (€0.4 million). Profit before taxes increased to €9.4 million (€8.3 million) and profit after taxes was up to €7.0 million (€4.9 million). Earnings per share was 9.1 cents (6.4 cents).

The sum of non-current assets in the balance sheet grew to €40.4 million in 2005 (€29.5 million). In line with CapMan's strategy, the sum of CapMan's own investments increased and totalled €20.3 million (€14.2 million) and there was an increase in receivables to €10.8 million (€5.6 million). Of the receivables, €8.2 million (€4.9 million) was loan receivables from Maneq funds, which make portfolio company investments along with CapMan funds and whose investors are CapMan's investment professionals and other key personnel. Goodwill was €4.8 million (€4.5 million), and is directed mainly at the acquisition of Swedestart Management AB in 2002. CapMan's cash assets totalled €10.3 million (€15.5 million). The Company has no interest-bearing debt.

Shareholders' equity per share was 64 cents at 31 December 2005 (60 cents at 31 December 2004). The equity ratio was 85.8% (88.8%), return on equity 14.8% (11.1 %) and return on investment 20.2% (18.9%).

PROPOSAL OF THE BOARD OF DIRECTORS FOR PROFIT DISTRIBUTION

CapMan Plc's objective is to use at least 50% of the net profit for dividend payment and/or repurchase of the Company's own shares. The Board of Directors proposes to the AGM that a dividend of €0.07 per share, (€0.06 per share), which equals to 78% (94%) of the net profit, will be distributed to shareholders for the year 2005.

FUNDRAISING

Funds investing in portfolio companies

CapMan Plc established its eighth buyout fund CapMan Buyout VIII in November 2005. As at 31 December 2005 the fund had €313.1 million in commitments from 19 institutional investors, out of which four were new. CapMan's own commitment into the fund is 10% of committed capital, or approx. €31 million. The fund will invest in middle market buyout transactions in the Nordic countries. The target size for CapMan Buyout VIII is €375 million, and its fundraising continues in 2006. The share of possible carried interest that will be received by the Buyout team from the fund is 30%.

CapMan held the final closing of CapMan Mezzanine IV on 31 March 2005 with €240 million in total commitments. The fund is one of the largest mezzanine funds in the Nordic countries. 33 institutional investors, out of which approximately one third were new investors, invested in the fund. The share of possible carried interest that will be received by the Buyout team from the fund is 25%.

CapMan commenced fundraising for a new life science fund during the last quarter of 2005. Fundraising for the next technology fund is expected to commence in 2006.

Real estate funds

The first real estate fund CapMan Real Estate I Ky has a final size of €500 million. Nine institutional investors as well as CapMan itself invested in the fund, which is one of the first private equity real estate funds in the Nordic countries. The fund's total capital comprises €100 million of equity, a €100 million bond issued by Real Estate Leverator Oyj and a €300 million senior bank loan facility. The aggregate share of possible carried interest that will be received from the fund by the Real Estate team and the fund's co-manager Corinthum Oy is 32%.

CAPITAL UNDER MANAGEMENT

As at 31 December 2005 CapMan managed a total of €2,176.1 million in capital (€1,280.0 million), of which €1,676.1 million (€1,280.0 million) was in funds investing in portfolio companies. Capital under management in funds making direct portfolio company investments was increased during the year as a result of fundraising for CapMan Buyout VIII and CapMan Mezzanine IV, and was decreased by the closing down of operations by Finnventure Fund I. Capital under management in CapMan Real Estate I, which invests in real estate assets and was established in June 2005, totalled €500 million at the end of the year.

CAPITAL UNDER MANAGEMENT BY ASSOCIATED COMPANY ACCESS CAPITAL PARTNERS

CapMan Plc's associated company Access Capital Partners managed/advised €1,076.7 million (€622.5 million) in total assets as at 31 December 2005. Of this, €671.7 million (€527.3 million) was in funds of funds and €405.0 million (€95.2 million) in private equity investment mandates.

The first closing of Access Capital Fund III was held at €144.4 million in November 2005. The fund consists of two separate sub-funds, which are Access Capital Fund III Mid-market Buyout Europe (target size €250 million) and Access Capital Fund III Technology Europe (target size €100 million). Fundraising for Access Capital Fund III will continue in 2006. The substantial rise in assets managed/advised by Access in 2005 is also attributable to a €250 million mandate received from the New York State Pension Fund in the first quarter.

INVESTMENTS AND EXITS BY THE FUNDS IN 2005

Funds investing in portfolio companies

In 2005 the funds made eight new investments, 11 substantial follow-on investments and several smaller follow-on investments, investing €127.3 million in total. There were new investments in Aerocrine AB, Cardinal Foods AS, Flander Ltd, InfoCare Holding AS, Inflight Service AB, Moventas Oy (formerly Metso Drives Oy), ScanJour AS and SciBase AB. Substantial follow-on investments were made in Anhydro Group, Ascade AB, Distocraft Oy, Gammadata Mätteknik AB, Jolife AB, Locus AS, Northlight Optronics AB, SMEF Group A/S, Tieturi Oy, Trittech Technology AB and Å&R Carton AB.

The funds exited in total from 19 companies during 2005: AudioNord International A/S, Aurajoki Oy, Entific Medical Systems AB, EuroProcessing International ASA, Eutech Medical AB, Finndomo Oy, Holiday Club Finland Oy, Junttan Oy, Metalplast Oborniki Sp. z o. o, NeoPharma AB, Netseal Oy, Normet Oy, Northlight Optronics AB, Otre AB, Runaware AB, Setec Oy, Tamore Group Oy, Unicom Baltic and Vogue Group Oy. There were several partial exits, of which the most significant was from AffectoGenimap Plc. Additionally, Mehiläinen Oyj repaid its mezzanine loan. Exits at acquisition cost (including partial exits and mezzanine loan instalments) for the year totalled €118.7 million.

Real estate funds

In connection with the establishment of CapMan Real Estate I, the fund purchased a total of 17 commercial properties in the Helsinki metropolitan area from institutional investors. In addition the fund made a new investment in November, when it acquired Kemira's headquarters from Kemira Oyj. The majority of properties in the portfolio are modern or renovated office complexes. The real estate portfolio at acquisition cost totalled €225.7 million at the end of 2005. Some of the real estate acquisitions that were agreed on in June, at an acquisition cost of €21.3 million, were closed in January 2006 in accordance with preliminary contracts.

Investments and exits at acquisition cost, M€

	1-12/2005	1-12/2004
New and follow-on investments		
Funds investing in portfolio companies	127.3	90.8
Buyout	96.7	50.2
Technology	25.6	30.9
Life Science	5.0	9.7
Real estate funds	225.7	-
Total	353.0	90.8
Exits*		
Funds investing in portfolio companies	118.7	69.7
Buyout	78.0	51.6
Technology	31.8	18.1
Life Science	8.9	-
Real estate funds	-	-
Total	118.7	69.7

* incl. partial exits and mezzanine loan instalments

STATUS OF CAPMAN FUNDS AS AT 31 DECEMBER 2005

Funds investing in portfolio companies

Investments in portfolio companies at acquisition cost totalled €585.0 million at the end of 2005. The fair value of investments was €630.4 million. The funds' portfolios are valued to fair value in accordance with the guidelines of EVCA.

Excluding realised and estimated future expenses, CapMan has an investment capacity of about €690 million for new and follow-on investments in portfolio companies. Of this, approx. €595 million is reserved for buyout investments, approx. €80 million for technology investments and approx. €15 million for life science investments.

Real estate funds

At the end of 2005, the funds' investments in real estate assets at acquisition cost totalled €225.7 million and the fair value of investments was €221.0 million. The focus of the current portfolio is on properties with a medium level risk/return profile. The vacancy rate of the properties is about 5% and average length of lease contracts is 4-5 years. Following the real estate acquisitions that were closed in January, the fund has an investment capacity of about €250 million for new investments.

Fund's gross portfolio* as at 31 December 2005, M€

	Portfolio at acquisition cost, M€	Portfolio at fair value, M€	Share of portfolio (fair value), %
Funds investing in portfolio companies	585.0	630.4	74.0
Real estate funds	225.7	221.0	26.0
Total	810.7	851.4	100.0
Funds investing in portfolio companies			
Buyout	448.1	511.9	81.2
Technology	113.7	96.2	15.3
Life Science	23.2	22.3	3.5
Total	585.0	630.4	100.0

*Gross portfolio of all investment targets managed by CapMan funds.

FUNDS GENERATING CARRIED INTEREST AS AT 31 DECEMBER 2005

The CapMan funds already generating carried interest were Finnventure Fund II (since 1997), Finnventure Fund III (since 2000), Finnmezzanine Fund I (since 2001) and the Fenno/Skandia II (since 2004), Fenno/Skandia I (since 2005) and Fenno (since 2005) funds co-managed by CapMan and Fenno Management Oy. The initial capital in these funds is €132.0 million or some 7.9% of

total capital in funds making investments in portfolio companies (€1,676.1 million) and 6.1% of total capital managed by CapMan (€2,176.1 million). The fair value of the current portfolios of funds generating carried interest at 31 December 2005 totalled €53.3 million, which represents 8.5% of fair value of portfolios of all funds investing directly in portfolio companies (€630.4 million) and 6.3% of fair value of portfolios of all funds at 31 December 2005 (€851.4 million).

The Fenno/Skandia I Fund began to generate carried interest income in 2005 following the exit from Vogue Group. Exits from Normet Oy, Vogue Group Oy and Tamore Group Oy as well as a partial exit from AffectoGenimap Plc transferred the Fenno Fund co-managed by CapMan and Fenno Management Oy to carry.

The impact of exits by funds generating carried interest on CapMan's 2005 result was €6.6 million, as a result of carried interest income received by the funds.

CAPMAN'S OWN INVESTMENTS IN THE FUNDS

Since 2002, CapMan Plc has been a substantial investor in the funds managed by the Group. According to the decision adopted by the Board of Directors on 9 May 2005, the Company's objective is to invest about 5–10% of the total capital in future equity funds from its own balance sheet. The previous level has been 3–5%. The change in investment strategy, which applies to investments by equity funds investing in portfolio companies, aims to improve the Company's return on equity and to even out fluctuations in income in coming years via returns from these investments.

CapMan, like other investors in the funds, gives commitments to the funds when they are established. As at 31 December 2005 the total amount of current investments at fair value and remaining commitments was €70.7 million, of which remaining commitments totalled €50.4 million. Of the commitments €31 million is targeted for CapMan Buyout VIII, with the remainder targeting mainly CapMan Mezzanine IV, CapMan Equity VII and Access Capital Fund II funds. The commitments will be drawn down within the next 3–4 years as new investments are made. Fund investments (the used commitments) for the review period totalled €7.7 million (€4.0 million). The majority of investments were made in CapMan Equity VII, Access Capital Fund II and Swedestart Tech funds. The fair value of cumulative fund investments made from CapMan's own balance sheet was €20.3 million as at 31 December 2005.

CapMan's investments and commitments in the funds as at 31 December 2005, M€

	Investments at fair value	Remaining commitments	In total
Funds investing in portfolio companies			
Equity funds	14.2	37.7	51.9
Mezzanine funds	1.0	6.7	7.7
Funds of funds*	5.0	5.2	10.2
	20.2	49.6	69.8
Real estate funds			
	0.1	0.8	0.9
Total	20.3	50.4	70.7

* Managed/advised by CapMan's associated company Access Capital Partners.

CapMan's own investments in the funds for the period

1 January–31 December 2005, M€

	1–12/2005	1–12/2004
Funds investing in portfolio companies		
Equity funds	5.0	2.5
Mezzanine funds	0.3	0.2
Funds of funds*	2.2	1.3
	7.5	4.0
Real estate funds		
	0.2	-
Total	7.7	4.0

* Managed/advised by CapMan's associated company Access Capital Partners.

