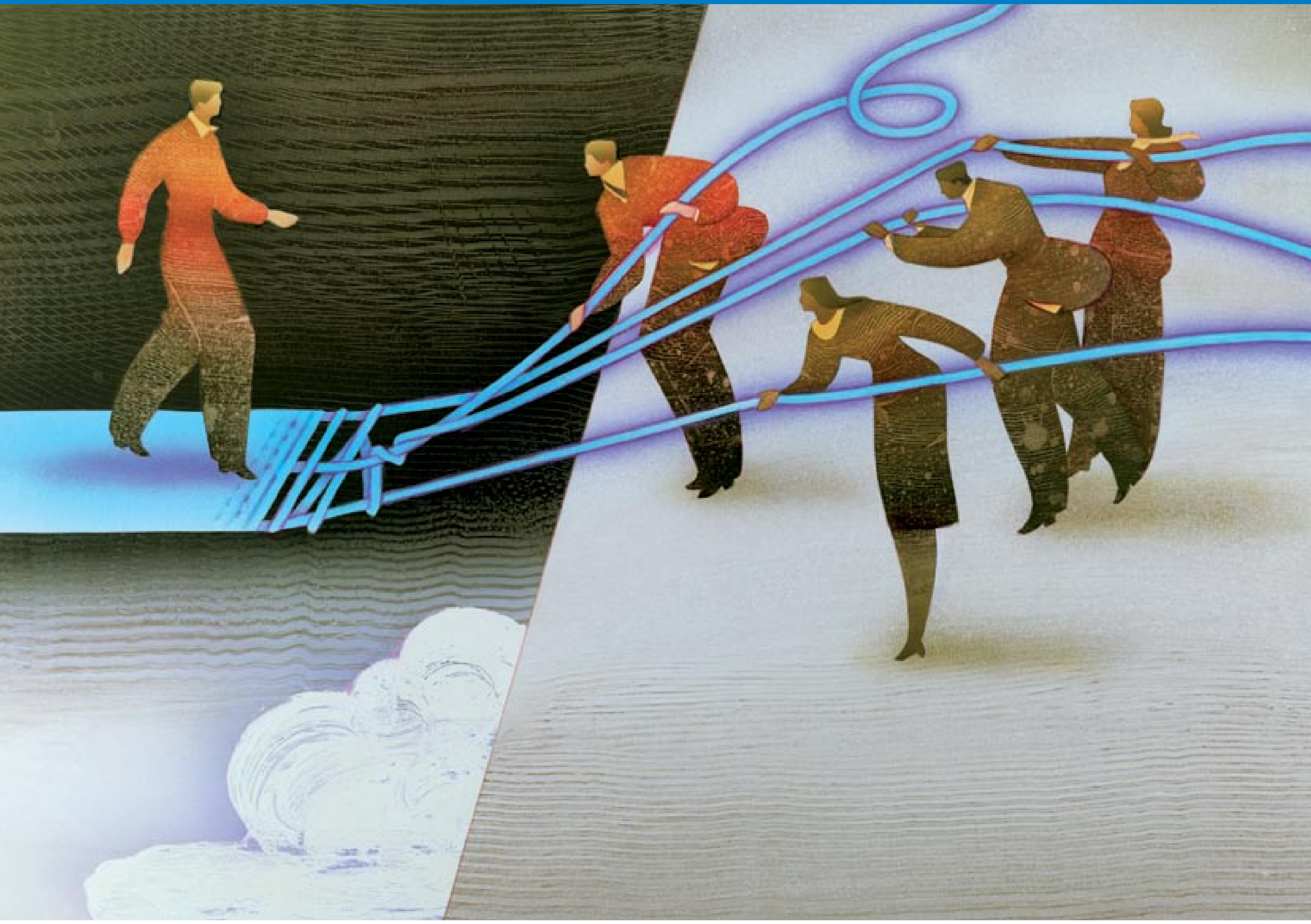

TECHNOPOLIS

ANNUAL REPORT
2007


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Information for Shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of Technopolis Plc will be held on Thursday, March 27, 2008, starting at 12.30 p.m. at the Leonardo auditorium of Technopolis Innopoli, street address Tekniikantie 12, 02150 Espoo, Finland. Shareholders registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by March 17, 2008 will have the right to participate.

Shareholders wishing to attend the AGM must inform the company headquarters of their intention to do so by 4.00 p.m. on March 18, 2008, by telephone to +358 (0)8 551 3242, by email to teija.koskela@technopolis.fi, or by letter to Teija Koskela, Technopolis Plc, Elektroniikkatie 8, FI-90570 Oulu, Finland. Notices sent by letter must be received by the above deadline. Shareholders are requested to present any powers of attorney along with their notice of intention to participate.

Copies of the Financial Statements, Board of Director's Report, Auditor's Report and the proposals of the Board of Directors are available for shareholders to view in the Finnish language only from March 20, 2008 at the company headquarters at Elektroniikkatie 8, 90570 Oulu, and on the company's website at www.technopolis.fi/yhtiokokous. After the above date, the company will send copies of the said documents to shareholders upon request. The documents will also be available at the AGM.

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.15 per share be paid for the financial year that ended on December 31, 2007, and that the remainder of the net profit for the year be transferred to retained earnings. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd by the dividend record date, April 1, 2008. The Board proposes that the dividend be paid on April 8, 2008.

INTERIM REPORTS IN 2008

Technopolis Plc will publish three Interim Reports in 2008 as follows: January-March on April 22, 2008, January-June on July 18, 2008, and January-September on October 21, 2008.

Technopolis Continued its Strong Growth

Net sales and operating profit at record levels – strong expansion in operations

Technopolis continued to implement its growth strategy successfully in 2007. The company managed to increase its net sales and operating profit to record levels, while strongly expanding its operations.

The company's objective is to establish Europe's most attractive network of technology centers, with operations in Finland, Russia and one or two other countries. The company relies on acquisitions and organic growth to expand its network.

AMONG THE LARGEST TECHNOLOGY CENTERS OF EUROPE

In terms of the number of corporate clients, Technopolis has risen to the ranks of Europe's largest technology centers. Its network already covers the major high technology concentrations in Finland. Technopolis already operates or is building technology centers in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa in Finland, and in St. Petersburg in Russia.

The geographical coverage of the company's operations is extensive and the structure of its clientele is diverse. Approximately 15,500 people from 1,150 companies and entities are currently working in its technology centers.

Technopolis's net sales for 2007 totaled EUR 56.9 million (EUR 44.8 million in 2006), its EBITDA (Earnings before interest, taxes, depreciation and amortization) amounted to EUR 28.6 million (22.7) and its operating profit was EUR 42.6 million (38.2). Net sales grew by 26.9 % and EBITDA by 26.1 %. The financial occupancy ratio of the business premises offered by the company rose considerably to 96.8 % (94.4 %). The Board of Directors will propose that a dividend of EUR 0.15 per share be paid – a year ago the dividend was EUR 0.14 per share.

INVESTMENTS APPROACHED EUR 200 MILLION

In 2007, Technopolis made investment decisions totaling EUR 195 million. Among the major investments were the acquisition of Innopoli 2 in Espoo and Teknologiakeskus Teknia Oy in Kuopio. Teknia became a part of the Technopolis Group at the end of February 2008.

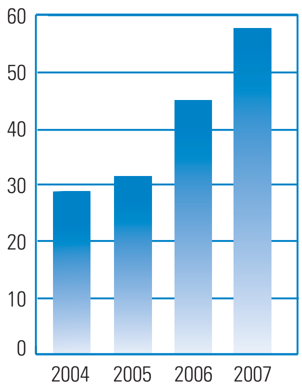
Moreover, Technopolis is building or planning to build extensions in all of its cities of operation in Finland. In addition to the expansion in Finland, Technopolis has made progress in Russia. The main design and the plans for the construction of the first phase of the Pulkovo technology center in St. Petersburg have proceeded well. It is estimated that the requirements for constructing the center will be met in the first half of 2008.

THE TECHNOPOLIS CONCEPT SUPPORTS CUSTOMERS' GROWTH AND SUCCESS

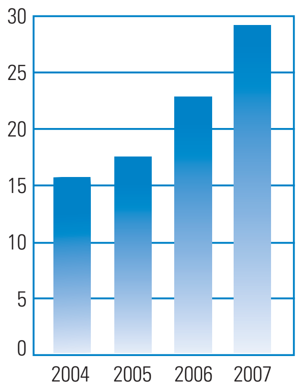
At the core of Technopolis's operations is the service concept it offers, combining business and development services with modern premises. The outstanding success achieved by Technopolis shows that the service concept it has developed for technology companies provides the right kind of support for them to grow and prosper.

The expansion of Technopolis has turned the Technopolis Ventures Group – the business development and incubator company that belongs to its overall concept – into the leading expert in its field in Finland. Technopolis Ventures operates mostly in the same locations as the parent company.

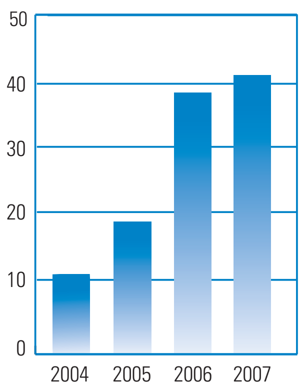
Net sales, EUR million



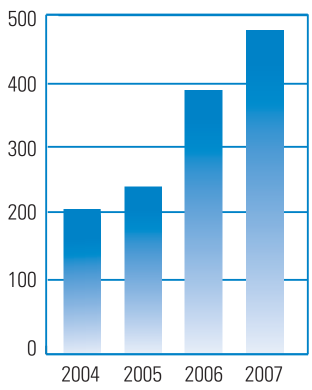
EBITDA, EUR million



Operating profit, EUR million



Value of properties, EUR million



Review of the President and CEO

The year 2007 was the best in the history of Technopolis Plc when assessed with several benchmarks. The Group's net sales and EBITDA reached record levels. Technopolis's operations developed and new investments were launched in almost every city where we have activities.

The company's share is quoted on the main list of the OMX Nordic Exchange Helsinki, in the mid-cap group. The share's performance reflected the rather turbulent situation in the stock markets in 2007. At the beginning of the year, the price was EUR 7.70 per share. The highest closing price, EUR 8.31 per share, occured at the beginning of June, and at the close of the year the price was EUR 5.81 per share.

Technopolis currently forms a Finland-wide network of technology centers, covering Oulu, Espoo, Vantaa, Lappeenranta, Tampere, Jyväskylä and Kuopio. Another technology center is due for completion in Helsinki. Our network also extends outside Finland's borders to St. Petersburg in Russia. Technopolis's excellent development and the fairly high occupancy rate of our operating environments are excellent proof of the fact that our customer service concept helps technology companies and entities prosper.

CUSTOMERS

Technopolis has 1,150 excellent customers, comprising companies and entities operating in diverse technological fields and the organizations that serve them. Together they form a major concentration of Finnish expertise that will continue to ensure the improvement of our national well-being and success in the future.

Technopolis serves the various needs of its customers related to operating environments, enhancing their opportunities to achieve success in their own businesses. We seek to create new, innovative service concepts based on customer needs. A great many of our new ideas originate from our customers, for which I would like to again extend my sincere thanks.