CHANGES IN MANAGEMENT

On 15 March 2005, Heikki Westerlund, Senior Partner was appointed as the new CEO of CapMan Plc and Olli Liitola, Senior Partner was appointed Deputy CEO and CEO's substitute. He also continues as the CFO of the Company. Tuomo Raasio, Senior Partner was appointed Head of CapMan Buyout. The appointments came into effect on 31 March 2005.

The former CEO of CapMan Ari Tolppanen, Senior Partner, continues as a member of the CapMan Buyout team. He is also Chairman of the Board of Directors of CapMan Plc.

In connection with the establishment of the real estate fund on 20 June 2005, Markku Hietala (LL.M.) was appointed Head of CapMan Real Estate and a member of the Management Group of CapMan Plc. Hietala reports on CapMan Real Estate's activities to Senior Partner Vesa Vanha-Honko, Head of Business Development. CapMan's Head of Fundraising, IR & Communications Jerome Bouix, Partner was appointed a member of the Management Group as of 4 November 2005.

During the period under review, the courses of action of the Management Group were reformed. The Management Group, which comprises the CEO and Heads of teams, is responsible for the preparation and co-ordination of matters relating to CapMan Group's business. The Management Group is divided into two subgroups, one of which comprises the CEO and Heads of investment teams and the other the CEO and Heads of general Group functions.

PERSONNEL

	31.12.2005	31.12.2004
CapMan Buyout	20	25
CapMan Technology	14	14
CapMan Life Science	5	5
CapMan Real Estate	15	-
Finances and Administration	25	23
Business Development, Fundraising, IR & Communications	8	7
Total	87	74

The number of CapMan employees grew during the review period as a result of the acquisition of Realprojekti companies. As at 31 December 2005 the Group had 87 (74) employees, of whom 59 (46) were located in Finland and the remainder in other Nordic countries. In addition there were four Senior Advisors acting as consultants for CapMan, three in Finland and one in Denmark.

DECISIONS ADOPTED BY THE AGM

The Annual General Meeting (AGM) of CapMan Plc held in Helsinki on 31 March 2005 confirmed the 2004 financial statements and granted discharge from liability to the Board of Directors and the CEO for the 2004 financial year. The AGM decided that the Board consists of five members. Tapio Hintikka, Lennart Jacobsson, Lauri Koivusalo, Teuvo Salminen and Ari Tolppanen were elected as Board members. Of the members, Hintikka, Koivusalo and Salminen are independent of the company. The organisation meeting of the Board that was held immediately after the AGM elected Ari Tolppanen as Chairman of the Board and Teuvo Salminen as Vice Chairman of the Board.

The AGM elected PricewaterhouseCoopers Oy, corporation of authorised public accountants, as the Company's auditors with Jan Holmberg, APA (Auditor approved by the Central Chamber of Commerce), as the Lead Auditor. Terja Artimo, APA, will act as Holmberg's deputy.

The AGM also authorised the Board of Directors to increase the Company's share capital by a maximum of €35,000.00 and to repurchase a maximum of 3,500,000 of the Company's own B shares. On 12 April 2005 the Board decided to commence repurchasing shares at the earliest on 11 May 2005. The authorisation for the repurchase of shares expires on 31 March 2006. CapMan Plc has not purchased own shares as at 2 February 2006.

INCREASE IN SHARE CAPITAL

The share capital of CapMan Plc was increased by €12,417.18 during the financial year. Following the increase, the Company's share capital totals €759,233.48, the number of B shares is 67,923,348 and the number of A shares is 8,000,000. The nominal share value is €0.01.

Trading and price development of shares and options

	B shares		2000A/B options	
	2005	2004	2005	2004
Trading turnover, number	19 141 024	31 016 971	1 868 300	1 268 500
Trading value, M€	49.9	56.3	3.4	1.4
Trading price, €				
Highest	3.23	2.42	2.45	1.52
Lowest	2.24	1.49	1.35	0.85
Volume weighted average price	2.61	1.82	1.82	1.14
Closing price	2.84	2.30	1.98	1.35

The share trading figures for 2004 include the sale of 10,000,000 B shares by some Senior Partners and other employee owners of CapMan to institutional investors in March 2004.

In 2005 there was a slight fall in trading turnover and a rise in the value of shares traded compared to share sale adjusted trading in the comparative year. At year-end the market value of the CapMan B shares was €192.9 million (€153.4 million) and the Company's total market capitalisation, including CapMan A shares, was €215.6 million (€171.8 million)

OTHER EVENTS IN 2005

Changes in compensation policy

In connection with the establishment of CapMan Mezzanine IV in 2004, the Board of Directors of CapMan Plc decided that for funds established in 2004 and thereafter 20–30% of the possible carried interest income received from the funds will be distributed to members of the investment team responsible for the fund's investment activities during its life cycle (typically 10 years), in accordance with common practice in the industry. In the meeting held on 2 November 2005, the Board of Directors of CapMan Plc further decided to raise the share of possible carried interest to be distributed to the investment team in question to a maximum of 50% for future technology and life science funds. The final decision on the share of potential carried interest to be allocated to the investment team is always decided by the Board of Directors in connection with the establishment of the fund in question.

EVENTS AFTER THE REVIEW PERIOD

Exit from PPTH-Norden Oy closed

The exit from PPTH-Norden Oy's parent company PPTH Steelmanagement Oy by the Fenno Fund co-managed by CapMan and Fenno Management Oy as well as Finnventure IV and Finnmezzanine II funds was closed in January, when the sale of the company to Rautaruukki Corporation was finalised. The impact of the exit on CapMan's result for 2006 is approx. €2.0 million, as a result of carried interest income received from Fenno Fund.

FUTURE OUTLOOK

CapMan Private Equity

Private equity investment in Europe is estimated to show growth in the mid and long term. The foundation for growth is the increasing inclusion of private equity investment as a part of investment allocations by institutional investors and other substantial investor groups. Private equity investment has also claimed some of the role that has traditionally been played by public markets in the financing of M&A and growth. The growth of traditional private equity investment in unlisted companies in the Nordic countries continues to be accelerated by consolidation in various sectors, family successions, pri-

vatiation of public services and functions, strong investment in research and development in technology and life science sectors, and increasing entrepreneurial activity.

The competition for middle market investee companies in buyout markets has become fiercer with the introduction of newcomers and new funds raised by existing private equity investors. However the largest and most publicly visible investment volume is focused in the bigger buyout segment, where deals are larger, whereas CapMan's focus is on middle market buyouts. CapMan's local presence in different Nordic countries, which enables the active search for investee companies throughout the Nordic region, is an increasingly important advantage in the prevailing competitive situation. The competition in technology and life science sectors is less fierce and there are good opportunities for syndicated investments.

CapMan will continue to implement its portfolio company investment strategy on a Nordic level. The number of new potential investee companies remains at a good level, and CapMan has solid resources for value creation in its portfolio companies via active work on the companies' Boards of Directors. 2005 was the busiest year in the history of CapMan as measured by the number of realised investments, and we see that exit markets will remain favourable in 2006.

CapMan remains well positioned to continue as a proactive player in the private equity market, as its funds making investments in portfolio companies have approximately €690 million in capital for new and follow-on investments. Fundraising for CapMan Buyout VIII and CapMan Life Science IV funds, which have target fund sizes of €375 million and €100 million respectively, will continue in 2006. Additionally, CapMan aims to commence fundraising for a new technology fund in 2006.

CapMan Real Estate

The introduction of private equity real estate funds as a new product in European private equity investment markets in recent years offers institutional investors the opportunity to make indirect investments in real estate assets. As a result of globalisation of property markets and the introduction of the euro, foreign investors have become an important market player also in Finland's relatively small real estate markets. On the one hand the lower return expectations of foreign investors have raised property prices, but on the other hand increased demand has improved the liquidity of investments in real estate assets. In the absence of competitive domestic capital structures, in the past two years a substantial proportion of Finnish real estate deals in the Helsinki metropolitan area have been won by international investors.

In Finland, the long-standing low interest rate level and subsequent increase of investors seeking returns on real estate investments creates expectations for favourable market development. We see that positive economic growth will continue in Finland, which in turn positively impacts on demand for rental properties and vacancy rates. The availability of properties that meet CapMan's real

estate portfolio profile and tight competition on the markets will be a challenge also in future.

CapMan Real Estate I Fund has strong personnel resources and approx. €250 million in capital for new real estate investments and development of the current portfolio. There are many new real estate development projects under construction, and the number of new potential investment targets is at a good level.

CapMan Plc Group

Total management fees received from the funds will grow to some extent with the establishment of new funds, but this will be partly counteracted by decreasing management fees received from older funds as they realise investments. The management fees CapMan receives from the funds are expected to cover the Company's expenses well in 2006, and the share from associated companies is estimated to remain at the same level as the previous year. The amount of returns on fund investments will depend especially on how the fair value of investments develops in those funds in which CapMan is a substantial investor.

According to our understanding the exit markets will remain favourable. Finnventure V and Finnventure IV funds are estimated to begin to generate carried interest during 2007. Finnmezzanine Fund II B has moved to the stage where the next significant cash flow received by the fund will move the fund to carry.

CapMan's profit before taxes for the year 2006 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.

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 minimize 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.

€ ('000)	Note	1.1.-31.12.2005	1.1.-31.12.2004
Turnover	4	28 689	27 706
Other operating income	5	56	79
Personnel expenses	6	-11 137	-9 317
Depreciation and amortisation	7	-774	-3 030
Other operating expenses	8	-9 998	-7 686
Fair value gains/losses of investments	16	1 583	-363
Operating profit		8 419	7 389
Financial income and expenses	9	757	527
Share of associated companies' result		250	383
Profit before taxes		9 426	8 299
Income taxes	10	-2 451	-3 360
Profit for the financial year		6 975	4 939
Attributable to:			
Equity holders of the Company		6 816	4 750
Minority interest		159	189
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, €	11	0.09	0.06
Diluted, €	11	0.09	0.06

€ ('000)	Note	31.12.2005	31.12.2004
ASSETS			
Non-current assets			
Tangible assets	12	980	1 097
Goodwill	13	4 845	4 539
Other intangible assets	14	767	740
Investments in associated companies	15	1 099	1 206
Investments at fair value through profit and loss	16		
Investments in funds		20 288	14 184
Other financial assets		1 037	1 193
Receivables	17	10 795	5 609
Deferred tax assets	18	545	945
		40 356	29 513
Current assets			
Trade and other receivables	19	6 536	5 839
Other financial assets at fair value	20	3 462	5 498
Cash and bank		6 846	10 000
		16 844	21 337
Total assets		57 200	50 850
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders			
Share capital	21	759	747
Share premium account		38 157	36 888
Other reserves		948	900
Translation difference		-148	43
Retained earnings		9 156	6 392
		48 872	44 970
Minority interest		220	207
Total equity		49 092	45 177
Non-current liabilities			
Deferred tax liabilities	18	680	584
Other liabilities	22	1 299	391
		1 979	975
Current liabilities			
Trade and other payables	23	5 777	3 498
Current income tax liabilities		352	1 200
		6 129	4 698
Total liabilities		8 108	5 673
Total equity and liabilities		57 200	50 850