SHAREHOLDERS

At the end of 2007, Technopolis had 3,425 shareholders, of which 3,106 were households. The number of shares held by households accounted for 12 % of all shares. During the year under review, the proportion of foreign and nominee-registered shareholders grew from 51.2 % to 55.7 %. For more specific information on shareholders, see page 41.

VISION FOR 2011

Technopolis is aiming at profitable growth in the future, too. The company's objective is to achieve average annual growth of 15 % in its net sales and EBITDA.

The company will achieve this through organic growth and acquisitions, with both methods being used in Finland and abroad.

Growth in Finland will take place primarily in the current locations, while foreign growth will occur in Russia and one or two other countries.

OUTLOOK FOR 2008

We estimate that, in 2008, our net sales and EBITDA will increase by 16 - 20 % on the previous year. The company estimates that the occupancy rates of its operating environments will remain at a satisfactory level compared with the previous year.

VALUES

The values that guide Technopolis's business are customer orientation, innovation, profitable growth and corporate responsibility. The company aims to apply these values when operating in all areas of its service concept.

PERSONNEL AND BOARD OF DIRECTORS

The Technopolis Group employed a total of 138 people in seven cities at the end of 2007. Customer satisfaction surveys have yielded positive feedback concerning the professionalism of our personnel. I would like to extend my warmest thanks to the Group's employees for their fine work in 2007.

The Board of Directors of Technopolis Plc and the boards of subsidiaries owned by the Group engaged in much meritorious work to develop the company during the year under review. Dozens of Finland's leading experts made generous work contributions to Technopolis and succeeded very well in their key decisions.

Oulu, February 21, 2008

Pertti Huuskonen
President and CEO

2007 – An Eventful Year
Investments, acquisitions and share issues

The year 2007 was an eventful one for Technopolis. The company started the construction of new technology centers in several cities, expanded its operations through acquisitions and made numerous important investment decisions. In addition, Technopolis arranged two share offerings for institutional investors.

The year 2007 was also the 25th anniversary of the start of Technopolis's operations.

In January, Technopolis organized a share offering for Finnish and international institutional investors. All of the 687,960 shares issued were subscribed for in the offering, as a result of which the company's share capital increased by EUR 1,162,652.40.

Also in January, the company began the construction of the Hermia 12 property, which has an area of about 5,000 floor square meters, in Tampere. The building was completed in February 2008.

In February, Technopolis acquired the minority shareholdings of Medipolis Oy from the City of Oulu, the Northern Ostrobothnia Hospital District and a few other shareholders. Following the transaction, the company fully owns Medipolis, which is located in the Kontinkangas area next to Oulu University Hospital.

In April, Technopolis signed a strategic cooperation agreement with the University of Oulu, with the objective of, among other things, boosting the competitiveness of both parties, increasing the attractiveness of the Oulu region and providing more resources to fuel the success of the region's companies.

In May, Technopolis began the construction of a technology center in the district of Ruoholahti in Helsinki. The first building stage will have a size of approximately 6,600 floor square meters. According to plans, the first stage is due to be completed in August 2008. The Start Up Center, a joint venture between Technopolis Ventures and the Small Business Center of the Helsinki School of Economics, will be among the businesses housed in the technology center.

The company also launched construction work on the Lappeenranta City project in May. The first building stage, with a size of about 3,150 floor square meters, will be available for customers at the end of April 2008.

In early June, Technopolis announced that it will begin the planning of a new technology center in the heart of Tampere. In connection with this, the Tampere City Council approved the company's request for a reservation of land where the center is to be built. The plot will enable the construction of a technology center with a size of about 30,000 floor square meters.

Technopolis started the extension of the Kontinkangas technology center in Oulu also in June. The third and fourth stages of the center will have a combined gross area of 7,790 square meters.

During the same month, Technopolis signed an agreement with Stockmann plc concerning the office section of the Nevsky Centre, a shopping center being constructed in St. Petersburg. According to the agreement, Technopolis will lease the shopping center's office section, which will have an area of about 4,300 square meters, from Stockmann, and sublease the premises to its own customer companies.

Also in June, Technopolis signed a preliminary agreement on the acquisition of all the shares of Kiinteistö Oy Innopoli II, located in the district of Otaniemi in Espoo. The deal, worth about EUR 54 million, was finalized in August. The building was sold by the City of Espoo, Etera Mutual Pension Insurance Company and Sitra (the Finnish Innovation Fund). Innopoli II comprises a building of almost 21,000 floor square meters and 1.9 hectares of land.

In September, Technopolis began the implementation of the fifth building stage – with a gross area of about 6,700 square meters – of the Helsinki-Vantaa technology center.

In October, Technopolis signed a memorandum of understanding with the City of Moscow concerning cooperation aiming at the creation of a technology center in the Russian capital.

In November, Technopolis and the City of Kuopio signed a preliminary agreement on the sale of the Kuopio-based Teknia technology center to Technopolis. The transaction was closed in February 2008, and is worth approximately EUR 67 million.

Technopolis also organized a share offering for Finnish and international institutional investors in November. The 1,880,000 shares subscribed for in the offering increased the company's share capital by EUR 3,177,200.

In December, Technopolis's plans for the implementation of a new technology center in Jyväskylä took another step forward, when the architectural competition concerning the center was concluded. Located in Korkeakoskenlahti, the technology center will have premises of about 40,000 square meters.

Similarly in December, Technopolis acquired a majority stake in Professia Oy, a Tampere-based development company.

Technopolis and Technopark OJSC of St. Petersburg signed a cooperation agreement in December concerning a technology center which is planned to be built in St. Petersburg. The planned center's activities would be based on close cooperation with the Bonch-Bruevich St. Petersburg State University of Telecommunications. Technopolis is also in the process of preparing the construction of a technology center in the Pulkovo area in St. Petersburg.

A Wide Network of Technology Centers

Technopolis operates in key concentrations of high technology

Technopolis has grown into a strong and tight network of technology centers, covering all of the major clusters of Finnish high technology business and research, and also extending to Russia.

The company runs technology centers in the Oulu region, the Helsinki Capital Area, Tampere, Jyväskylä, Lappeenranta, Kuopio and St. Petersburg.

OULU REGION

Technopolis's operations in Oulu date back over a quarter of a century. The technology center community in Oulu is large and closely knit. The centers are located in the Linnanmaa district, Oulu City Center, the Kontinkangas district, Laanila and Kempele, which is located near Oulu Airport.

Technopolis Linnanmaa is located next to the University of Oulu and the Technical Research Centre of Finland (VTT), while the Kontinkangas technology center is located near Oulu University Hospital, Oulu City Hospital and Nokia's Peltola units. Technopolis Oulu City Center is home to expert services companies and media companies, which often prefer a location in the city center. Technopolis Kempele offers premises suited to companies that require production facilities and appreciate being close to the airport. Laanila, on the other hand, now houses a cluster of customers focusing on water and environmental technology.

In Oulu, Technopolis's clientele includes almost all of the significant technology companies in Finland, a fact that provides customer companies with excellent networking opportunities. Wireless technology and the development of mobile applications are indisputable strengths of the Oulu region, whereas promising growth sectors include water, environmental and wellness technology.

Technopolis's two newest locations will be completed in the Kontinkangas district in the fall of 2008.

HELSINKI CAPITAL AREA

The Helsinki Capital Area boasts the largest market in Finland and offers Technopolis the greatest growth potential. The company's technology centers are placed in the best locations: Ruoholahti in the Helsinki City Center, Otaniemi in Espoo and in the immediate vicinity of the Helsinki-Vantaa International Airport.

Technopolis Espoo Otaniemi is located in the heart of the Otaniemi area of Espoo, which is the largest and best-known technology community in Finland. Research, education and business interact closely and productively at Otaniemi. In addition to Technopolis, the area is home to the Helsinki University of Technology and the Technical Research Centre of Finland (VTT), and various other research and product development units and entities.

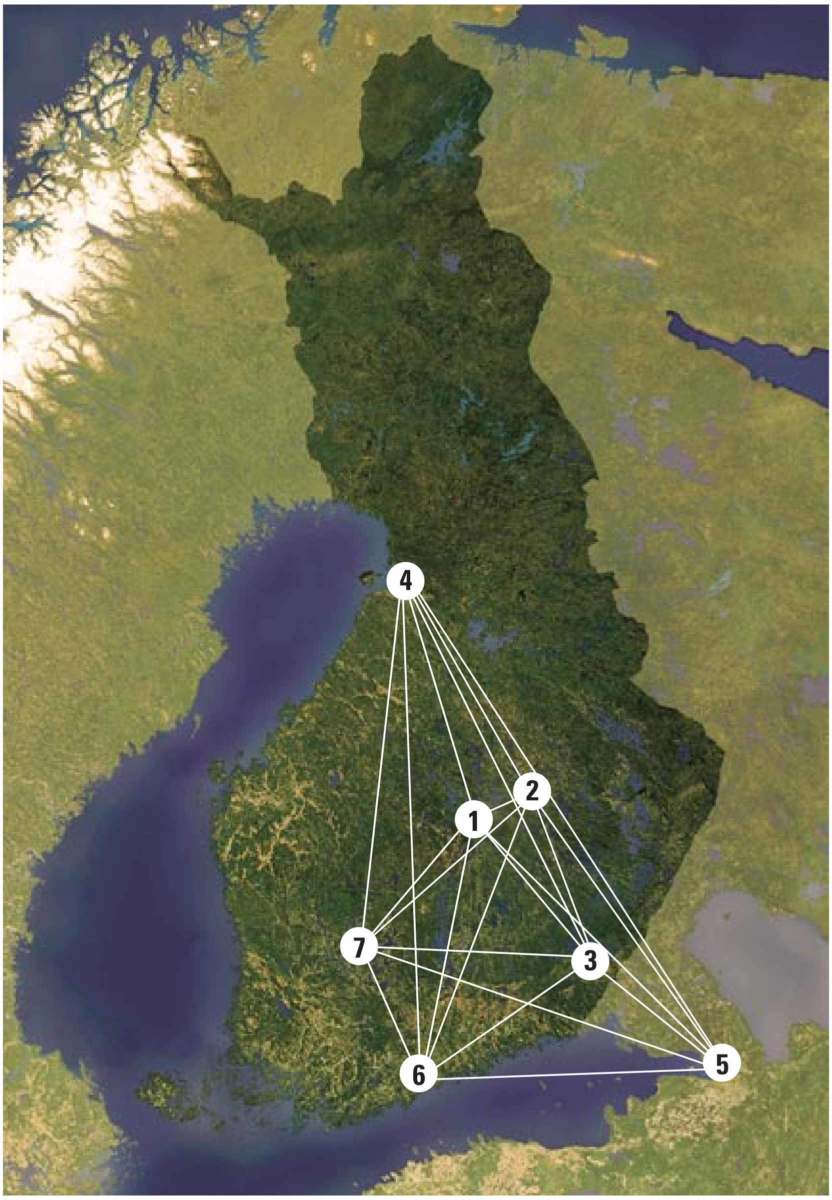
The close location to the airport gives the customers of Technopolis Helsinki-Vantaa plenty of advantages, such as excellent transport connections to elsewhere in Finland and the rest of the world with reduced travel times. Moreover, the technology center is located on a very visible site. Technopolis Helsinki-Vantaa is currently being extended with a fifth construction stage.

The first stage of the Helsinki Ruoholahti technology center is due for completion in August 2008. The Start Up Center, a joint venture between Technopolis Ventures and the Small Business Center of the Helsinki School of Economics, will be among the entities housed in the Ruoholahti premises.

TAMPERE

Tampere is the second largest growth center in Finland after the Helsinki Capital Area. Companies operating in Technopolis's technology centers are offered the services of skilled employees and cooperation in high-quality research. Tampere-based companies and universities have teamed up to create a large number of internationally successful products.

The company currently has operations in the Finn-Medi and Hermia areas. Finn-Medi is designed for biotechnology and health technology companies and entities, while Hermia offers a dynamic environment for technology companies representing various fields and has direct access to the expertise of the Tampere University of Technology and VTT. The Hermia 12 property was completed in the Hermia area in February 2008.



Technopolis's technology centers form a strong, tight-knit network that covers most of the major high-technology cities in Finland and the vigorously growing city of St. Petersburg in Russia.

1. Jyväskylä
2. Kuopio
3. Lappeenranta
4. Oulu
5. St. Petersburg
6. Helsinki Capital Area
7. Tampere

8

Technopolis's objective is to start the construction of a new type of technology center in downtown Tampere during 2008. The Yliopistonrinne center, which is being constructed next to the University of Tampere, is primarily intended for companies providing and utilizing competence-intensive business services. Focusing on services, the technology center will be one of a kind in Europe. In addition, the company is planning the construction of a new technology center to serve biotechnology and health technology companies in the FinnMedi area.

JYVÄSKYLÄ

Technopolis also has close cooperation with the University of Jyväskylä. The university is one of the company's major customers. It operates in four properties together with companies, creating a natural opportunity for cooperation between research, training and businesses. In addition, both parties are involved in various projects for the development of the region's business life.

Some of the strong sectors in Jyväskylä include forest, process and energy technology, as well as nanotechnology, IT and communications technology. This is reflected in the structure of Technopolis's clientele. Multidisciplinary applications are a special feature in Jyväskylä, and this is evident in the extensive utilization of, among other things, human sciences, such as psychology, sports science and health sciences.

In Jyväskylä, Technopolis is also planning the opening of a new technology center in the Korkeakoskenlahti area, where the company will endeavor to create brand new practical cooperation models between training and research activities and companies. Mutual interaction will also be promoted through the way the premises are arranged. The University of Jyväskylä and the Jyväskylä University of Applied Sciences have preliminary agreements with Technopolis on the leasing of premises, and are set to sign confirmed leases as the center's design progresses. The premises concerned in the agreements will have about 3,600 square meters of floor space, equivalent to a quarter of the first stage of the technology center.

LAPPEENRANTA

Lappeenranta is known first and foremost for its versatile business contacts with Russia, the strengths of the Lappeenranta University of Technology and the forest industry. Lappeenranta attracts both Western and Russian companies since it is the closest EU city to St. Petersburg and situated only two hours away from Helsinki.

Technopolis, together with the city, the university and companies, is striving to further bolster Lappeenranta's position as a center for conducting business with Russia. Due for completion in the city center in the spring of 2008, Technopolis City will house a large number of companies doing business with Russia. Technopolis is also promoting success in the Russian market by offering companies premises and services in St. Petersburg and by participating in the activities of the Finnish-Russian Innovation Center based in St. Petersburg.

The area surrounding Lappeenranta boasts the largest agglomeration of the forest industry in Europe. It is reinforced by companies' research centers, numerous expert companies and the teaching and research activities of the Lappeenranta University of Technology and the South Karelia University of Applied Sciences.

In addition to Technopolis City, which will be completed in the city center, Technopolis also has operations in the immediate vicinity of the Lappeenranta University of Technology in the district of Skinnarila. This district has seen the emergence of the leading research and development center in eastern Finland, which focuses on energy and electrical technology, the Russian economy and the technology business sector. The company's customer portfolio includes large numbers of companies specializing in energy and forest technology, design services and information technology.

The planning and marketing of the second stage of construction in Technopolis City has also been started.

KUOPIO

Technopolis extended its network to Kuopio in February 2008, when the company completed the acquisition of Kuopio-based Teknologiakeskus Teknia Oy. The business in Kuopio will further expand the geographical coverage of Technopolis's operations and diversify the company's customer structure.

Some of the prominent fields in Kuopio include wellness, health care technology, biotechnology and medical development, food and drinks development and nutrition, and environmental technology. As in the other cities in which Technopolis has activities, interaction between companies

and the local university, and the innovations resulting from it play a central role.

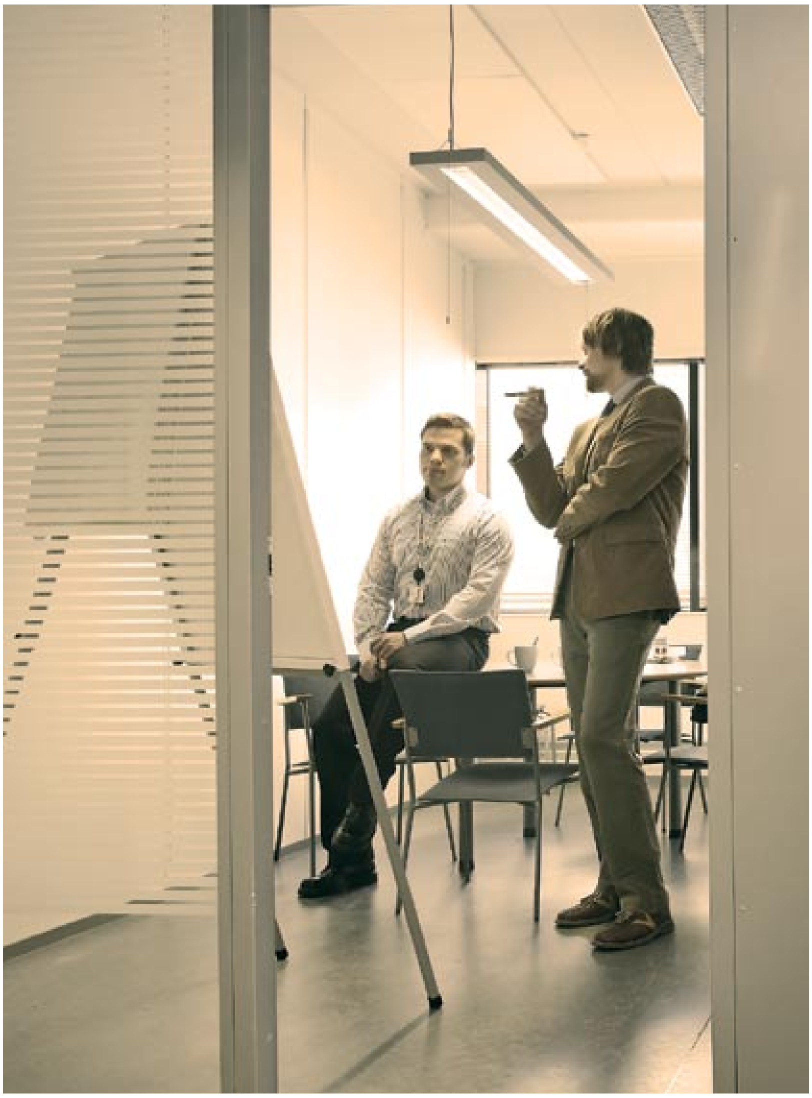
In Kuopio, Technopolis offers its customers premises and services in three buildings: Microteknia, Bioteknia and Innoteknia. The first building in the Innoteknia area, Innoteknia 1, was brought into service in April 2007.

ST. PETERSBURG

A rapidly growing economy, high-level universities, a skilled workforce and the constantly growing number of Russian and international cutting-edge technology companies are reason enough to dub St. Petersburg the Silicon Valley of Russia. St. Petersburg is also the second largest city in Russia and the fourth largest in Europe.

Technopolis is in the process of preparing the construction of a technology center in the vicinity of Pulkovo Airport in St. Petersburg. The first stage will have 22,000 square meters of floor space. Once fully completed, the size of the center will be approximately 80,000 square meters.

In St. Petersburg, the company is already operating in modern leased premises that live up to Western standards. Furthermore, Technopolis has signed an agreement with Stockmann concerning the office section of the Nevsky Centre, a shopping center being constructed in St. Petersburg. According to the agreement, Technopolis will lease the shopping center's office section, which will have an area of 4,300 square meters, from Stockmann once the center is completed, and sublease the premises to its own customer companies.

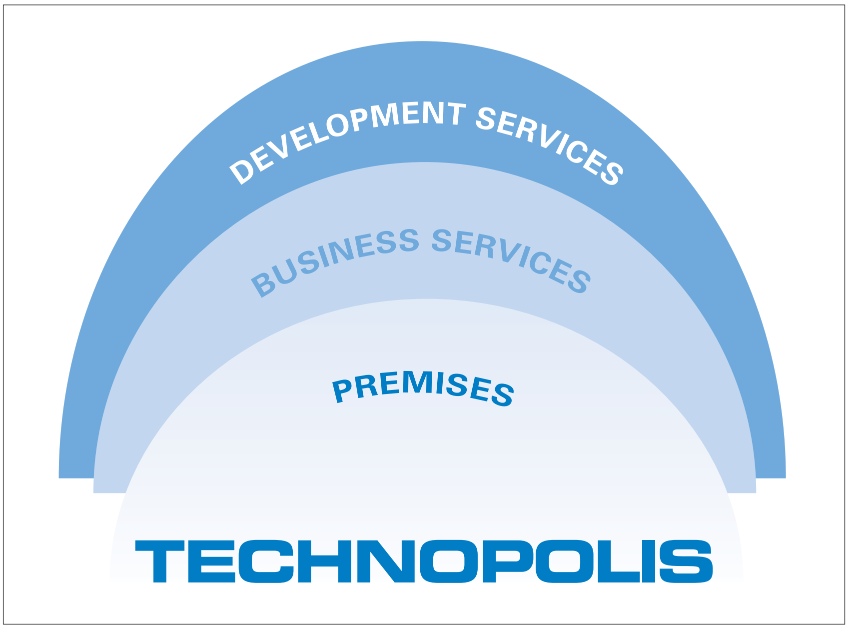


Support for Corporate Growth and Success

The Technopolis concept combines premises with business and development services

Technopolis's business idea and most important task is to help its customer companies grow and prosper. In order to carry out this task, the company has created a unique service concept that is particularly designed to meet the demands of technology companies and the units serving them. The concept combines premises, business services and development services into a seamless and efficient package.

Technopolis has systematically enhanced its service concept for over a quarter of a century in cooperation with its customers.



CREATIVE OPERATING ENVIRONMENT

Technopolis's technology centers offer their customer companies an exceptionally creative and dynamic operating environment. As meeting places for companies and research and training institutions, the technology centers form innovative communities and interact to a large extent with their environments.

Customers of the technology centers have modern and high-quality business premises at their disposal. The centers are located in the major high technology clusters in Finland: the Oulu region, the Helsinki Capital Area, Tampere, Jyväskylä, Lappeenranta and Kuopio. In addition, Technopolis has operations in St. Petersburg in Russia.