€ ('000)	1.1.-31.12.2005	1.1.-31.12.2004
Cash flow from operations		
Operating profit	8 419	7 389
Adjustments to operating profit ¹⁾	-814	3 695
Change in working capital	1 709	273
Interest paid	-29	-1
Interest received	273	150
Dividends received	380	174
Taxes paid	-3 671	-2 228
Cash flow from operations	6 267	9 452
Cash flow from investments		
Investments in tangible and intangible assets	-303	-273
Investments in funds and other placements	-4 276	-2 553
Proceeds from sale of tangible assets	135	8
Cash flow from investments	-4 444	-2 818
Financial cash flow		
Share issue	817	24
Short-term loan receivables granted	-328	-76
Repayment of short-term receivables	142	112
Long-term loan receivables granted	-3 600	-1 375
Repayment of long-term receivables	560	75
Dividends paid	-4 603	-3 758
Other financial assets at fair value	2 035	1 700
Financial cash flow	-4 977	-3 298
Change in cash funds	-3 154	3 336
Cash funds at start of the period	10 000	6 664
Cash funds at the end of the period	6 846	10 000
1) Adjustments to operating profit:		
Depreciation and amortisation	773	3 393
Other unpaid item	-1 583	302
Other adjustments	-4	0
	-814	3 695

39 Consolidated Statement of Changes in Equity (IFRS)

2005 Annual Report

€ ('000)	Attributable to the equity holders of the Company						Total	Minority interest	Total equity
	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings				
Equity on 31 December 2003	747	36 865		2	7 678	45 292	38	45 330	
Effects of IFRS			341		-2 007				
Equity on 1 January 2004	747	36 865	341	2	5 671	43 626	38	43 664	
Share subscriptions with options		23							
Translation difference				41			-20		
Options			559		-295				
Profit for the financial year					4 750		189		
Dividends paid					-3 734				
Equity on 31 December 2004	747	36 888	900	43	6 392	44 970	207	45 177	
Share subscriptions with options	10	805							
Other increase in share capital	2	464							
Translation difference				-191			-10		
Options			48		431				
Profit for the financial year					6 816		159		
Dividends paid					-4 483				
Minority interest							-136		
Equity on 31 December 2005	759	38 157	948	-148	9 156	48 872	220	49 092	

1. ACCOUNTING PRINCIPLES

CapMan Plc ("CapMan") is a public limited company incorporated and domiciled in Helsinki, Finland. CapMan's core business is private equity fund management and advisory services. The funds under management invest mainly in unquoted Nordic companies or real estate assets. A copy of the Consolidated Financial Statements can be obtained from CapMan Plc, Korkeavuorenkatu 32, 00130 Helsinki, Finland.

CapMan has adopted EU-approved International Financial Reporting Standards (IFRS) in the Group's financial reporting as of 1 January 2005. The Group's interim reports and financial statements for 2004 have been drafted in accordance with Finnish Accounting Standards (FAS). The comparative figures for the 2004 interim reports and financial statements have been adjusted to comply with IFRS. The information in these financial statements is presented in thousands of euros. The reclassifications that arise from the adoption of IFRS standards have been presented in the comparative IFRS information in Appendix 2.

Basis of preparation

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

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

Associated companies

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

Translation difference

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

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

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

When a subsidiary is wholly or partially divested, the cumulative amount of the translation differences is recognised in the income statement under profit or loss. Translation differences arising prior to 1 January 2004 have been recorded under the translation differences fund, and the exemption allowed by the IFRS 1 standard has not been used.

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

Tangible non-current assets

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

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

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

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the acquired enterprise (subsidiary or associated company) over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising from acquisitions prior to 1 January 2004 is recognised as the carrying value at cost in accordance with accounting principles applicable at the date of acquisition.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are recognised in the balance sheet only if the cost of the asset can be measured reliably and it is probable that the future economic benefits that are attributable to the asset will flow to the Group. Intangible assets acquired in business combinations that are classified as acquisitions are recognised in the balance sheet separate to goodwill, pro-

vided that they meet the definition of intangible assets and the cost of the assets can be measured reliably. Intangible assets are expensed in the income statement by the straight-line method over their useful lives (maximum ten years). The carrying amount is assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Impairment of assets

The Group reviews all assets for indications that the value of an asset may be impaired at each balance sheet date. If such indications exist, the recoverable amount of the asset in question is estimated. The recoverable amount is also measured annually independent of indications of impairment for the following assets: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use.

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

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

The increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised. Reversal of an impairment loss for goodwill is prohibited. An impairment loss of an equity investment that has been classified as an available-for-sale financial asset is also not reversed through profit and loss. In accordance with IAS 39 the receivables carried at amortised cost accrue interest income at the discount rate used to measure impairment after impairment has been recognised. The carrying amount of goodwill is reviewed for impairment annually or more frequently if there is an indication that goodwill may be impaired, due to events and circumstances that may increase the probability of impairment.

Financial instruments

The Group has applied the IAS 39 standard (amended in 2004) Financial instruments: Recognition and measurement as of 1 January 2005. Financial assets and liabilities have been valued in accordance with Finnish Accounting Standards in 2004 (see Appendix 2). As of 1 January 2005 the Group's financial instruments have been classified according to the standards into the following categories:

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

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

Financial assets at fair value through profit and loss

This group has been divided into two subcategories: 1) held for trading, and 2) upon initial recognition designated as at fair value through profit and loss.

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

Available-for-sale financial assets

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

Loans and other receivables

Loans and other receivables include the Group's financial assets arising from the transfer of cash or services to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are reported in current and non-current financial assets (the latter if their maturity exceeds 12 months) and are measured at amortised cost using the effective interest method in case of significant deviation from the nominal rate. Gains and losses are recognised as income when the investments are derecognised or impaired. Impairment is recognised if there is objective evidence that the value of the item in question has been impaired at the balance sheet date.

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities

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

Provisions

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

Pensions

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

Employee benefits

The Group has applied IFRS 2 share-based payment standards to all stock option programs in which options have been granted after 7 November 2002, and to which rights have not been vested before 1 January 2005. Expenses on prior stock option programs have not been reported in the income statement. The fair value of stock options is assessed at the grant date and expensed in even instalments in the income statement over the vesting period of the rights. The fair value is determined using the Black & Scholes pricing model.

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

Revenue recognition

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

1. Management fees paid by the funds are accounted for on a straight-line basis over the agreement terms on an ongoing basis.
2. Carried interest received from the funds is accounted for when the portfolio company has been exited and the whole fund has entered into the carried interest phase. An exit has been closed when the ap-

proval has been received from the Competition Authority and when all significant risks and benefits related to the portfolio company have been transferred to the buyer. When assessing if the revenue recognition criteria have been fulfilled, potential repayment risk to the funds (claw-back), resulting from the representations and warranties given to the buyer in the sales and purchase agreement, will be considered. This will be done for exits where the fund is towards the end of its life cycle.

3. Returns on investments are comprised of realised and unrealised fund investment income. These are presented as part of the turnover, investing operations being the main business of the Group.
4. Consulting fees are recognised when the service has been rendered.

Income taxes

Tax expenses in the consolidated income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes on taxable income for the financial period are calculated on the basis of the tax rate in force for the country in question. Taxes are adjusted on the basis of deferred income tax assets and liabilities from previous financial periods, if applicable.

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

Estimate of the future impact of new standards

The Group has elected not to preliminarily apply the IFRS or IAS/IFRS standards and interpretations that will come into effect in 2006 or thereafter. The revised standards include the following areas, among others:

1. IAS 19 Employee benefits (amendment)
2. IFRS 7 Financial instruments: Disclosures
3. IAS 21 Net Investments in a Foreign Operation (amendment)
4. IAS 39 Financial instruments: Recognition and measurement
5. IFRIC 4 (specification of leasing arrangements)

According to the Group's understanding, the revised standards will not have a significant effect on the Group's financial statements information.

Use of estimates

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

Leases

All of the Group's leasing arrangements are classified as operating leases, as the risks and benefits of ownership remain with the lessor. Operating lease payments are recognised as an expense in the income statement on a straight-line basis.

2. TRANSITION TO IFRS

CapMan converted from Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS) in its first-quarter interim report in 2005. CapMan's date of transition to IFRS was January 1 2004. The following section presents the effects of the transition to IFRS on CapMan's equity and result.

Reconciliation of shareholders' equity as at 1 January 2004 and 31 December 2004:

€ ('000)	1.1.2004	31.12.2004
Shareholders' equity according to FAS	45 292	47 882
Effects of adopting IFRS:		
IAS 12 Income taxes	681	715
IAS 19 Employee benefits	-300	-340
IAS 22 Business combinations	0	-877
IAS 39 Financial instruments	-2 047	-2 410
Shareholders equity according to IFRS	43 626	44 970

Reconciliation of net profit for the financial year ending 31 December 2004:

€ ('000)	31.12.2004
Net profit for the period according to FAS	6 257
Effects of adopting IFRS:	
IAS 12 Income taxes	34
IAS 19 Employee benefits	-301
IAS 22 Business combinations	-877
IAS 39 Financial instruments	-363
Net profit for the period according to IFRS	4 750

IFRS comparative information 1 January–31 December 2004

Group income statement € ('000)	FAS 1-12/04	IFRS - oikaisut	IFRS 1-12/04
Turnover	28 089	-383	27 706
Other operating income	79		79
Personnel expenses	-9 016	-301	-9 317
Depreciation and amortisation	-604		-604
Amortisation of goodwill	-1 549	-877	-2 426
Other operating expenses	-7 686		-7 686
Fair value losses/gains of investments		-363	-363
Operating profit	9 313	-1 924	7 389
Financial income and expenses	527		527
Share of associated companies' result		383	383
Profit before taxes	9 840	-1 541	8 299
Income taxes	-3 394	34	-3 360
Minority interest	-189		-189
Profit for the financial year	6 257	-1 507	4 750

IFRS comparative information 31 December 2004

Group balance sheet

€ ('000)	FAS 31.12.04	IFRS - difference	IFRS 31.12.04
ASSETS			
Non-current assets			
Tangible assets	1 097		1 097
Goodwill	5 416	-877	4 539
Other intangible assets	740		740
Investments in associated companies	1 206		1 206
Investments at fair value through profit and loss			0
Investments in funds	16 232	-2 048	14 184
Other financial assets	1 555	-362	1 193
Receivables	5 609		5 609
Deferred income tax assets	230	715	945
	32 085	-2 572	29 513
Current assets			
Trade and other receivables	5 839		5 839
Other financial assets at fair value	5 498		5 498
Cash and bank	10 000		10 000
	21 337		21 337
Total assets	53 422	-2 572	50 850
EQUITY AND LIABILITIES			
Share capital	747		747
Share premium account	36 888		36 888
Share-based compensation		-573	-573
Granted options		900	900
Retained earnings	3 990	-1 732	2 258
Profit for the financial year	6 257	-1 507	4 750
	47 882	-2 912	44 970
Minority interest	207		207
Total equity	48 089	-2 912	45 177
Non-current liabilities			
Deferred income tax liabilities	584		584
Other liabilities	51	340	391
	635	340	975
Current liabilities			
Trade and other payable	3 498		3 498
Current income tax liabilities	1 200		1 200
	4 698	0	4 698
Total liabilities	5 333	340	5 673
Total equity and liabilities	53 422	-2 572	50 850

Group's cash flow statement:

There are no significant differences between FAS and IFRS.

Turnover

In IFRS reporting, the results of the associated companies are reported under financial items.

Employee benefits

Stock options granted after 7 November 2002 have been entered in the balance sheet at fair value at the time of granting. The fair value is calculated using the Black & Scholes pricing model. The expenses arising from stock option programs and other personnel incentives have been entered under personnel expenses.

Amortisation of goodwill

According to IFRS, goodwill is not amortised regularly. The goodwill impairment test is carried out quarterly instead of depreciations. The amortisation of goodwill has been entered as an expense in the income statement.