VERSATILE BUSINESS SERVICES

Technopolis's high-quality and versatile business services are designed for customer companies and their employees. They improve companies' cost-efficiency and increase the flexibility of their operations, thanks to which companies are able to focus on their core business and leave other matters to be taken care of by Technopolis.

The implementation of the services is the responsibility of Technopolis and its carefully selected partners.

BETTER COMPETITIVENESS THROUGH DEVELOPMENT SERVICES

The development services help Technopolis's customer companies to boost their competitiveness and find the resources to succeed in international markets – regardless of whether they are start-up or take-off companies, or leading companies that are already internationally active.

Technopolis offers top-level business development and incubation services through its subsidiary Technopolis Ventures Oy. The company also implements regional attractiveness programs and provides technology center consulting and related planning and training.

Modern Premises, Best Locations

Technology centers offer premises that boost the efficiency of operations

Technopolis's extensive and versatile network of technology centers provides its customer companies with the chance to select the premises that best support their business operations.

The centers are located in the major high technology cities in Finland: the Oulu region, the Helsinki Capital Area, Tampere, Jyväskylä, Lappeenranta and Kuopio. In addition, Technopolis has operations in St. Petersburg in Russia.

The network is continuing to expand, with a new technology center due for completion in Ruoholahti in the center of Helsinki during 2008. Furthermore, the company has several extension projects under way in the cities where it currently operates.

NATURE AND LOCATIONS VARY

Technopolis's technology centers are different in their nature and have varying locations. Some of them offer exceptional opportunities for co-operation between companies and universities, whereas other centers are particularly suited to companies that place an emphasis on being close to an airport and on quick access. Separate options are also available for companies that value a location in a city center.

The technology centers are equally suitable for small companies employing a few people and head offices with thousands of employees. The centers offer premises for offices as well as for product development and production operations. The facilities are specially designed to suit the needs of technology companies and companies providing services for them.

MODERN AND ADAPTABLE PREMISES

Customer companies have modern, high-quality and easily adaptable business premises at their disposal. When it is aware of companies' growth strategies and plans, Technopolis can flexibly offer its customers the right kind of premises, since these can be contracted, expanded and adapted quickly and cost-efficiently. Because of this, customer companies always have premises that correspond to their needs.

Efficiency is increased by common functional facilities and social areas.

ATTENTION TO ENVIRONMENTAL FRIENDLINESS

Technopolis is also paying increasing attention to the environmental friendliness and energy efficiency of its technology centers, utilizing the newest technology available in the field.

Chance to Focus on Core Operations

Business services increase customer companies' competitiveness

Companies operating in Technopolis's technology centers have diverse and high-quality business services at their disposal. The services improve the companies' competitiveness and give them the opportunity to focus on their core operations.

The purpose of Technopolis's business services is to allow the company's customers the freedom to concentrate on their own core business. Everything else can be taken care of by Technopolis and its partners, if needed. The services naturally take into consideration the needs of companies with international operations.

Using the business services is cost-efficient, because Technopolis's extensive operations create economies of scale. Customer companies can also choose exactly the services they need.

HIGH-QUALITY TELECOMMUNICATIONS SERVICES

Technopolis has developed its telecommunications services in particular. They are up-to-date with the newest technology and cater to the needs of Technopolis's globally operating customers. Furthermore, there are high-quality video conference connections between the technology centers.

At the centers, companies can also utilize, among other things, lobby, office, secretarial, postal, cleaning and furniture rental services. Business services also include the comprehensive management and maintenance of facilities. All Technopolis locations utilize a building services management program called Infospace, which includes an eService interface used to make, forward and

receive service requests and fault reports and follow up on them.

WIDE RANGE OF EXPERT SERVICES

The technology centers' customers also include a large number of companies from different sectors, offering legal, accounting, patent, translation and communications services, etc. to other companies.

Customer companies also have access to a network of partners created by Technopolis. The network includes only those companies that Technopolis has assessed as good and reliable, and in whose quality it can trust. The several dozens of companies included in the partner network cover a wide range of expertise and service areas.

BETTER JOB SATISFACTION

Technopolis endeavors to improve the job satisfaction and boost the efficiency of its customer companies' personnel and to increase the companies' attractiveness. Several technology centers have an extensive selection of services for company employees, such as dining facilities, occupational health and dental services, dry-cleaning, child day care, gymnasium services, hair dressing, travel agencies and physical therapy.

Expertise Turns into Successful Products

Development services pave the way to international markets

The main purpose of Technopolis's development services is to boost companies' competitiveness and increase their prerequisites for success in international markets. In particular they help technology-based innovations and companies develop into success stories.

The main provider of the development services is Technopolis Ventures Oy, part of the Technopolis Group and the largest business development and incubator chain in Finland. Its objective is to find the best technology-based ideas and convert them into international success products. It assists in evaluating ideas for products, provides systematic coaching and guidance for entrepreneurs, channels funding, offers networking services and supports the successful commercialization of ideas in every way.

Technopolis also has minority holdings in Oulu Innovation Ltd, Lappeenranta Innovation Ltd and Jyväskylä Innovation Ltd, which carry out various regional development and attractiveness programs, among other things. The purpose of these programs is to increase different areas' competitiveness and attractiveness as company locations.

CONSULTING AND TRAINING

Technopolis also provides consulting services for technology centers, as well as related training. The purpose of these is to support the establishment of new technology centers and develop the operations of existing ones. The consultancy unit's customers include not only technology centers but also national and regional organizations, cities and corporations. The unit's main market area is Europe and Russia, but it also has significant projects elsewhere.

In addition to the actual development services, Technopolis's technology centers offer an extensive range of other support services to companies. The centers host a number of expert companies in different fields, offering easy access to their services for customer companies located in the centers.

PRODUCTIVE NETWORKING

The informal networking and exchange of ideas that take place daily in the technology centers between people from different companies and business sectors is also extremely important. As a concentration of enterprise, training and research, the technology centers form an excellent platform for creative interaction and cooperation.

Corporate Management and Governance

BOARD OF DIRECTORS

Mr. Timo Parmasuo, Engineer, born 1950, has served as Chairman of the Board since spring 2007 and as a Board member since 2003. He is Chairman of Meconet Oy and Meconet Baltic AS and previously served as Managing Director and Chairman of Oy Teräsjousi. He is a Board member of Finpro ry, Space Economy Furniture Oy, the Technology Industries of Finland and the Confederation of Finnish Industry and Employers and a deputy Board member of the Ilmarinen Mutual Pension Insurance Company. On December 31, 2007, he held 2,846 Technopolis shares.

Mr. Matti Pennanen, M.Sc. (Civil Engineering), born 1951, has served as Vice Chairman since 2005. He is the Mayor of Oulu, having been Deputy Mayor earlier. Previously he served Palmberg-Rakennus Ltd and YIT Corporation Ltd in various tasks in Finland and abroad. He is currently Chairman of Oulun Palvelusäätiö and a Board member of the Oulu University Scholarship Foundation and the Finnish Port Association. On December 31, 2007, he held 1,856 Technopolis shares.

Mr. Pekka Korhonen, M.Sc. (Law), B. Theol., born 1952, has been a Board member since spring 2007. He is Managing Director of OP Bank Group Pension Fund and OP Bank Group Pension Foundation, and previously served as Investment Manager at OP Bank Group Pension Foundation. He is currently a Board member of Castra Oy Ab, the Association of Pension Foundations, Kalliolan Kannatusyhdistys ry, Kalliolan Senioripalvelusäätiö, OP-Asuntoluottopankki Oyj, S-Asunnot Oy, Suomen Metsäsijoitus Oy, Tornator Oy, Tornator Timberland Oy, Vuosselinmaa Oy and Ylläksen Laavu Oy, and is the agent for Maatalouskoneiden Tutkimussäätiö. On December 31, 2007, he held 1,547 Technopolis shares.

Members of the Technopolis Plc Board of Directors at the end of 2007. From left: Timo Parmasuo and Matti Pennanen (seated), Juha Yli-Rajala, Pekka Korhonen and Erkki Veikkolainen.

Mr. Erkki Veikkolainen, M.Sc. (Electronic Engineering), eMBA, born 1952, has been a Board member since 2005. He is CEO of MEVita Invest Oy, and previously served as Deputy CEO and business unit director of Elektrobit Group Plc, and as CEO, business development director and business director of Elektrobit Oy. He is Chairman of Elcoflex Oy and Kodinkone Markus Oy, and a Board member of Aplicom Oy, Elcoflex (Suzhou) Co. Ltd, Maustaja Oy, Mecanova Oy, Mecapinta Oy, Newtest Oy, Proventia Group Oy and Sijoitus Kapteeni Oy. On December 31, 2007, he held 16,947 Technopolis shares.

Mr. Juha Yli-Rajala, M.Sc. (Admin.), born 1964, has been a Board member since spring 2007. He is Director of Finance and Strategy at the Mayor's Office, City of Tampere, and previously served the City of Tampere as head of finance and financial planning manager. He is a Board member of Finn-Medi Research Ltd, Tor, Joe and Pentti Borg Fund and Yhteishotelli Oy. On December 31, 2007, he held 1,547 Technopolis shares.

All Board members are independent of the Company.

In 2007, the Board met 16 times. The average attendance was 95 %. The fees and meeting fees of the Board totaled EUR 216,380 in 2007.

The Board decides on the company's strategy and major organizational solutions, appoints the President and CEO and Executive Board members, decides on their salaries and other benefits, decides succession plans for key personnel, major investments and sales of assets, proposes profit distribution to the Annual General Meeting and monitors the company's financial and risk position. The Board annually assesses its own work and success.

PRESIDENT AND CEO

Mr. Pertti Huuskonen, M.Sc. (Tech), eMBA, MKT, born 1956, has been President and CEO of the parent company, Technopolis Plc, since 1985. He is Chairman of the Group's Executive Board. Previously he was CEO of Vakote Oy, a machine automation company that he founded. He is a member of Finpro's Supervisory Board and a Board member of Detection Technology Inc.

In 2007, the President and CEO was paid a basic salary of EUR 242,111 including fringe benefits and EUR 79,610 in annual bonuses and other benefits. His individual pension insurance contributions in 2007 were EUR 6,048. On Dec 31, 2007, he held 61,800 Technopolis shares, 265,000 options from the 2005 options program and 170,000 options from the 2007 options program. His term of notice is six months. His severance compensation is 18 months' salary.

EXECUTIVE BOARD

Mr. Pertti Huuskonen, President and CEO, Chairman of the Executive Board

Mr. Jukka Akselin, M.Sc. (Eng.), born 1961, serves as Vice President in charge of the Group's Jyväskylä operations. He has served the Technopolis Group since 2006. Previously he served as CEO of the JSP Group and as CEO of JSP Facilities Oy.

Mr. Hannu Eronen, Construction Engineer, born 1959, serves as Vice President in charge of the Group's Kuopio operations. He has served the Technopolis Group since February, 2008. Previously, he served Kuopion Teknologiakeskus Teknia Oy as real estate manager, and NCC Construction Ltd and Oy Juva Engineering Ltd as project manager.

Ms. Satu Eskelinen, M.Sc. (Eng.), born 1961, serves as Vice President in charge of the Group's Tampere operations. She has served the Technopolis Group since January 2007. Previously she worked in Solteq Oyj as head of the consulting and technology unit, Elisa Corporation as regional director, and Soon Com Oy as marketing director and managing director.