Change in fair value of investments

Investments to the funds have been assessed to fair value in the balance sheet according to the IFRS 39 standard. Changes in the fair value of investments have been entered in the income statement.

Income taxes

Deferred tax includes the impact resulting from several IFRS adjustments.

3. BUSINESS COMBINATIONS

In 2005 CapMan acquired 80% of Realprojekti Oy and Realprojekti Kiinteistökehitys Oy. The acquisition was made in association with the expansion of business operations to private equity real estate funds. The consolidated turnover of the acquired companies for the period July-December 2005 was €0.9 million and the net result after minority interests was €0.5 million. The turnover of the acquired companies for the period January-June was €1.4 million and the result €0.0 million. The acquisition is itemised below:

Paid in cash	100
Paid with CapMan Plc shares	465
Directly attributable expenses	44
Total acquisition cost	609
Minority interest 20%	-100
Fair value of acquired net assets 80%	-258
Goodwill	251

The fair value of CapMan Plc shares has been based on market value at the time of acquisition.

Acquired net assets	Fair value	Resellers book value
Intangible assets (competition restriction and customership)	392	12
Tangible assets	25	25
Receivables	379	379
Cash and cash equivalents	210	240
Deferred tax liability	-98	0
Liabilities	-594	-550
Acquired minority	-63	
Fair value of acquired net assets	251	

The remaining €0.1 million, 30% of shares in Finnmezzanine Oy has been acquired during the financial year. The acquisition has no significant impact on the Group's financial statements. CapMan made no acquisitions during the year 2004.

4. SEGMENT INFORMATION

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

Business areas

€ ('000)

2005	CapMan Private Equity	CapMan Real Estate	Group total
Turnover	26 334	2 355	28 689
Operating profit	7 400	1 019	8 419
Share of associated companies' result	250	0	250
Profit for the financial year	6 243	732	6 975
Assets	55 373	1 827	57 200
Investments in associated companies	1 099		1 099
Liabilities	7 100	1 008	8 108
Investments	4 417	162	4 579
Depreciation	768	6	774
Impairment	0	0	0

2004	CapMan Private Equity	CapMan Real Estate	Group total
Turnover	27 706		27 706
Operating profit	7 389		7 389
Share of associated companies' result	383		383
Profit for the financial year	4 939		4 939
Assets	50 850		50 850
Investments in associated companies	1 206		1 206
Liabilities	5 673		5 673
Investments	2 826		2 826
Depreciation	604		604
Impairment	2 426		2 426

5. OTHER OPERATING INCOME

	2005	2004
Gains from sales of tangible assets	8	8
Other items	48	71
Total	56	79

6. PERSONNEL

	2005	2004
Wages and salaries	8 285	6 967
Pension expenses – defined contribution plans	1 285	922
Granted options	476	261
Other personnel expenses	1 091	1 167
Total	11 137	9 317

Personnel by team at year-end

	2005	2004
CapMan Buyout	20	25
CapMan Technology	14	14
CapMan Life Science	5	5
CapMan Real Estate	15	
Finances and Administration	25	23
Business Development and Fundraising, IR & Communications	8	7
Total	87	74

Personnel incentive schemes

The terms of the 2000 and 2003 stock option programs are presented in Table 25: Share-based payments.

7. DEPRECIATION AND IMPAIRMENT

Depreciation by asset type	2005	2004
Intangible assets		
Other intangible assets	379	215
Total	379	215

Tangible assets

Machinery and equipment	395	389
Total	395	389

Impairment by asset type

Goodwill	0	2 426
Total	0	2 426

Total depreciation and impairment	774	3 030
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8. OTHER OPERATING EXPENSES

Included in other operating expenses:

	2005	2004
Other personnel expenses	780	639
Office expenses	2 102	2 083
Travelling and entertainment	812	690
External services	3 254	2 141
Other operating expenses	3 050	2 133
Total	9 998	7 686

9. FINANCIAL INCOME AND EXPENCES

	2005	2004
Interest income, loan receivables	464	312
Interest income, deposits	222	150
Interest and financial income, other	67	131
Exchange gains	96	45
Interest and financial expenses	-29	0
Exchange losses	-63	-111
Total	757	527

10. INCOME TAXES

	2005	2004
Current income tax	-2 077	-3 200
Taxes for previous year	2	0
Deferred taxes	-376	-235
Imputation credit	0	75
Total	-2 451	-3 360

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

Income taxes	2005	2004
Profit before taxes	9 426	8 299
Income taxes at Finnish rate on consolidated profit before tax	2 450	2 407
Taxes for previous years	-2	8
Imputation credit	0	-75
Effect on different tax rates outside Finland	74	94
Tax exempt income	-127	-63
Non-deductible expences	99	252
Goodwill amortisation	0	704
Impact of the changes in the tax rate	0	33
Effect of consolidation	-43	0
Income taxes in the consolidated income statement	2 451	3 360

11. EARNINGS PER SHARE

Earnings per share is calculated by dividing the distributable retained profit for the financial year by the average share issue adjusted number of shares, excluding shares that have been purchased by the Company and are presented as the Company's own shares.

	2005	2004
Attributable to the equity holders of the Company, € ('000)	6 816	4 750
Weighted average number of shares ('000)	75 042	74 709
Effect of options ('000)	4 858	6 520
Weighted average number of shares adjusted for the effect of dilution ('000)	78 689	77 619
Earnings per share, €	0.09	0.06
Diluted	0.09	0.06

Dividends paid and proposal for profit distribution

A dividend of €0.06 per share, or total of €4.5 million, was paid for year 2004. The Board of Directors proposes to the Annual General Meeting to be held on 22 March 2006 that a dividend of €0.07 per share, corresponding to total profit distribution of €5.3 million, be paid to shareholders for the year 2005.

12. TANGIBLE ASSETS

	2005	2004
Machinery and equipment		
Acquisition cost at 1 January	1 948	1 854
Additions	420	245
Disposals	-246	-151
Acquisition cost at 31 December	2 122	1 948
Accumulated depreciation at 1 January	-972	-727
Accumulated depreciation in decreases	95	143
Depreciation for the financial year	-386	-388
Accumulated depreciation at 31 December	-1 263	-972
Book value on 31 December	859	976
Other tangible assets		
Acquisition cost at 1 January	121	121
Book value on 31 December	121	121

Tangible assets total	980	1 097
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13. GOODWILL

	2005	2004
Acquisition cost at 1 January	6 965	6 965
Additions	306	0
Acquisition cost at 31 December	7 271	6 965
Accumulated impairment at 1 January	-2 426	0
Impairments	0	-2 426
Accumulated impairment at 31 December	-2 426	-2 426
Book value on 31 December	4 845	4 539

Impairment testing of goodwill

In 2002 CapMan acquired Swedestart Management AB whose remaining goodwill was €4.5 million as at 31 December 2005. The management of Swedish funds forms a cash-generating unit. Potential impairment has been tested by using estimated future discounted cash flows. Cash flow projections have been prepared for five years, and periods beyond the management's review period have been extrapolated taking into consideration the average business cycle. The management fees of the current funds are based on long-term agreements and the income is discounted using an 8% discount rate. Potential carried interest income has not been taken into account because of their uncertain nature. Based on the impairment test there was no need to write down the goodwill. However, the carrying amount of goodwill is sensitive to the success of fundraising. The goodwill may be impaired in future in the event that the funds' size is less than estimated or in case of delays in the fundraising process.

The goodwill impairment in 2004 relates to Danish subsidiary CapMan Invest A/S.

14. OTHER INTANGIBLE ASSETS

	2005	2004
Acquisition cost at 1 January	1 246	1 217
Additions	415	690
Disposals	0	-661
Acquisition cost at 31 December	1 661	1 246
Accumulated depreciation at 1 January	-506	-290
Depreciation for the financial year	-388	-216
Accumulated depreciation at 31 December	-894	-506
Book value on 31 December	767	740

Other intangible assets include computer programs €0.3 million, trademark rights €0.2 million and competition restriction €0.2 million.

15. SHARES IN ASSOCIATED COMPANIES

	2005	2004
Acquisition cost at 1 January	1 206	944
Additions/disposals	-107	262
Acquisition cost at 31 December	1 099	1 206

2005 Associated companies:

€ ('000)	Assets	Liabilities	Turnover	Profit/loss	Ownership, %
Access Capital Partners S.A., France	2 180	974	5 338	306	47.47
Access Capital Partners (Guernsey) Limited, Guernsey	207	77	3 751	87	47.50
Baltcap Management Oy, Finland	1 692	265	1 149	-100	20.00
BIF Management Ltd, Jersey	64	8	1 146	1	33.33
Baltic SME Management B.V., The Netherlands	32	9	268	0	33.33
Maneq 2002 AB, Sweden	1 050	1 035	0	-66	35.00
Maneq 2004 AB, Sweden	1 302	777	394	356	35.00
Maneq 2005 AB, Sweden	1 849	1 837	0	0	48.00

2004 Associated companies:

€ ('000)	Assets	Liabilities	Turnover	Profit/loss	Ownership, %
Access Capital Partners S.A., France	2 258	898	4 306	494	47.47
Access Capital Partners (Guernsey) Limited, Guernsey	427	383	4 065	350	47.50
Baltcap Management Oy, Finland	1 842	315	1 206	52	20.00
BIF Management Ltd, Jersey	98	44	977	0	33.33
Baltic SME Management B.V., The Netherlands	29	7	236	0	33.33
Maneq 2002 AB, Sweden	1 065	980	0	-68	35.00

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

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

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2005	2004
Investments in funds		
Investments in funds at 1 January	14 184	12 516
Additions/disposals	4 521	1 670
Fair value gains/losses on investments	1 583	-2
Investments in funds at 31 December	20 288	14 184
Other financial assets		
Other investments at 1 January	1 193	1 498
Additions/disposals	-156	56
Fair value gains/losses of investments	0	-361
Other investments at 31 December	1 037	1 193

Investments at fair value through profit and loss include mainly CapMan's own investments in the funds. CapMan's objective is to raise the size of the Company's own investments from the previous level of 3-5% to 5-10% of the total capital in future CapMan funds.

17. RECEIVABLES – NON-CURRENT

	2005	2004
Loan receivables from associated companies	3 166	872
Other loan receivables	6 006	4 737
Other receivables	1 623	0
Total	10 795	5 609

Receivables include mainly fixed-interest loan receivables from the funds: Maneq 2002 AB €0.9 million, Maneq 2002 Ky €3.4 million, Maneq 2004 AB €0.7 million, Maneq 2004 Ky €1.7 million and Maneq 2005 AB €1.5 million. Non-current receivables have a fair value equal to their book value.

18. DEFERRED TAX ASSETS AND LIABILITIES

	2005	2004
Deferred tax assets		
Accrued differences	230	230
Fair value changes in investments	215	627
Employee benefits	100	88
Total	545	945
Deferred tax liabilities		
Accrued differences	680	584
Total	680	584

19. TRADE AND OTHER RECEIVABLES

	2005	2004
Trade receivables	1 377	705
Receivables from associated companies	552	178
Loan receivables	0	142
Accrued income	2 094	1 972
Other receivables	2 513	2 842
Total	6 536	5 839

Accrued income includes tax receivables. Other receivables include carried interest receivables from the funds. No doubtful receivables have been deducted.

21. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	Number of A shares ('000)	Number of B shares ('000)	Share capital € ('000)	Share premium account € ('000)	Total € ('000)
Share capital at 1 January 2004	8 000	66 682	747	36 865	37 612
Share subscription with options		27		23	23
Share capital at 1 December 2004	8 000	66 709	747	36 888	37 635
Share issue		182	2	464	466
Share subscription with options		1 032	10	805	815
Share capital at 1 December 2005	8 000	67 923	759	38 157	38 916

The share capital is a minimum of €390,000 and a maximum of €1,560,000 within limits the amount can be increased or decreased without amending the Articles of Association. The nominal share value is €0.01.

22. OTHER LIABILITIES – NON-CURRENT

	2005	2004
Other liabilities	1 299	391
Total	1 299	391

Other liabilities include the liability of the sabbatical €0.4 million and non-current trade payables €0.9 million.

23. TRADE AND OTHER PAYABLES – CURRENT

	2005	2004
Trade payables	1 533	676
Accrued expenses	3 011	2 193
Other liabilities	1 233	629
Total	5 777	3 498

Accrued expenses include accrued salaries and social benefit expenses.

24. COMMITMENTS AND CONTINGENT LIABILITIES

	2005	2004
Operating lease commitments		
Within one year	168	147
After one but not more than five years	108	135
Total	276	282
Other hire purchase commitments		
Within one year	1 476	1 488
After one but not more than five years	4 800	4 800
More than five years	4 800	5 760
Total	11 076	12 048

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

Other contingent liabilities

Pledged deposit for own commitment	63	31
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20. OTHER FINANCIAL ASSET AT FAIR VALUE

	2005	2004
Other financial assets at fair value	3 462	5 498
Total	3 462	5 498

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

Remaining commitments to funds	2005	2004
Finnventure Rahasto V Ky	100	100
Finnmezzanine Rahasto II B Ky	12	12
Finnmezzanine Rahasto III A Ky	70	225
Finnmezzanine Rahasto III B Ky	55	100
Finnmezzanine Rahasto III C Ky	0	162
Access Capital FCPR	2	7
Access Capital FCPR II A	14	21
Access Capital FCPR II B	11	14
Access Capital LP	27	96
Access Capital LP II A	2 261	3 457
Access Capital LP II B	2 759	3 670
Access Capital LP II C	11	16
Access Capital LP II D	13	19
Access Capital II Founder Partner LP	47	67
CapMan Equity VII A L.P.	3 312	6 071
CapMan Equity VII B L.P.	363	965
CapMan Equity VII C L.P.	556	751
CapMan Equity Sweden KB	725	1 341
Swedestart Tech KB	1 436	1 945
Swedestart Tech AB	66	89
Swedestart Life Science AB	32	45
CapMan Mezzanine IV L.P.	3 589	2 970
CapMan Mezzanine IV Classic Ky	2 963	0
A.A.Advisors Private Capital Plus	6	0
Neuflyze VIE	9	0
CapMan Private Rahasto III Ky	198	0
CapMan Real Estate I Ky	838	0
CapMan Buyout VIII Fund A L.P.	30 892	0
Total	50 367	22 143

CapMan, like other investors in the funds, gives commitments to the funds when they are established. The increase in fund commitments compared to the previous year resulted from the €31 million commitment to the new fund CapMan Buyout VIII.

25. SHARE-BASED PAYMENTS

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

	Stock option program 2000		Stock option program 2003	
	Stock options 2000A/B	Stock options 2003A	Stock options 2003A	Stock options 2003B
Stock options, number	5 270 000	625 000		625 000
Entitlement to subscribe for B shares, number	5 270 000	625 000		625 000
Share subscription period begins	1.10.2003 (A options) 1.10.2005 (B options)	1.10.2006		1.10.2007
Share subscription period ends	31.10.2007	31.10.2008		31.10.2009
Share subscription price	€1.26 less dividends from 2001 onwards (€0.79 as of 31.12.2005)	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.12.–31.12.2003 (€1.72) less dividends from 2004 onwards (€1.61 as of 31.12.2005)	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.6.–30.6.2004 (€1.60) less dividends from 2005 onwards (€1.54 as of 31.12.2005)	

Information applied in the Black-Scholes model	Stock option program 2000		Stock option program 2003	
	Stock options 2000A/B	Stock options 2003A	Stock options 2003A	Stock options 2003B
Expected volatility	20.00%	20.00%		20.00%
Risk-free interest	2.75%	2.75%		2.75%
Average fair value at grant date	€0.75	€0.39		€0.55

The lowest trading price of 2000A/B stock options for the year 2005 was €1.35 and the highest was €2.45, with an average price of trades of €1.82. The closing price on 30 December 2005 was €1.92. A total of 1,868,300 2000A/B stock options with a value of €3.4 million were traded in 2005 (2004: 1,268,500 options with a value of €1.4 million). As at 31 December 2005 the options had been subscribed for 1,059,900 CapMan Plc B shares.

26. RELATED PARTY DISCLOSURES

Services sold to related parties in 2005

The Group received a return of €0.2 million from the sale of services to Access Capital Partners (Guernsey) Ltd, which is 47.5% owned by the Group.

Loan receivables from related parties as at 31 December 2005, M€

	Non-current loan receivables	Current loan receivables	Ownership
Maneq 2002 AB	0.9		35 %
Maneq 2004 AB	0.7		35 %
Maneq 2005 AB	1.5	0.3	48 %

In 2005, CEO Ari Tolppanen received salary and other remuneration totalling €62,074 (January-March) and CEO Heikki Westerlund received €162,269 (April-December). Deputy CEO Heikki Westerlund received salary and other remuneration totalling €58,713 (January-March) and Deputy CEO Olli Liitola received €95,303 (April-December). The total remuneration paid to the members of the Board was €83,000.

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

Board members' holding of share-based payments

As of 31 December 2005 the members of the Board of Directors held 150,000 stock options (2004: 150,000). The stock options granted to the members of the Board are subject to the same terms as for stock options granted to employees.

27. FINANCIAL RISK MANAGEMENT

The main part of the Group's investments comprise of fund investments and loan receivables. There are no significant long-term liabilities.

Interest rate risk

The Group is exposed to interest rate risk relating to the fund investments which are valued in accordance with European Private Equity & Venture Capital Association (EVCA) guidelines. The fair value is therefore significantly affected by changes in market interest rates, changes in cash flow generation capacity, and changes in the overall market environment of the portfolio companies.

Foreign currency risk

The Group's revenues are predominately in euros. Most expenses are denominated in euros, but also in Swedish, Norwegian and Danish crowns. The funds under management invest in portfolio companies in Finland, Sweden, Norway and Denmark. According to the management, foreign currency risk has not been considered as material and therefore it has not been hedged.

Credit risk and counter part risk

The main business of the Company is based on agreements made with the funds, whereby the Group is entitled to receive management fees, advisory fees and carried interest income. The credit risk is significantly affected by the funds ability to generate positive cash flow.

28. EVENTS AFTER THE CLOSING DATE

The exit from PPTH-Norden Oy's parent company PPTH Steelmanagement Oy by the Fenno Fund co-managed by CapMan and Fenno Management Oy as well as Finnventure IV and Finnmezzanine II funds was closed in January, when the sale of the company to Rautaruukki Corporation was finalised. The impact of the exit on CapMan's result for 2006 is approx. €2.0 million, as a result of carried interest income received from Fenno Fund.

51 Parent Company Income Statement and Balance Sheet (FAS)

2005 Annual Report

('000)	Note	1.1.-31.12.2005	1.1.-31.12.2004	('000)	Note	31.12.2005	31.12.2004
Turnover	1	582	553	ASSETS			
Other operating income	2	0	8	Fixed assets			
Personnel expenses	3	-1 498	-488	Intangible assets	8	124	187
Depreciation and amortisation	4	-78	-77	Tangible assets	9	33	17
Other operating expenses		-2 340	-974	Investments	10		
Operating loss		-3 334	-978	Shares in subsidiaries		12 448	11 953
Financial income and expenses	5	3 191	2 357	Investments in associated companies		274	252
Profit/loss before extraordinary items		-143	1 379	Other investments		18 679	14 126
Extraordinary items	6	8 000	9 400	Total fixed assets		31 558	26 535
Profit before taxes		7 857	10 779	Current assets			
Income taxes	7	-1 391	-3 106	Long-term receivables	11	9 172	5 609
Profit for the financial year		6 466	7 673	Deferred tax assets	12	194	194
				Short-term receivables	13	8 536	14 333
				Marketable securities		427	2 300
				Cash and bank		2 138	561
				Total current assets		20 467	22 997
				Total assets		52 025	49 532
				SHAREHOLDERS' EQUITY AND LIABILITIES			
				Shareholders' equity	14		
				Share capital		759	747
				Share premium account		38 091	36 888
				Retained earnings		5 770	2 579
				Profit for the financial year		6 466	7 673
				Total shareholders' equity		51 086	47 887
				Liabilities			
				Short-term liabilities	15	939	1 645
				Total liabilities		939	1 645
				Total equity and liabilities		52 025	49 532

€ ('000)	1.1.-31.12.2005	1.1.-31.12.2004
Cash flow from operations		
Operating loss	-3 334	-978
Adjustments to operating loss	78	77
Change in working capital	7 092	-6 028
Interest paid	-18	0
Interest received	224	187
Dividends received	2 672	1 474
Taxes paid	-3 591	-1 362
Cash flow from operations	3 123	-6 630
Cash flow from investments		
Investments in tangible and intangible assets	-30	0
Proceeds from sale of tangible and intangible assets	0	8
Investments in other placements	-4 670	-3 661
Cash flow from investments	-4 700	-3 653
Financial cash flow		
Share issue	817	24
Change in short-term loan receivables	-186	36
Change in long-term loan receivables	-2 868	-1 346
Dividends paid	-4 482	-3 758
Group contributions received	8 000	9 400
Cash flow from investments	1 281	4 356
Change in cash funds	-296	-5 927
Cash funds at 1 January	2 860	8 787
Cash funds at 31 December	2 564	2 860

1. TURNOVER

€ ('000)	2005	2004
Finland	320	303
Foreign	262	250
Total	582	553

2. OTHER OPERATING INCOME

	2005	2004
Proceeds from sale of fixed assets	0	8
Total	0	8

3. PERSONNEL

	2005	2004
Wages and salaries	1 326	406
Pension expenses	172	54
Other personnel expenses	0	28
Total	1 498	488

Salary and other remuneration of the CEO and Board members

Board members	66	13
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Average number of employees	12	5
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4. DEPRECIATIONS

	2005	2004
Depreciation by asset type		
Intangible rights	3	3
Other long-term expenditure	60	61
Machinery and equipment	15	13
Total	78	77

5. FINANCIAL INCOME AND EXPENSES

	2005	2004
Dividend income		
Income from subsidiaries	2 292	1 659
From associated companies	380	174
Total	2 672	1 833

Other interest and financial income

Group companies	12	21
Others	558	503
Total	570	524

Interest and other financial expenses

Others	-51	0
Total	-51	0

Financial income and expenses total	3 191	2 357
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6. EXTRAORDINARY ITEMS

	2005	2004
Extraordinary income		
Group contributions received	8 000	9 400

7. INCOME TAXES

	2005	2004
Income taxes	-1 391	-3 055
Deferred taxes increase/decrease	0	-51
Total	-1 391	-3 106

8. INTANGIBLE ASSETS

	2005	2004
Intangible rights		
Acquisition cost at 1 January	19	205
Disposals	0	-186
Acquisition cost at 31 December	19	19
Accumulated depreciation at 1 January	-7	-57
Accumulated depreciation in decreases	0	53
Depreciation for the financial year	-2	-3
Accumulated depreciation at 31 December	-9	-7
Book value on 31 December	10	12
Other long-term expenditure		
Acquisition cost at 1 January	307	89
Additions	0	218
Acquisition cost at 31 December	307	307
Accumulated depreciation at 1 January	-132	-18
Accumulated depreciation in decreases	0	-53
Depreciation for the financial year	-61	-61
Accumulated depreciation at 31 December	-193	-132
Book value on 31 December	114	175
Intangible rights total	124	187