Mr. Markku Hokkanen, M.Sc. (Eng.), born 1967, serves as Vice President in charge of the Group's Lappeenranta operations. He has served the Technopolis Group since 2005. Previously he served Technopolis Ventures Kareltek Oy as managing director, Teknologiakeskus Kareltek Oy as project manager, and SecGo Group Oy in management duties.

Mr. Martti Launonen, D.Tech., born 1953, serves as Vice President in charge of the Consulting unit. He has served the Technopolis Group since 1999. Previously he was a director in the POHTO Institute for Management and Technological Training, specializing in business management and organizational development.

Mr. Jarkko Ojala, M.Sc. (Econ.), born 1973, serves as CFO. He has served the Technopolis

Group since May 2007. Previously he served PKC Eesti As as managing director and PKC Cables do Brasil Ltda as controller/financial director.

Mr. Seppo Selmgren, Dip.EMC, born 1965, serves as Vice President in charge of the Group's Oulu operations. He has served the Technopolis Group since 1997. Previously he was marketing manager at the Spa Hotel Eden.

Mr. Keith Silverang, BA, MBA, born 1961, serves as Vice Presidentin in charge of the Group's Capital Area. Additionally, the managing director of Technopolis Ventures Oy and the head of Consulting report to him. He has served the Technopolis Group since 2004. Previously he was vice president and director of the Training Division of AAC Global and CEO of Oy ICS Ltd.

Mr. Reijo Tauriainen, M.A., born 1956, serves as Vice President in charge of Other Finland. He has served the Technopolis Group since 2004. Previously he was financial director of Flextronics ODM Finland Oy.

MANAGEMENT SHAREHOLDINGS

Members of the Board of Directors, the President and CEO, members of the Executive Board and controlled companies held 100,203 Technopolis shares on Dec 31, 2007, i.e. 0.23 % of the total shares.

On Dec 31, 2007, members of the Executive Board held a total of 75,460 Technopolis Plc shares, 576,000 options from the 2005 options program and 405,000 options from the 2007 options program.

PERSONNEL INCENTIVE SYSTEMS

Bonuses based on the company's result and personal performance may be paid to the management and personnel. If shares or instruments entitling share subscription are used as an incentive, decisions on their use or terms and conditions will be made by a General Meeting. Decisions on other bonuses for the President and CEO and the Executive Board (e.g. based on annual performance) will be made by the Board of Directors.

AUDITOR

The company's auditor is KPMG Oy Ab, Authorized Public Accountants, with **Tapio Raappana**, APA, as the responsible auditor.

In 2007, the auditors were paid EUR 15,061 in auditing fees and EUR 93,994 in fees for non-auditing services.

According to the Articles of Association, Technopolis Plc has one auditor elected by an Annual General Meeting. Both the auditor and his deputy, if any, must be public accountants or accounting firms authorized by the Central Chamber of Commerce of Finland. The terms of the auditor and deputy auditor expire at the close of the Annual General Meeting that first follows their election. The Board of Directors meets the auditor once a year to discuss the auditing plan and results.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and the President and CEO are responsible for arranging the Group's internal control and for reporting systems. The Board evaluates the efficiency of the company's internal control and risk management at regular intervals.

Business risks are spread due to the company's customers operating in many high tech fields and the geographical distribution of the Group's property portfolio over different regions and locations. To minimize customer-specific risks, Technopolis aims for its major leases to end in different years.

Risk management is also discussed in the Board of Directors' report on pages 18 - 19.

Board of Directors’ Report, January 1 - December 31, 2007

Highlights of 2007 compared with the previous year:

- Net sales rose to EUR 56.9 million (EUR 44.8 million), an increase of 26.9 %
- EBITDA (earnings before interest, taxes, depreciation and amortization) rose to EUR 28.6 million (EUR 22.7 million), an increase of 26.1 %
- Operating profit was EUR 42.6 million (EUR 38.2 million), which includes EUR 14.6 million (EUR 16.1 million) from change in fair value of investment properties
- Earnings/share was EUR 0.58 (EUR 0.63).
- The Board proposes a dividend distribution of EUR 0.15/share (EUR 0.14/share)

Overview

In terms of the number of customer companies, Technopolis Plc is one of Europe’s largest technology centers. The Technopolis Group is Finland’s largest specialized provider of operating environments for high tech companies, and it offers a comprehensive service package combining modern premises and business and development services. Technopolis operates or is building operating environments in Espoo, Helsinki, Jyväskylä, Lappeenranta, Oulu, Tampere and Vantaa in Finland, and in St. Petersburg in Russia. Some 13,000 people employed by about 1,000 companies and entities are currently working in the Technopolis technology centers.

In 2007, Technopolis continued to implement its growth strategy by acquiring new properties and investing in its existing technology centers. The acquisition of Kiinteistö Oy Innopoli II in August for EUR 54.2 million was an important investment. The transaction nearly doubled Technopolis’s rentable floor area in Otaniemi, Espoo. The fair value of the Group’s investment property at the end of 2007 was EUR 468.8 million (EUR 392.2 million). The fair value was increased not only by investments and acquisitions, but also by lower net return requirements and changes in leasing operations.

During the year, the Group initiated several technology center projects in its operating areas. An important step in expansion was taken in November when a preliminary agreement was signed on the acquisition of Kuopion Teknologiakeskus Teknia Oy. The deal is expected to be closed by February 2008 and its total value is approximately EUR 67.3 million.

The demand for high-tech operating environments in Technopolis’s operating areas developed favorably and the Group’s financial occupancy ratio increased in 2007. At the end of the year under review the financial occupancy ratio was 96.8 % (94.4 %). In the Group’s operating areas in the Helsinki Capital Area, Jyväskylä and Oulu, the demand for high quality operating premises continued at a good level and the financial occupancy ratios increased. In Tampere, the demand for modern operating premises and the financial occupancy ratio were both at a good level. In Lappeenranta, the demand for the Group’s premises remained at a satisfactory level, with the exception of the new premises in the city center, which enjoyed good demand.

Business

The Group’s net sales for the review period were EUR 56.9 million (EUR 44.8 million in 2006), representing growth of 26.9 %. EBITDA (earnings before interest, taxes, depreciation and amortization) for the year under review was EUR 28.6 million (EUR 22.7 million), an increase of 26.1 %. Operating profit for the year was EUR 42.6 million (EUR 38.2 million). Profit before taxes was EUR 32.9 million (EUR 33.0 million). The Group’s net financial expenses totaled EUR 9.7 million (EUR 5.2 million). Earnings per share were EUR 0.58 (EUR 0.63). Technopolis’s Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.15 per share be paid for the 2007 financial year. Under the proposal, dividends would total EUR 6.6 million (EUR 5.7 million), representing an increase of 16.6 %.

The balance sheet total was EUR 534.2 million (EUR 431.4 million), an increase of 23.8 %. The Group’s equity to assets ratio at the end of the period was 39 % (38.5 %).

The fair value of the Group’s investment property at the end of 2007 was EUR 468.8 million (EUR 392.2 million). The change in the fair value of investment property was due to the effect of the fair value of properties bought and completed, a reduction in the return requirements of the market, changes in future returns and modernization costs, the revaluation of properties owned throughout the year under review, and increases in the acquisition cost recognized in separate companies during the year. The effect on profit of the change in the fair value of investment property was EUR 14.6 million (EUR 16.1 million).

The Group’s total rentable area was 366,045 floor square meters at the end of 2007 (348,415 floor square meters). The Group’s average financial occupancy ratio at the end of the year was 96.8 % (94.4 %). The financial occupancy ratio describes the rental revenue from the properties as a percentage of the combined total of the rent for the rented space and the estimated market rent for the vacant space. The Group’s leases at the end of the year totaled EUR 111.0 million (EUR 121.1 million).

Group structure

At the end of 2007, the Technopolis Group included the parent company, Technopolis Plc, which had operations in Espoo, Jyväskylä, Lappeenranta, Oulu, Tampere and Vantaa, and its subsidiaries Innopoli Oy (100 % owned) and Kiinteistö Oy Innopoli II (100 %), both in Espoo, and other subsidiaries.

The Group has carried out the merger of the following Group subsidiaries with their respective parent companies: Technopolis JSP Oy, Technopolis JSPF Oy, Technopolis Kareltek Oy, Technopolis TSP Oy, Kiinteistö Oy Hermia Kymppi, Kiinteistö- ja Sijoitusyhtiö Joreco Oy, Kiinteistöosakeyhtiö Teknologiantie 11, Kiinteistö Oy Oulun Teknologiatalot, Kiinteistö Oy Oulun Moderava, Kiinteistö Oy Oulun Mediaani and Medipolis Oy. The purpose of the merger is to increase the cost efficiency of the Group's operations and streamline Group administration.

The parent company has a minority holding in the affiliated companies Kiinteistö Oy Hermia (49.3 %), Technocenter Kempele Oy (48.5 %), Iin Micropolis Oy (25.7 %), Jyväskylä Innovation Ltd (24 %) and Lappeenranta Innovation Ltd (20 %). Technopolis Plc has a 13 % holding in Oulu Innovation Ltd.

The Group also includes Technopolis Ventures Oy in Espoo (fully owned by Innopoli Oy). Technopolis Ventures Oy has the subsidiaries Technopolis Ventures Kareltek Oy in Lappeenranta (100 % owned), Technopolis Ventures JSP Oy in Jyväskylä (100 %), Technopolis Ventures Oulutech Oy in Oulu (70 %) and Technopolis Ventures Professia Oy in Tampere (50.1 %). Technopolis Ventures Oy also has a 25 % holding in Otaniemi Development Ltd.

Technopolis has established two Russian companies in St. Petersburg, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both fully owned by Technopolis.

Principal investments and development projects

In February, 2007, Technopolis decided to commence the construction of the Hermia 12 property in Tampere. The project's cost estimate is EUR 9 million and the gross area is 8,600 square meters, which includes a parking facility for 115 vehicles. 97 % of the facilities have so far been rented. The building's size is 5,000 floor square meters and it is expected to reach completion before the end of February 2008.

In February, Technopolis reached a result in negotiations with the City of Oulu and the Northern Ostrobothnia Hospital District concerning the purchase of a total of 19,250 shares in Medipolis Oy. Following transactions with the said parties and minority shareholders, Technopolis is the sole owner of Medipolis Oy. The total acquisition price of the shares was EUR 3.7 million.

In May, Technopolis launched the construction of the first stage of its technology center in Ruoholahti, Helsinki. The size of the stage is 6,600 floor square meters and the cost estimate is somewhat over EUR 20 million, which includes the costs of parking spaces and site costs. 47 % of the facilities have so far been rented. The first stage is estimated to be completed in August 2008.

In May, Technopolis launched the construction of the first stage of its Lappeenranta City project. The stage measures 3,150 floor square meters and is estimated to cost approximately EUR 6.5 million. 89 % of the facilities have so far been rented. Planned completion is by the end of April 2008.

In spring, Technopolis Plc commenced planning a new technology center in the heart of Tampere, adjacent to the University of Tampere. In its meeting on June 4, 2007, the City Board of Tampere approved Technopolis's request to reserve a plot of land containing the building rights to around 30,000 floor square meters for Technopolis Plc, for the purpose of building a new technology center.