9. TANGIBLE ASSETS

	2005	2004
Machinery and equipment		
Acquisition cost at 1 January	57	79
Additions	30	0
Disposals	0	-22
Acquisition cost at 31 December	87	57
Accumulated depreciation at 1 January	-45	-54
Accumulated depreciation in decreases	0	21
Depreciation for the financial year	-14	-12
Accumulated depreciation at 31 December	-59	-45
Book value on 31 December	28	12
Other tangible assets		
Acquisition cost at 1 January	5	5
Book value on 31 December	5	5
Tangible assets total	33	17

10. INVESTMENTS

Subsidiaries:	Ownership of shares,%	Share capital
CapMan Capital Management Ltd, Finland	100%	
CapMan Invest A/S, Denmark	100%	
NPE General Partner II Limited, Jersey	100%	
CapMan Sweden AB, Sweden	100%	
CapMan Holding AB, Sweden	100%	
CapMan Norway AS, Norway	100%	
CapMan (Guernsey) Limited, Guernsey	100%	
CapMan Mezzanine (Guernsey) Limited, Guernsey	100%	
CapMan (Guernsey) Buyout VIII GP Limited, Guernsey	100%	
CapMan (Sweden) Buyout VIII GP AB, Sweden	100%	
CapMan Classic GP Oy, Finland	100%	
CapMan Real Estate Oy, Finland	80%	
Realprojekti Kiinteistökehitys Oy, Finland	80%	
Realprojekti Oy, Finland	80%	
CapMan (Guernsey) Life Science IV GP Limited, Guernsey ¹⁾	100%	€ 20 000
Dissimilium Enumeratio Invest AB, Sweden ¹⁾	100%	SEK 100 000
Præveniens Præsumitur Invest AB, Sweden ¹⁾	100%	SEK 100 000
CapMan Germany GmbH, Germany ¹⁾	100%	€ 25 000
Lagrummet December EUR nr 6 AB, Sweden ¹⁾	100%	€ 13 800
Lagrummet December EUR nr 131 KB, Sweden ¹⁾	100%	€ 1 914

¹⁾ Not consolidated, included in the total of other shares.

Associated companies	Ownership of shares, %	
Access Capital Partners S.A., France	47.47%	
Access Capital Partners (Guernsey) Limited, Guernsey	47.50%	
Baltcap Management Oy, Finland	20.00%	
BIF Management Ltd, Jersey	33.33%	
Baltic SME Management B.V., The Netherlands	33.33%	
Maneq 2002 AB, Sweden	35.00%	
Maneq 2004 AB, Sweden	35.00%	
Maneq 2005 AB, Sweden	48.00%	
Shares	2005	2004
Shares in subsidiaries		
Acquisition cost at 1 January	11 953	11 921
Additions	495	32
Acquisition cost at 31 December	12 448	11 953
Shares in associated companies		
Acquisition cost at 1 January	252	198
Additions	22	54
Acquisition cost at 31 December	274	252

Shares, other

Acquisition cost at 1 January	14 126	10 583
Additions	7 073	3 818
Disposals	-2 520	-275
Acquisition cost at 31 December	18 679	14 126
Investments total	31 401	26 331

11. LONG-TERM RECEIVABLES

	2005	2004
Loan receivables from associated companies		
Loan receivables	3 166	872
Other receivables	6 006	4 737
Long-term receivables total	9 172	5 609

12. DEFERRED TAX ASSETS

	2005	2004
Accrued differences	194	194
Deferred tax assets total	194	194

13. SHORT-TERM RECEIVABLES

	2005	2004
Accounts receivable	563	20
Receivable from Group companies		
Accounts receivables	25	146
Loan receivables	440	386
Other receivables	4 830	12 262
Total	5 295	12 794
Receivables from associated companies		
Loan receivables	399	126
Accrued income	153	52
Total	552	178
Loan receivables	0	142
Other receivables	785	794
Accrued income	1 341	405
Short-term receivables total	8 536	14 333

14. SHAREHOLDERS' EQUITY

	2005	2004
Share capital at 1 January	747	747
Share issue	12	0
Share capital at 31 December	759	747
Share premium account	36 888	36 865
Issue premium	1 203	23
Share premium account at 31 December	38 091	36 888
Retained earnings at 1 January	10 252	6 313
Dividend payment	-4 482	-3 734
Retained earnings at 31 December	5 770	2 579
Profit for the financial year	6 466	7 673
Shareholders' equity, total	51 086	47 887
Calculation of distributable assets		
Retained earnings	5 770	2 579
Profit for the financial year	6 466	7 673
Total	12 236	10 252

CapMan Plc's share capital is divided as follows:

	2005		2004	
	Number of shares ('000)	€ ('000)	Number of shares ('000)	€ ('000)
Series A share (10 votes/share)	8 000	80	8 000	80
Series B share (1 vote/share)	67 923	679	66 682	667

15. SHORT TERM LIABILITIES

	2005	2004
Accounts payable	67	47
Liabilities to Group companies		
Other liabilities	87	42
Other liabilities	55	37
Accrued expenses	730	1 519
Short-term liabilities total	939	1 645

16. CONTINGENT LIABILITIES

Remaining commitments to funds	2005	2004
Access Capital FCPR	2	7
Access Capital FCPR II A	14	21
Access Capital FCPR II B	11	14
Access Capital LP	27	96
Access Capital LP II A	2 261	3 457
Access Capital LP II B	2 759	3 670
Access Capital LP II C	11	16
Access Capital LP II D	13	19
Access Capital II Founder Partner LP	47	67
CapMan Equity VII A L.P.	3 312	6 071
CapMan Equity VII B L.P.	363	965
CapMan Equity VII C L.P.	556	751
CapMan Equity Sweden KB	413	764
Swedestart Tech KB	1 436	1 945
Swedestart Tech AB	66	89
Swedestart Life Science AB	32	45
CapMan Mezzanine IV L.P.	3 589	2 970
CapMan Mezzanine IV Classic Ky	2 963	0
A.A.Advisors Private Capital Plus	6	0
Neuflize VIE	9	0
CapMan Private Fund III Ky	198	0
CapMan Buyout VIII Fund A L.P.	26 892	0
Total	44 980	20 967

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

Helsinki 2 February 2006

Ari Tolppanen
Chairman

Tapio Hintikka

Lennart Jacobsson

Lauri Koivusalo

Teuvo Salminen

Heikki Westerlund
CEO

Auditor's Report

TO THE SHAREHOLDERS OF CAPMAN CORPORATION

We have audited the accounting records, the financial statements and the administration of CapMan Plc for the period 1.1.–31.12.2005. The Board of Directors and the CEO have prepared the report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include the parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

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 administration is to examine that the members of the Board of Directors and the CEO of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

PARENT COMPANY'S FINANCIAL STATEMENTS AND ADMINISTRATION

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The 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 distributable funds is in compliance with the Companies Act.

Helsinki 3 March 2006

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Return on equity % (ROE) =	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest (average)}} \times 100$
Return on investment % (ROI) =	$\frac{\text{Profit before extraordinary items} + \text{interest expense and other financial expenses}}{\text{Balance sheet total} - \text{non-interest bearing debts (average)}} \times 100$
Equity ratio (%) =	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Earnings per share (EPS) =	$\frac{\text{Profit before extraordinary items} - \text{taxes} +/- \text{minority interest}}{\text{Share issue adjusted number of shares (average)}}$
Shareholders' equity per share =	$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of the financial year}}$
Dividend per share =	$\frac{\text{Dividend paid in the financial year}}{\text{Share issue adjusted number of shares at the end of the financial year}}$
Dividend per earnings (%) =	$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$

Glossary

Capital under management

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

Capital weighted aggregate IRR

The aggregate IRR weighted by gross investment/fund size, with all investments/funds contributing to the aggregate in proportion to their size.

Carried interest

A bonus entitlement accruing to an investment fund's management company. The management company begins to receive carried interest after the investors (limited partners) 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.

Equity fund

A private equity fund making investments.

Fund focus

The strategy of specialisation by stage of investment, sector of investment and geographical concentration.

Fund of funds

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

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.

Fund size

The total amount of capital committed by the limited and general partners of a fund.

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 or return, using monthly cash flows and annual valuations.

Management fees

Compensation for the management of a private equity fund's activities. This annual management charge is equal to a certain percentage of investors' initial commitments to the fund. CapMan's management fees are usually 1.5–2.5% of the fund's commitments/remaining portfolio for equity funds and 1.25–1.5% for mezzanine funds.

A complete glossary of English terms used in the private equity investment industry can be found on the website of the European Private Equity & Venture Capital Association (EVCA) at www.evca.com. A Finnish glossary of terms used in the real estate investment industry can be found on the website of KTI Institute for Real Estate Economics at www.kti.fi, among others.

- 10 Jan 2005 Hantro strengthens market leading position with €4 million additional investment
- 21 Jan 2005 CapMan studies the establishment of private equity real estate fund
- 1 Feb 2005 CapMan and SEB Företagsinvest invest €3.3 million in Swedish SciBase
- 2 Feb 2005 de Neergaard resigns from CapMan Plc Board of Directors
- 11 Feb 2005 CapMan Plc Group Financial Statements Bulletin 1 January – 31 December 2004
- 14 Feb 2005 B-shares subscribed with 2000A stock options in CapMan Plc
- 18 Feb 2005 Nominations in CapMan Group
- 2 Mar 2005 Invitation to the Annual General Meeting of CapMan Plc
- 4 Mar 2005 CapMan, Investor Growth Capital and Nobel Biocare sell Swedish Entific to Australian Cochlear for €116.1 million
- 4 Mar 2005 CapMan acquires Metso Drives from Metso Corporation
- 15 Mar 2005 Heikki Westerlund appointed CEO of CapMan Plc
- 21 Mar 2005 CapMan's Annual Report 2004 published
- 23 Mar 2005 CapMan acquires Norwegian poultry and egg producers
- 23 Mar 2005 Tamore Group sells Printel Oy to LL Intressenter AB
- 30 Mar 2005 CapMan and Eqvitec exit Normet
- 31 Mar 2005 Decisions adopted by CapMan Plc's Annual General Meeting
- 31 Mar 2005 CapMan Mezzanine IV fund closes on €240 million
- 13 Apr 2005 CapMan Plc to repurchase own shares
- 27 Apr 2005 CapMan funds exit from Setec
- 29 Apr 2005 CapMan and 3i funds exit Finndomo
- 2 May 2005 CapMan Plc Group's comparative IFRS information for 2004
- 10 May 2005 CapMan Plc Group Interim Report 1 January – 31 March 2005
- 12 May 2005 CapMan's portfolio company AffectoGenimap Plc files to IPO on the Helsinki Stock Exchange
- 27 May 2005 Exit from AffectoGenimap moves Fenno Fund substantially closer to carry
- 27 May 2005 B-shares subscribed with 2000A stock options in CapMan Plc
- 30 May 2005 Nanso to acquire Vogue Group from CapMan funds
- 1 Jun 2005 CapMan exits Tamore Group
- 10 Jun 2005 CapMan exits Norwegian EuroProcessing International ASA
- 20 Jun 2005 CapMan establishes €500 million private equity real estate fund
- 27 Jun 2005 CapMan exits from Holiday Club Finland
- 29 Jun 2005 Increase in CapMan Plc's share capital entered into the Trade Register
- 1 Jul 2005 CapMan acquires Norwegian InfoCare ASA
- 8 Jul 2005 CapMan exits Aurajoki Oy
- 12 Jul 2005 CapMan invests in Swedish Inflight Service
- 4 Aug 2005 CapMan Plc Group Interim Report 1 January – 30 June 2005
- 23 Aug 2005 CapMan to invest €3.2 million in medical technology company Aerocrine
- 1 Sep 2005 CapMan exits Junttan
- 1 Sep 2005 B-shares subscribed with 2000A stock options in CapMan Plc
- 5 Sep 2005 CapMan invests in Danish ScanJour A/S
- 12 Sep 2005 CapMan applies for listing of 2000B-warrants on the Main List of the Helsinki Stock Exchange
- 14 Sep 2005 CapMan to invest in Finnish Flander
- 29 Sep 2005 CapMan exits from steel constructor PPTH-Norden
- 3 Oct 2005 Nominations in CapMan Plc Group
- 31 Oct 2005 CapMan's website has been revised
- 3 Nov 2005 CapMan Plc Group Interim Report 1 January – 30 September 2005
- 3 Nov 2005 CapMan Plc's financial reporting in 2006
- 4 Nov 2005 Changes in CapMan Plc's organisation
- 4 Nov 2005 CapMan Buyout VIII fund holds first closing at €312 million
- 10 Nov 2005 B-shares subscribed with 2000A/B- stock options in CapMan Plc
- 14 Nov 2005 Finnish Competition Authority continues probe in acquisition of PPTH, exit from PPTH may be postponed to 2006
- 23 Nov 2005 CapMan's private equity real estate fund acquires Kemira's headquarters
- 19 Dec 2005 Tokmanni to acquire Tarjousmaxi and Säästöalo Robinhood
- 22 Dec 2005 Finnish Competition Authority approves the sale of PPTH-Norden to Rautaruukki
- 30 Dec 2005 B-shares subscribed with stock options 2000A/B in CapMan Plc