In June, Technopolis commenced the third and fourth expansion stages of the Kontinkangas technology center in Oulu. The size of the third stage is 3,500 gross square meters and the investment totals approximately EUR 5 million. 84 % of the third stage has so far been rented. Its estimated time of completion is August 2008. The size of the fourth stage is 4,290 gross square meters and the investment totals approximately EUR 7.5 million. Its estimated time of completion is September 2008. Approximately 98 % of the fourth expansion stage has been rented.

On August 15, 2007, Technopolis Plc signed a preliminary agreement with the City of Espoo, the Etera Mutual Pension Insurance Company, and Sitra (the Finnish Innovation Fund) on the acquisition of the entire stock of Kiinteistö Oy Innopoli II. The transaction price was EUR 54.2 million. Of the price, 19.4 % was paid in new shares of Technopolis Plc and the rest in cash. Kiinteistö Oy Innopoli II comprises a building of 20,625 floor square meters and 1.9 hectares of land owned by the company and located in the Otaniemi district of the City of Espoo. The property was completed in 2002.

Building of the fifth stage of the Helsinki-Vantaa technology center commenced in September. The size of the building is 6,700 gross square meters and the investment totals approximately EUR 15 million. The fifth stage is expected to reach completion in late fall 2008.

On November 5, 2007, Technopolis Plc signed a preliminary agreement with the City of Kuopio on the acquisition of 99.8 % of Kuopion Teknologiakeskus Teknia Oy's stock. The transaction price is EUR 18.1 million, based on the company's net debt position on September 30, 2007. The net debt of Kuopion Teknologiakeskus Teknia Oy totaled EUR 49.2 million on September 30, 2007. If the net debt position changes prior to the execution of the transaction, the transaction price will be adjusted accordingly. The transaction price will be paid in cash.

Closure of the transaction will require, for example, that the Kuopio City Council approves the share transaction intended in the preliminary agreement, that the City Board approves the final deed of sale, and that no significant new information that would prevent the transaction from taking place is revealed by the due diligence examinations ordered by Technopolis or otherwise. The Kuopio City Council approved the share transaction intended in the preliminary agreement at its meeting on November 19, 2007.

Kuopion Teknologiakeskus Teknia Oy comprises three modern property companies, the total rentable area of which adds up to 47,860 square meters. Teknia's premises currently house 148 companies or other entities with a combined total of approximately 2,500 employees. The net rental income of Teknia's premises as at September 30, 2007 was 7.9 %. According to the information received, the Teknia Group's net sales for 2007 are estimated at EUR 7.2 million and EBITDA at EUR 3.4 million. According to the information received, the Group's net sales for 2008 are estimated at EUR 7.4 million and EBITDA at EUR 4.4 million.

The planning of the technology center in Jyväskylä's Korkeakoskenlahti district took a major step forward in December when the architectural competition for the center was resolved. The intention is to build a technology center of some 40,000 square meters, with work starting in 2009.

In June, Technopolis signed an agreement with Stockmann plc to lease some 4,300 square meters of office space in the Nevsky Centre shopping center currently under construction in St. Petersburg for the purpose of subletting it to its customer companies. The Nevsky Centre is in St. Petersburg's main street, Nevsky Prospekt. According to the information released by Stockmann in October, the target is to open a department store and shopping center by the end of 2009.

The area plan for the Pulkovo technology center in St. Petersburg is expected to be completed within the first quarter of 2008. It is estimated that the conditions for commencing work on the approximately 22,000-square-meter first stage will be in place in the first half of 2008.

Technopolis and the St. Petersburg company, Petersburg Technopark OJSC, signed a co-operation agreement in December on a technology center to be built in the city. The planned center would cooperate closely with St. Petersburg's Bonch-Bruevich University, which specializes in telecommunications.

Technopolis has commenced preliminary inquiries on launching technology center operations in the Moscow area. A memorandum of understanding concerning the collaboration was signed with the City of Moscow in October.

Events after the financial year

To ensure the continuation of its solid development, Technopolis intends to strengthen the Board and revise the operating organization and initiate a related process of selecting a new President and CEO.

The Chairman and Vice Chairman of Technopolis Plc's Board have, in accordance with the Board's decisions and the company's corporate governance system, held discussions with the company's largest shareholders on the new composition of the company's Board and the related selection of a new President and CEO. The intention is to propose the following changes to be decided on by the Annual General Meeting of Technopolis, to take place on March 27, 2008.

The five largest groups of the company's shareholders, two of which are foreign and three domestic representing a total of 28.1 % of the company's stock, have announced their support for the proposed changes. Once approved and carried out, the changes will substantially bolster the company's expertise in its Russian affairs and financing, while the company's considerable expertise with respect to technology centers will increasingly boost its growth.

The intention is to propose to the Annual General Meeting that Pertti Huuskonen, current President and CEO of Technopolis, vacate his position to become a full-time Chairman of the company's Board. This move would take place early in the fall of 2008, when the new President and CEO would commence in the company. To recruit a new President and CEO, a nomination committee will be established, comprising Timo Parmasuo, current Chairman of the Board, Matti Pennanen, Vice Chairman, and Pertti Huuskonen, President and CEO.

At the Annual General Meeting, the intention is to propose as new Board members Jussi Kuutsa, Development Director of the Stockmann Group's international operations, and Timo Ritakallio, Deputy Chief Executive Officer, OKO Bank plc. Additionally, the intention is to propose to the Annual General Meeting that Timo Parmasuo (Board Chairman until the change), Matti Pennanen, Erkki Veikkolainen and Juha Yli-Rajala be re-elected as Board members.

The Board of Directors has decided to realign the company's operating organization to comprise three profit centers: Capital Area, Other Finland and Russia. Keith Silverang, Vice President, is the head of the Capital Area, while Reijo Tauriainen, Vice President, heads Other Finland, and Peter Coachman, General Director, is in charge of the Russian unit. In addition, the Group's organization features matrix functions to manage corporate property development, sales and marketing and the service concept. The Group's Consulting unit and the business development company, Technopolis Ventures Oy, will report to Keith Silverang. Jarkko Ojala will continue as the company's CFO. The composition of the Group's Executive Board will remain unchanged.

Technopolis acquired a plot of land some 3,950 square meters in size from the City of Tampere, located at the corner of the Kalevantie and Kanslerinrinne streets adjacent to the University of Tampere. The deed of sale on the plot was signed on January 3, 2008 and the Tampere City Council approved it in its meeting on January 23, 2008. The transaction price was EUR 480 per square meter of building rights area, which amounts to approx. EUR 5.6 million. Technopolis aims at commencing the technology center project in downtown Tampere during 2008.

Events related to the Technopolis share

During the year, Technopolis implemented two share offerings for institutional investors, with the purpose of financing planned investments, ensuring growth and protecting the company's equity to assets ratio. In addition, a share offering was carried out as a part of the transaction price for Kiinteistö Oy Innopoli II.

At its meeting on January 4, 2007, the Board of Directors resolved, in accordance with the authorization granted by the Annual General Meeting of March 24, 2006, to increase the company's share capital by a maximum of EUR 1,162,652.40, a total of 687,960 shares, through accepting the subscriptions of institutional investors. The demand was about 3.5 times greater than the number of shares offered. The subscription price was set at EUR 7.70 per share. The increase in share capital was entered in the Trade Register on January 8, 2007, and trading in the shares began on January 9, 2007.

At its meeting on November 8, 2007, the Board of Directors resolved to increase the company's share capital by a maximum of EUR 3,177,200.00, a total of 1,880,000 shares, through accepting the subscriptions of institutional investors. This share offering was based on the authorization provided at the company's Annual General Meeting on March 29, 2007. The demand was about 1.3 times greater than the number of shares offered. The subscription price was set at EUR 6.00 per share. The increase in share capital was entered in the Trade Register on November 13, 2007, and trading in the shares began on November 14, 2007.

The Board of Directors of Technopolis decided on August 14, 2007, based on an authorization by the Annual General Meeting of March 29, 2007, on a share offering to the City of Espoo, the Etera Mutual Pension Insurance Company and Sitra (Finnish Innovation Fund) of a total of 1,581,429 shares for payment of the share consideration of Kiinteistö Oy Innopoli II. An increase in share capital of EUR 2,672,615.01 was entered in the Trade Register on August 20, 2007, and trading in the new shares began on August 21, 2007.

In December 2006, a total of 26,131 Technopolis shares were subscribed with year 2001 options. An increase in share capital of EUR 44,161.39 was entered in the Trade Register on February 13, 2007. Including earlier subscriptions, a total of 98,399 Technopolis shares were subscribed by April 30, 2007 with year 2001 options. An increase in share capital of EUR 166,294.31 was entered in the Trade Register on June 12, 2007. The subscription period for all year 2001 options expired on April 30, 2007.

Following these increases, the Technopolis share capital is EUR 74,541,676.70 and there are 44,107,501 shares.

Financing

The Group's net financial expenses totaled EUR 9.7 million (EUR 5.2 million). The Group's balance sheet total was EUR 534.2 million (EUR 431.4 million), of which liabilities accounted for EUR 327.0 million (EUR 266.1 million). The Group's equity to assets ratio was 39 % (38.5 %). The Group's equity per share was EUR 4.69 (EUR 4.03).

The Group's interest-bearing liabilities at the end of the review period were EUR 277.9 million (EUR 229.5 million). The average interest rate of interest-bearing loans was 4.82 % on December 31, 2007 (3.99 %).

Technopolis supplements its financing with a EUR 90 million domestic commercial paper program which allows the company to issue commercial papers with a maturity of less than a year. The commercial paper program was expanded from EUR 60 million to EUR 90 million in the last quarter of 2007. Total commercial paper issues were EUR 35.2 million on December 31, 2007.

Organization and personnel

The Group Executive Board includes the President and CEO Pertti Huuskonen, the directors Jukka Akselin, Satu Eskelinen, Martti Launonen, Seppo Selmgren, Keith Silverang, Reijo Tauriainen and Markku Hokkanen, and the CFO Jarkko Ojala.

The Group employed an average of 142 (113) people during the period. In premises activities there were 49 (34) people, in business services 33 (28) people and in development services 60 (51) people.

Annual General Meeting

The Annual General Meeting of March 29, 2007, confirmed the consolidated and parent company income statements and balance sheets for the year 2006, released those responsible for accounts from further liability and decided on the distribution of a dividend of EUR 0.14 per share for the year that ended on December 31, 2006.

The Board of Directors appointed by the Annual General Meeting comprises Timo Parmasuo, chairman, and Matti Pennanen, vice chairman, and the members Pekka Korhonen, Erkki Veikkolainen and Juha Yli-Rajala. Pertti Huuskonen is the President and CEO of Technopolis. The Group's auditor is KPMG Oy Ab, Authorized Public Accountants, and the principally responsible auditor is Tapio Raappana, APA.

The Annual General Meeting decided to amend the Group's articles of association. The amendments are largely the result of the Companies Act that came into force on September 1, 2006, and are mostly technical in nature. In addition, the Annual General meeting decided to authorize the Board of Directors to decide on acquiring Group shares, a share issue and granting options and other special rights entitling to Group shares, granting options for the year 2007 to Group key personnel and annulment of the 2005C options.