Key ratios per share

	FAS 2001	FAS 2002	FAS 2003	IFRS 2004	IFRS 2005
Earnings/share, €	0.34	0.05	0.02	0.06	0.09
Diluted	0.32	0.04	0.02	0.06	0.09
Shareholders' equity/share, €	0.92	0.71	0.61	0.60	0.64
Dividend/share, €	0.26	0.10	0.05	0.06	0.07*
Dividend/earnings %	85.2	222.5	327.0	94.4	78.0*
Average share issue adjusted number of shares	64 797 244	73 752 718	74 681 630	74 709 330	75 041 938
Share issue adjusted number of shares at year-end	71 194 630	75 694 630	74 681 630	74 709 330	75 923 348
Number of shares outstanding	71 194 630	74 813 630	74 681 630	74 709 330	75 923 348

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

SHARE CAPITAL AND SHARE SERIES

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. CapMan Plc's share capital was increased by €12,417.18 in 2005. The paid-in share capital, which is entered in the Trade Register, was €759,233.48 as of 31 December 2005.

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 2005 the total number of A shares was 8,000,000 and the total number of listed B shares was 67,923,348. A shares entitle to 54.1% of all votes and

B shares to 45.9% of all votes. Companies owned by CapMan's Senior Partners at the time of the Company's listing own all 8,000,000 A shares.

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

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 his or her shares and related securities in accordance with the Articles of Association of CapMan Plc.

Changes in number of shares and share capital since CapMan's listing

	Number of A shares	Number of B shares	Total A and B shares	Share capital, €
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
Decrease 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
Increase in share capital on 14.2.2005		27 700	27 700	277,00
Increase in share capital on 27.5.2005		156 900	156 900	1 569,00
Direct share issue on 29.6.2005		181 818	181 818	1 818,18
Increase in share capital on 1.9.2005		354 100	354 100	3 541,00
Increase in share capital on 10.11.2005		179 600	179 600	1 796,00
Increase in share capital on 30.12.2005		341 600	341 600	3 416,00
Share capital at 30.12.2005	8 000 000	67 923 348	75 923 348	759 233,48

	Stock option program 2000		Stock option program 2003	
	Stock options 2000A/B		Stock options 2003A	Stock options 2003B
Stock options, number	5 270 000		625 000	625 000
Entitlement to subscribe for B shares, number	5 270 000		625 000	625 000
Share subscription price on 31.12.2005	€1.26 less dividends from 2001 onwards (€0.79 as of 31.12.2005)		Trade volume weighted average price of the B share on the Helsinki Exchanges 1.12.–31.12.2003 (€1.72) less dividends from 2003 onwards (€1.61 as of 31.12.2005)	Trade volume weighted average price of the B share on the Helsinki Exchanges 1.6.–30.6.2004 (€1.60) less dividends from 2004 onwards (€1.54 as of 31.12.2005)
Share subscription period begins	1.10.2003 (A options) 1.10.2005 (B options)		1.10.2006	1.10.2007
Share subscription period ends	31.10.2007		31.10.2008	31.10.2009
Number of shares subscribed with stock options as at 31.12.2005	1 059 900		-	-

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 stock option programs and information on share subscriptions with options can be found on CapMan's Internet pages under www.capman.com/Fi/InvestorRelations/Shares/StockOptionPrograms. Key information about the programs is presented in the table above.

The CapMan Plc stock options 2000A (2,635,000 pieces) were subject to public trading on the Helsinki Stock Exchange Main List as of 1 October 2003 and the stock options 2000B (2,635,000 pieces) as of 3 October 2005. Prior to listing, the 2000B stock options were merged with the quoted 2000A stock options. The merged stock option series is named CapMan stock options 2000A/B.

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.

As at 31 December 2005, the amount of shares and voting rights respectively that can be subscribed with stock options is 6.94% and 3.56% for year 2000 stock options and 0.82% and 0.82% for year 2003 stock options.

LISTING AND TRADING CODES OF SHARES AND STOCK OPTIONS

CapMan Plc's B share is quoted 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/B stock options commenced on the Main List of the Helsinki Stock Exchange on 3 October 2005.

The trading code of 2000A/B stock options is CPMBVEW100 and the trading lot is 100 options.

TRADING AND PRICE OF SHARES AND STOCK OPTIONS

The CapMan B share's lowest trading price for the year 2005 was €2.24 and the highest trading price was €3.23, with an average price of trades of €2.61. The share's closing price on the last trading day of the year 30 December 2005 was €2.84.

A total of 19,141,024 (31,016,971) CapMan B shares with an approximate value of €49.9 million (€56.3 million) were traded on the Helsinki Stock Exchange during 2005. Share turnover was 28.6% (46.5%) of the average number of all B shares in 2005. The high trading turnover in the comparative year is accounted by the sale of 10,000,000 B shares by some Senior Partners and other employee owners of CapMan in 2004. There was a slight fall in trading turnover and a rise in the value of shares traded in 2005 compared to share sale adjusted trading in the comparative year.

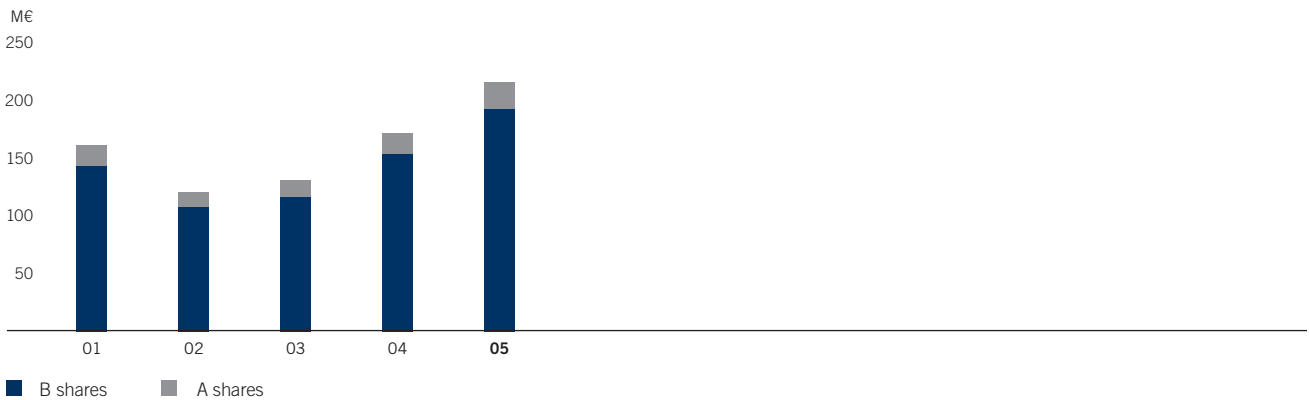
The market value of B shares at year-end was €192.9 million (€153.4 million). The Company's total market capitalisation, including all A and B shares, was €215.6 million (€171.8 million).

The 2000A/B stock option's lowest trading price was €1.35 and the highest trading price was €2.45, with an average price of trades of €1.82. The closing price on 30 December 2005 was €1.92. A total of 868,300 (1,268,500) 2000A stock options with a value of €3.4 million (€1.4 million) were traded during 2005. 1,059,900 CapMan Plc B shares had been subscribed with stock options as at 31 December 2005.

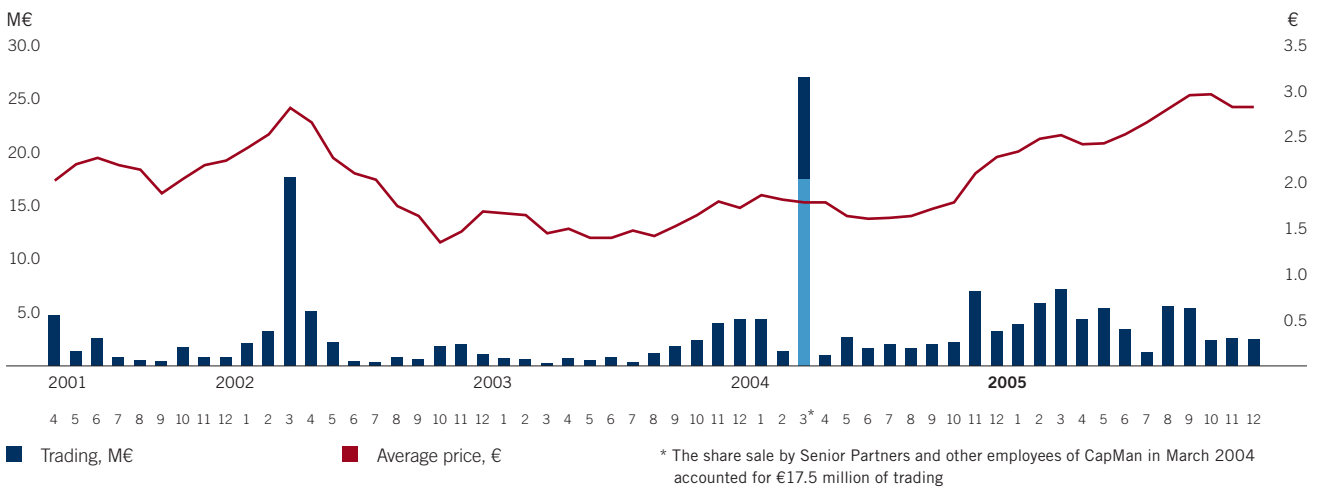
CHANGES IN OWNERSHIP AND FLAGGING ANNOUNCEMENTS

There were no significant changes in ownership and no flagging announcements in 2005. The holdings of foreign shareholders and nominee-registered shareholders in CapMan Plc increased from 18.3% to 26.8%. CapMan Plc had 5,683 (6,256) shareholders as at 31 December 2005.