Extraordinary General Meeting

An Extraordinary General Meeting of Technopolis Plc shareholders was held on November 29, 2007, in Oulu. The Extraordinary General Meeting resolved to authorize the Board of Directors to decide on a share issue and granting options and other special rights giving entitlement to shares as referred to in Chapter 10, section 1, of the Limited Liability Companies Act as follows. The maximum number of shares to be issued pursuant to this authorization is 13,000,000 shares, corresponding to approximately 30.79 percent of the company's total stock.

The Board of Directors was authorized to decide on all terms of the share issue and the granting of special rights giving entitlement to shares. The authorization concerns both the issuance of new shares and conveyance of the company's own shares. The share issue and the granting of special rights giving entitlement to shares may be offered to certain parties. The authorization shall not cancel the authorization given to the Board by the Annual General Meeting on March 29, 2007 to decide on a share issue and on granting special rights giving entitlement to shares. The authorization will expire on December 31, 2010, at the latest.

Evaluation of operational risks and uncertainty factors

The most significant risks to Technopolis's business operations are mainly financial risks and customer risks.

Technopolis's main financial risk is the interest rate risk on the loan portfolio. The objective of interest rate risk management is to lower or remove the negative impact of market rate fluctuation on the Group's performance, balance sheet and cash flow. The company's financing policy aims to diversify the interest rate risk of loan contracts over various loan periods on the basis of the market situation prevailing at any particular time and the interest rate prognosis created in the company. If necessary, the company will employ forward rate agreements, interest rate swaps and interest rate options. In order to manage financial risk, Technopolis uses a wide range of financing companies and maintains a high equity-to-assets ratio.

Technopolis only uses derivatives to reduce or remove financial risks in the balance sheet.

Because of the structure of the Technopolis loan portfolio at the end of the review period, a one percentage point increase in money market rates would increase interest rate costs by EUR 1.2 million per annum.

Due to the related interest rate risk, Technopolis has followed a policy of diversification. On December 31, 2007, 65.2 % of the company's loans were bound to the 3-12 month Euribor rate. Of the loans, 34.8 % were fixed-interest loans of 13 to 60 months. The average capital-weighted outstanding loan period was 11.1 years. Technopolis supplements its total financing with a EUR 90.0 million domestic commercial paper program which allows the company to issue commercial papers with a maturity of less than a year. Total commercial papers issues were EUR 35.2 million on December 31, 2007.

Changes in the exchange rates between the Russian ruble and euro may have an effect on the company's financial situation and operations. Business transactions denominated in rubles are recorded at the exchange rate of the transaction date. Any translation differences are entered in the income statement under other operating expenses or financial income and expenses depending on the nature of the transaction. The purchase of land in St. Petersburg was financed in local currency. Currency risks have been minimized by applying a currency swap.

Customer risk management aims to minimize the negative impact of any changes in customers' financial situation on the business and the company's profit. In customer risk management, emphasis is on familiarity with the customer's business and active monitoring of customer information. As part of customer risk management, Technopolis's leases include rent collateral arrangements. Properties are insured with full value insurance.

The Group's property portfolio is divided geographically between the Helsinki capital area, Jyväskylä, Lappeenranta, Tampere and the Oulu region. No single customer accounts for more than 11.1 % of the Group's net sales. The Group has a total of about 1,000 customers, which operate in several different sectors.

The company's lease agreements comprise two groups: fixed-term leases and leases in force until further notice. The company's aim is to use both lease types depending on the market situation, property, and the lessee customer's industry.

The value of the Group's lease portfolio was EUR 111.0 million on December 31, 2007. Of the leases, 15 % will expire in 2008, 25 % will expire in 2009-2011, 24 % in 2012 - 2014, 17 % in 2015 - 2017, and 19 % in 2018 or later. The portfolio distribution describes the rent income based on the leases, which has been allocated to the final dates of the leases and divided with the total value of the lease portfolio.

In new building projects, Technopolis focuses on quality determination and the manageability of the property's entire lifecycle. In the design phase, all the building's maintenance and repair requirements are taken into account, with the aim of implementing environmentally friendly solutions in terms of energy consumption, the adaptability of office facilities, and recycling possibilities. In connection with property purchases, Technopolis carries out the usual property and environmental assessments before committing to the transaction.

Changes in market return requirements may have substantial effect on profit development. When return requirements increase, the fair value of properties decreases and when they decrease, the fair value of properties increases. The changes have either an increasing or decreasing effect on the Group operating profit.

Outlook for the future

Technopolis management estimates that demand for the company's high tech operating environments will be satisfactory in 2008 and that the occupancy ratio of its facilities and demand for its services will remain good. Technopolis estimates that its net sales and EBITDA for 2008 will grow by 16 - 20 % on the previous year, assuming that the acquisition of Kuopion Teknologiakeskus Teknia Oy will go through as planned by the end of February 2008.

As part of its strategy for growth, Technopolis aims to operate in top high technology cities in Finland, as well as in Russia and 1 - 2 other countries by 2011. The Group aims to increase its net sales by an average of 15 % annually. It seeks to grow organically as well as through acquisitions.

The Group's financial performance is dependent on trends in the general operating environment, in customer business, in the financial markets and in the return requirements for properties. Factors in these areas may affect the Group's result through changes in occupancy ratios, the use of services, financing costs, the fair values of properties and office rent levels.

Currency unit: 1 000 euros

Key Indicators and Financial Ratios

	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Summary of income statement					
Net sales	56 899	44 837	31 730	28 840	28 479
Other operating income	5 237	3 863	2 418	6 024	5 621
EBITDA	28 631	22 670	17 486	15 932	15 067
Operating profit	42 558	38 213	18 533	10 521	11 579
Profit before taxes	32 893	33 047	15 110	6 796	8 068
Net profit for the year attributable to parent company shareholders	24 039	23 736	12 679	7 297	5 945
Summary of balance sheet					
Total assets	534 156	431 394	270 162	219 728	179 229
Investment properties 1)	468 760	392 160	249 325	203 006	164 631
Cash and bank	1 076	2 803	2 397	1 659	1 616
Shareholders' equity	207 167	165 276	124 807	93 113	56 602
Interest-bearing liabilities	277 851	229 488	125 176	108 554	107 740
Key indicators and financial ratios					
Change in net sales, %	26.9	41.31	10.02	1.27 2)	25.77
Operating profit/net sales, %	74.8	85.23	58.41	36.48	40.66
Return on equity (ROE), %	12.93	16.95	11.77	8.04	10.38
Return on investment (ROI), %	9.87	11.94	8.26	5.46	7.74
Equity to assets ratio, %	38.96	38.49	46.44	42.59	35.21
Net debt/equity (gearing), %	133.6	137.14	98.31	114.71	168.45
Interest margin, %	412.57	708.78	527.22	273.45	312.38
Employees in Group companies, average	142	113	74	95	95
Share-related indicators					
Earnings/share, undiluted, EUR	0.58	0.63	0.38	0.26	0.22
Earnings/share, adjusted for dilutive effect, EUR	0.58	0.63	0.38	0.26	0.22
Equity/share, EUR	4.69	4.03	3.39	3.04	2.20
Dividend/share, EUR	0.15 3)	0.14	0.13	0.12	0.156 4)
Issue-adjusted no. of shares, average	41 407 380	37 472 329	33 358 468	28 075 286	26 510 570
Issue-adjusted no. of shares, at Dec 31	44 107 501	39 833 582	35 852 046	29 469 481	26 610 882
Other key indicators and financial ratios					
Net rental income of property portfolio, % 1)	7.45	7.73	8.56	8.75	10.17
Gross capital expenditure on non-current assets	88 962	137 974	46 011	14 399	48 646
Price/earnings (P/E) ratio	10.01	12.16	13.16	12.16	10.73
Dividend payout ratio, %	25.84 3)	22.10	34.20	46.17	69.68
Effective dividend yield, %	2.58 3)	1.82	2.60	3.80	6.49
Market capitalization of shares, EUR	256 264 581	306 718 581	179 260 230	93 123 560	64 032 434
Share turnover	21 519 642	23 293 922	21 690 055	6 126 353	3 640 689
Share turnover/average number of shares, %	51.97	62.16	65.02	21.82	21.97
Share prices, EUR					
Highest price	8.31	7.99	5.23	3.31 4)	2.59
Lowest price	4.55	4.41	3.17	2.30 4)	1.67
Average price	6.85	6.01	4.10	2.75 4)	1.93
Price at Dec 31	5.81	7.70	5.00	3.16	2.41

1) The balance sheet values are IFRS fair values in 2004 - 2007, and FAS book values in 2003.
2) The change in net sales % for 2004 was calculated by comparing the IFRS net sales in 2004 with the FAS net sales in 2003. There are no differences in FAS and IFRS net sales.
3) Proposal for distribution of dividends
4) Bonus issue-adjusted

Currency unit: 1 000 euros

Consolidated Income Statement

	Note	2007	2006
Net sales	**1**	**56 899**	**44 837**
Other operating income	**1**	5 237	3 863
Costs of employee benefits	**2**	-8 992	-6 572
Depreciation, impairment and recognition of consolidation difference	**3**	-623	-561
Changes in fair value of investment properties	**7**	14 550	16 075
Other operating expenses	**4**	-24 513	-19 429
Operating profit		**42 558**	**38 213**
Financial income, total	**5**	846	298
Financial expenses, total	**5**	-10 523	-5 427
Share of profits of associates	**5, 9**	13	-36
Profit before taxes		**32 893**	**33 047**
Income taxes	**11**	-8 809	-8 460
Net profit for the year		**24 083**	**24 588**
Distribution of profit for the year			
To parent company shareholders		24 039	23 736
To minority shareholders		45	852
Average issue-adjusted number of shares		41 407 380	37 472 329
Earnings per share, undiluted, EUR		0.58	0.63
Average number of shares adjusted for dilutive effect		41 469 091	37 619 867
Earnings per share, diluted, EUR		0.58	0.63

Currency unit: 1 000 euros

Consolidated Balance Sheet

	Note	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Intangible assets	**6**	2 486	2 632
Investment properties	**7**	468 760	392 160
Tangible fixed assets	**8**	26 902	2 442
Holdings in associates	**9**	12 343	10 769
Investments and receivables	**10, 13**	9 879	11 054
Deferred tax assets	**11**	2 414	1 769
Non-current assets, total		**522 784**	**420 826**
Current assets			
Current receivables	**12, 13**	8 420	7 732
Financial securities	**12**	4	33
Cash and bank		1 076	2 803
Current assets, total		**9 500**	**10 568**
Non-current assets held for sale	**14**	**1 872**	
ASSETS, TOTAL		**534 156**	**431 394**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		74 542	67 319
Premium fund		18 551	18 551
Revaluation fund		72	48
Invested unrestricted equity fund		27 311	7 322
Share-based compensation		553	320
Retained earnings		61 702	43 404
Net profit for the year		24 039	23 736
Shareholders' equity before minority interests, total		**206 769**	**160 700**
Minority interests		398	4 576
Shareholders' equity, total		**207 167**	**165 276**
Liabilities			
Non-current liabilities	**15**	229 367	184 668
Deferred tax liabilities	**11**	35 080	22 682
Current liabilities	**15**	62 542	58 768
Liabilities, total		**326 989**	**266 117**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**534 156**	**431 394**

Currency unit: 1 000 euros

Consolidated Cash Flow Statement

	Note	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		42 558	38 213
Change in fair value of investment properties		-14 550	-16 075
Depreciation		623	562
Other adjustments for non-cash transactions		518	320
Increase/decrease in working capital		333	262
Interests received		818	290
Interests paid and fees		-11 155	-5 502
Dividends received		19	6
Taxes paid		-2 915	-1 921
Net cash provided by operating activities		**16 249**	**16 155**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other securities		-1 645	-25
Investments in investment properties		-27 564	-40 655
Investments in tangible and intangible assets		-377	-438
Repayments of loan receivables		18	36
Gains from disposal of other investments		342	149
Acquisition of subsidiaries	**17**	-48 928	-18 158
Net cash used in investing activities		**-78 154**	**-59 091**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term loans		67 886	31 490
Decrease in long-term loans		-15 658	-11 425
Decrease in finance lease liabilities		-4 430	-965
Decrease in finance lease receivables		809	187
Dividends paid		-5 677	-4 664
Paid share issue		16 786	1 115
Change in short-term loans		462	27 604
Net cash provided by financing activities		**60 178**	**43 342**
Net increase/decrease in cash assets		**-1 727**	**405**
Cash and cash equivalents, January 1		2 803	2 397
Cash and cash equivalents, December 31		**1 076**	**2 803**

The notes to the cash flow statement are presented in the notes to the consolidated financial statements.