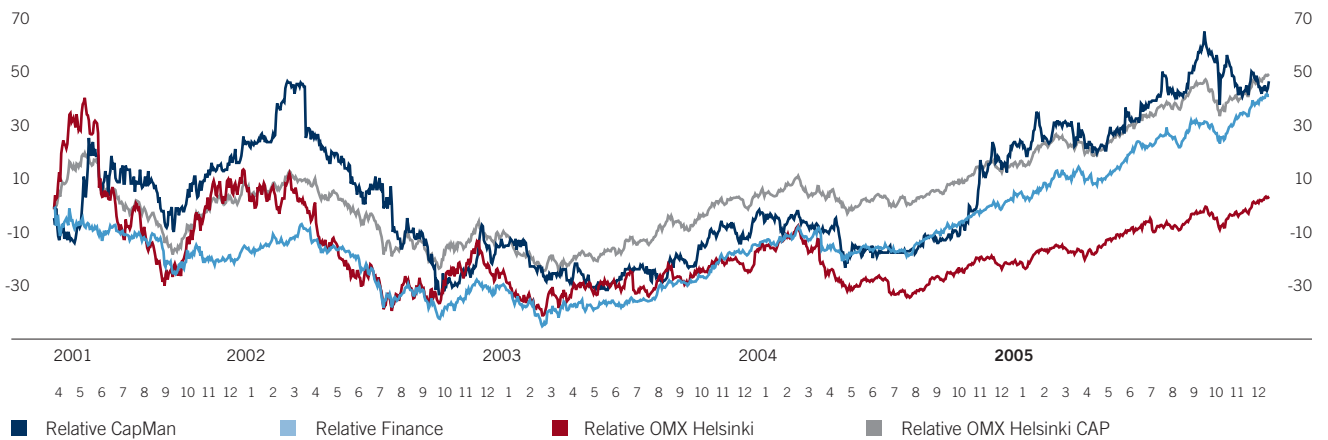
MARKET CAP



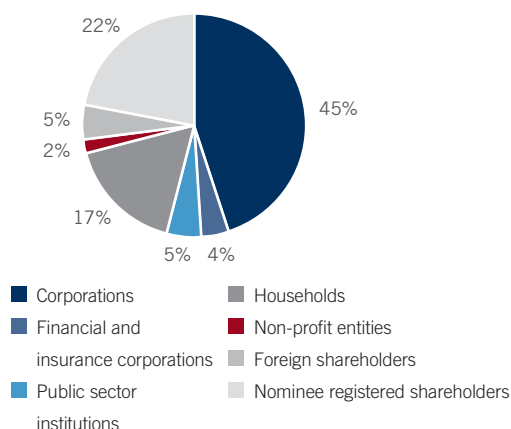
CAPMAN B SHARE TRADING AND AVERAGE PRICE 2.4.2001–31.12.2005



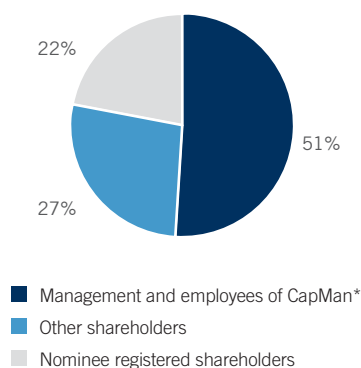
RELATIVE DEVELOPMENT OF CAPMAN'S B SHARE AND OMX INDICES 2.4.2001–31.12.2005



SHAREHOLDER STRUCTURE BY SECTOR



SHAREHOLDER STRUCTURE BY SHAREHOLDING



*Holdings among the 100 largest shareholders of the Company.

Distribution of A and B shareholdings on 30 December 2005

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Holding, %	Number of votes	Proportion of votes, %
1-100	1 010	17.77	44 936	0.06	44 936	0.03
101-1000	2 857	50.27	1 569 976	2.07	1 569 976	1.06
1001-10000	1 623	28.56	5 146 451	6.78	5 146 451	3.48
10001-100000	145	2.55	3 655 831	4.82	3 655 831	2.47
100001-1000000	37	0.65	13 570 258	17.87	15 326 680	10.36
1000001-	11	0.19	51 916 820	68.38	122 160 398	82.58
Total	5 683	100.00	75 904 272	99.97	147 904 272	99.99
Nominee registered	7		16 657 656	21.94		
On the book-entry register joint account			19 076	0.03	19 076	0.01
Total shares outstanding			75 923 348	100.00	147 923 348	100.00

Sector	Number of shareholders	Proportion of shareholders, %	Number of shares	Holding, %	Number of votes	Proportion of votes, %
Corporations	335	5.89	34 061 344	44.86	106 089 596	71.72
Financial and insurance corporations	21	0.37	3 197 584	4.21	19 756 493	13.36
Public sector institutions	7	0.12	3 416 859	4.50	3 416 859	2.31
Households	5 255	92.47	13 034 600	17.17	13 034 600	8.81
Non-profit entities	39	0.69	1 871 530	2.47	1 871 530	1.27
Foreign shareholders	26	0.46	3 664 699	4.83	3 735 194	2.53
Total	5 683	100.00	59 246 616	78.03	147 904 272	99.99
Nominee registered	7		16 657 656	21.94		
On the book-entry register joint account			19 076	0.03	19 076	0.01
Total shares outstanding			75 923 348	100.00	147 923 348	100.00

Source: Finnish Central Securities Depository Ltd, as at 30 December 2005. Figures are based on the total number of shares 75,923,348 and total number of shareholders 5,683. Companies owned by CapMan's Senior Partners at the time of the Company's listing own all 8,000,000 A shares.

BOARD AND MANAGEMENT SHAREHOLDINGS

As of 30 December 2005 the members of the Board of Directors, the CEO and Deputy CEO of CapMan Plc own a total of 20,475,652 A and B shares, both directly and through their companies. The holdings of the Board and management represent 27.0% 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 €0.07 per share will be distributed to shareholders for the year 2005.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

The authorisations granted to the Board of Directors by the AGM of CapMan Plc held on 31 March 2005 are outlined in the Report of the Board of Directors on page 34.

INSIDERS

CapMan Plc's insiders and insider rules are outlined in the Corporate Governance section on page 25-26.

CapMan's largest shareholders on 31 December 2005		Number of A shares	Number of B shares	Proportion of A and B shares, %	Number of votes	Proportion of votes, %
1	Aristo Invest Oy* + Ari Tolppanen**	2 447 032	7 608 920	13.24	32 079 240	21.69
2	Geldegal Oy* + Olli Liitola**	1 291 638	4 016 327	6.99	16 932 707	11.45
3	Winsome Oy* + Tuomo Raasio**	1 291 638	4 016 327	6.99	16 932 707	11.45
4	Vesasco Oy* (Vesa Vanha-Honko****)	1 291 638	4 006 540	6.98	16 922 920	11.44
5	Heiwes Oy* + Heikki Westerlund**	741 448	3 221 057	5.22	10 635 537	7.19
6	Novestra Ab* + Peter Buch Lund**	741 448	1 810 000	3.36	9 224 480	6.24
7	The State Pension Fund		2 390 000	3.15	2 390 000	1.62
8	Guarneri Oy* + Petri Saavalainen**	195 158	1 039 302	1.63	2 990 882	2.02
9	OP-Suomi Kasvu Mutual Fund		1 224 700	1.61	1 224 700	0.83
10	Degato International SARL (Lennart Jacobsson****)		1 129 217	1.49	1 129 217	0.76
11	Mateus International SARL (Jan Lundahl****)		929 217	1.22	929 217	0.63
12	Torpet International SARL (Lars Hagdahl****)		853 936	1.12	853 936	0.58
13	Leif Jensen		699 469	0.92	699 469	0.47
14	Svenska Litteratursällskapet i Finland		612 000	0.81	612 000	0.41
15	Sanna Argillander**		550 000	0.72	550 000	0.37
16	Ilmarinen Mutual Pension Insurance Company		548 500	0.72	548 500	0.37
17	Etra-Invest Oy Ab		500 000	0.66	500 000	0.34
18	SEFE, the Finnish Association of Graduates in Economics and Business Administration		500 000	0.66	500 000	0.34
19	Stadigh Kari		476 959	0.63	476 959	0.32
20	Nordea Life Assurance Finland Ltd		451 706	0.59	451 706	0.31
21	Jukka Järvelä**		350 000	0.46	350 000	0.24
22	Anders Björkell**		341 000	0.45	341 000	0.23
23	Investment Fund Gyllenberg Small Firm		334 600	0.44	334 600	0.23
24	Lampinen Sami		332 395	0.44	332 395	0.22
25	Investment Fund Mandatum Suomi Kasvuosake		325 000	0.43	325 000	0.22
26	Petri Niemi**		267 920	0.35	267 920	0.18
27	Investment Fund Gyllenberg Finlandia		256 100	0.34	256 100	0.17
28	Markus Sjöholm**		250 000	0.33	250 000	0.17
29	Foundation for Economic Education		235 000	0.31	235 000	0.16
30	Investment Fund Gyllenberg Momentum		218 000	0.29	218 000	0.15
Total		8 000 000	39 494 192	62.56	119 494 192	80.78
Nominee-registered shares			16 657 656	21.94		
Management and employees of CapMan ****		8 000 000	30 863 549	51.19	110 863 549	74.95

* Companies owned by CapMan's Senior Partners at the time of the Company's listing own all 8,000,000 A shares, each of which has ten votes for every one B share vote. There are 67,923,348 B shares and 8,000,000 A shares in total.

** Employed by CapMan.

*** The owner of the company marked in parentheses is an employee of CapMan who does not directly own shares in the Company.

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

ANNUAL GENERAL MEETING

The Annual General Meeting of CapMan Plc for 2006 will be held on Wednesday, 22 March 2006 at 10.00 a.m. in the Adams Room, Erottajankatu 15–17, Helsinki, Finland.

Attendance at the Annual General Meeting is open to shareholders who, by Friday, 10 March 2006, 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 Friday, 17 March 2006 at 4.00 p.m. Finnish time. Shareholders can register either by written notice to CapMan Plc, Korkeavuorenkatu 32, 00130 Helsinki, Finland, on the Internet at www.capman.com/En/InvestorRelations/AnnualGeneralMeetings/2006, by telephone to Milla Karjalainen to the number +358 9 6155 8345 or to Reetta Peltonen to the number +358 9 6155 8384, by e-mail to milla.karjalainen@capman.com, or by fax to the number +358 9 6155 8330. 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 shall be delivered to CapMan at the aforementioned postal address prior to the expiration of the registration period.

DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of €0.07 per share will be paid for the year 2005. The dividend shall be paid to shareholders who are entered in the Shareholder Register held by Finnish Central Securities Depository Ltd on 27 March 2006, which is the record date for the dividend payment. The payment date will be 3 April 2006 in Finland.

CAPMAN PLC'S FINANCIAL REPORTS IN 2006

In 2006, CapMan Plc will publish its interim reports on the following dates:

Interim Report for 1.1.–31.3.2006 on Thursday, 4 May 2006
 Interim Report for 1.1.–30.6.2006 on Thursday, 10 August 2006
 Interim Report for 1.1.–30.9.2006 on Thursday, 26 October 2006

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.

Print copies of the Annual Report and interim report bulletins can also be ordered from CapMan Plc/Communications, Korkeavuorenkatu 32, 00130 Helsinki, Finland, tel. +358 9 6155 8384 or e-mail to minna.lyijynen@capman.com.

CHANGES OF ADDRESS

The Finnish Central Securities Depository Ltd maintains registers of CapMan Plc's shares, shareholders and stock options. Shareholders are requested to make notifications of changes in their personal particulars and address directly to the Finnish Central Securities Depository. Further information is available by call in Finland to 0800 180 500 (customer helpline Monday to Friday 9 a.m.–4 p.m. EET, only in Finnish and Swedish). We regret that CapMan is unable to update changes of address on shareholders' behalf.

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