Statement of Changes in Equity

	Share capital	Premium fund	Revaluation fund	Invested unrestricted equity fund	Retained earnings	**Shareholders' equity before minority interests**	Minority interests	**Shareholders' equity total**
Equity, 31.12.2005	**60 590**	**12 727**	**18**	**6**	**48 075**	**121 416**	**3 391**	**124 807**
Share issue	6 729					6 729		**6 729**
Issue premium		5 850		7 322		13 172		**13 172**
Dividend distribution					-4 664	-4 664		**-4 664**
Share-based compensation					320	320		**320**
Net profit for the year					23 736	23 736	852	**24 588**
Other changes		-26	30	-6	-6	-9		**-9**
Business combinations							334	**334**
Equity, 31.12.2006	**67 319**	**18 551**	**48**	**7 322**	**67 460**	**160 700**	**4 576**	**165 276**
Share issue	7 012					7 012		**7 012**
Issue premium				19 914		19 914		**19 914**
Stock options exercised	210					210		**210**
Dividend distribution					-5 677	-5 677		**-5 677**
Own shares acquired				75	-82	-6		**-6**
Share-based compensation					553	553		**553**
Net profit for the year					24 039	24 039	45	**24 083**
Other changes			24			24	-1	**23**
Business combinations							225	**225**
Acquisition of minority holding							-4 447	**-4 447**
Equity, 31.12.2007	**74 542**	**18 551**	**72**	**27 311**	**86 294**	**206 769**	**398**	**207 167**

Accounting Policies of Consolidated Financial Statements

COMPANY INFORMATION

Technopolis is a company that specializes in providing operating environments for high tech enterprises, utilizing a service concept that combines premises, business services and development services. Technopolis operates at Espoo, Jyväskylä, Lappeenranta, Oulu, Tampere and Vantaa in Finland and at St. Petersburg in Russia. The Group's parent company is Technopolis Plc. The company is domiciled in Oulu, Finland and its registered address is Elektroniikkatie 8, FI-90570 Oulu.

ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Technopolis Plc have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements comply with the IAS (International Accounting Standards) and IFRS valid on December 31, 2007, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee). All figures in the financial statements are presented in thousands of euros.

Scope of consolidated financial statements

The consolidated financial statements include the parent company, Technopolis Plc, and those subsidiaries in which the parent company directly or indirectly controls more than 50 % of the voting power of the shares or otherwise has control. Associates are companies in which the Technopolis Group has significant influence. Significant influence exists when the Group owns more than 20 % of the company's voting power or when it otherwise has significant influence but not control.

Principles of consolidation

The purchase method has been used in eliminating the mutual shareholdings of Group companies. Pursuant to an exemption permitted by IFRS 1, the Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations that predate the transition to IFRS. All business combinations subsequent to the transition date comply with IFRS 3. In the purchase cost calculations, all identifiable assets, liabilities and contingent liabilities related to the acquired sites are measured at fair value on the acquisition date. If the cost of an acquired company at the acquisition date exceeds the Group's share of the fair value of the acquired company's net assets, the difference is recognized as goodwill. All subsidiaries established or acquired during the financial year have been consolidated from the point in time when control over them was established.

All intragroup transactions, margins on fixed assets, balances and profit distribution have been eliminated. The portion attributable to minority interests has been separated from consolidated equity and profit and is presented separately under equity.

Associates have been consolidated using the equity method of accounting. The Group's portion of the net profit/loss for the year of associates, less impairment, is presented in the income statement under financial income. If the Group's portion of an associate's loss exceeds the carrying amount, any losses in excess of the carrying amount are not consolidated, unless the Group is committed to fulfilling the obligations of the associates.

Subsidiaries that are mutual property companies have been consolidated by proportional consolidation, with the balance sheets and income statements of the mutual property companies being consolidated proportionally to the Group's holding, line by line, with the corresponding lines in the consolidated financial statements. These cases do not constitute a minority interest.

Translation of foreign currency items

The consolidated financial statements are disclosed in euros, which is the functional and presentation currency of the Group's parent company. Foreign currency transactions are stated at the rate of exchange prevailing on the date of each transaction. At the end of the financial year, unsettled monetary items denominated in a foreign currency are valued using the rates of the balance sheet date. Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Gains and losses arising from foreign currency denominated business transactions and from the translation of monetary items have been recognized in the income statement. The Group has a Russian subsidiary in St. Petersburg that uses the euro as the presentation currency.

Segment reporting

On the balance sheet date, the risks and profitability related to the products and services of the Group's various businesses and geographical areas were not materially different from one another, and the business in St. Petersburg was still minor in scope. The Group regularly assesses any future changes and consequential formation of segments.

Policies for income recognition

The Group's net sales primarily consist of the premises rental income, service income and consulting income derived from business operations. Net sales are adjusted by indirect taxes, sales adjusting items and the translation difference of foreign currency denominated sales. The Group's income is recognized when the risks and rewards of ownership are transferred to the buyer and when it is probable that the economic benefits associated with the transaction will flow to the entity. Service income is recognized upon complete performance of the service.

Government grants

Government grants are recognized when there is reasonable assurance that the entity complies with the conditions attaching to them and that the grants will be received. The grants received for various development programs have been recognized in other operating income. The expenses relating to development programs are recognized under other operating expenses and personnel expenses.

Income taxes

Current taxes include the accrual-based taxes relating to the profit for the year, adjustments for previous years and changes in deferred taxes. Deferred tax liabilities arise when the carrying amount of an item in the consolidated balance sheet exceeds the taxation value. Deferred tax liabilities are recognized in their entirety under non-current liabilities. Deferred tax assets arise when the carrying amount of an item in the consolidated balance sheet falls below the taxation value. Deferred tax assets are recognized to the extent it is probable they can be utilized against future taxable income. Deferred tax assets are recognized under non-current receivables.

Deferred taxes arise from e.g. investment properties, fixed assets, available-for-sale financial assets, confirmed losses, financial instruments, and the measurement of asset items at fair value in conjunction with business acquisitions. The corporate tax rate confirmed on the balance sheet date has been used in calculating deferred taxes.

Intangible assets and tangible fixed assets

Intangible assets and tangible fixed assets are measured at the original acquisition cost, less accumulated depreciation and impairment, and they are depreciated over their useful lives according to pre-established depreciation plans. Intangible rights are depreciated on a 20 % straight-line basis, and machinery and equipment on a 25 % residual value basis. Depreciation is included in the income statement under depreciation according to plan. Additional expenses arising later are capitalized if it is likely that they will cause future economic benefit to flow to the company and they can be reliably defined and allocated to an asset. Otherwise, they are recognized as an expense in the income statement.

The useful lives of intangible assets and tangible fixed assets are reviewed annually and their carrying amounts are assessed for possible impairment. If the carrying amount of an asset item is discovered to be larger than the cash it will generate in the future, an impairment loss will be recognized as an expense through profit or loss. If an impairment loss later proves unwarranted, it can be reversed by recognizing it through profit or loss. However, a reversal of an impairment loss cannot exceed the impairment of the asset recognized previously, and an impairment loss made in goodwill is irreversible.

On the balance sheet date, the Group has no intangible assets with indefinite useful lives or goodwill that would need to be tested for impairment by annual impairment tests.

Investment properties

Investment properties are those that the Group holds in order to obtain rental income or an increase in asset value. Investment properties are measured at fair value. They include buildings and developed/undeveloped land owned by the Group. They also include properties held under a financial lease. Properties held under other than a financial lease are not classified as investment properties. The Technopolis Group keeps, for its own use, only small offices in buildings that can otherwise be defined as investment properties, for which reason the premises in Technopolis's own use have not been recognized separately at acquisition cost, but are included in the fair value calculation.

Fair value accounting model

In calculating the fair value of investment properties, the aim is to determine the prices paid on an active market at the time of the examination for properties that are equivalent in their nature, location, condition or leasing structure. If comparable prices cannot be found on active markets, the fair value can be determined by adapting the prices of active markets to correspond to the examination time and situation, or by determining them from cash flows based on estimated future income.

The fair value accounting model applied by the Group is based on the cash flow method determined specifically for each property, in which the fair value of an investment property is determined by discounting the net cash flow of future income and expenses to the present day. The net cash flow consists of future rent income adjusted by the under-utilization rate, less annual management and maintenance costs. The current value of the residual value after the accounting period is added to the current value of the net cash flow. Undeveloped land areas are measured on the basis of the building rights, if the latter is essentially different from the land acquisition cost.

All future income is based on existing agreements. Existing agreements are considered to terminate after the notice period that follows the first possible date for giving notice of termination has ended. After this, the premises are assumed to be leased at market rents. The market rent is a rent defined by the company itself specifically for each of the premises and properties. Market rents are also defined for premises that are empty at the valuation date. An under-utilization rate is defined specifically for each property annually over the entire accounting period. In addition to income from the rental of premises, site-specific income is considered to include payments for usage, income from car parking and income from conference room rentals. Rents and market rents are increased annually by the expected inflation rate.

The expenses attributed to a property include the cost of management, small repairs and maintenance allocated to the property or the proportional holding in it for the entire accounting period. These expenses are increased annually by the expected inflation rate. The maintenance costs used in the calculation of residual value are based on internal site-specific estimates.

The net cash flows from estimated future income and expenses are discounted to the present day using a discount rate derived from the net return requirement and the expected inflation rate. A statement on area-specific net return requirements is requested from two third-party experts. From these, the company internally estimates the net return requirements specifically for each site.

The valuation model and the parameters applied in it have been audited by a third-party property assessor (AKA). Additionally, the Group acquires, at its discretion, appraisals from a third-party assessor to support its own calculations.

Changes in the value of investment properties are entered into the income statement as a separate item. The change in the fair value of investment properties during the financial year was due to three factors – the change in the value of properties owned all the year, the determination at fair values of properties completed during the financial year, and increases in acquisition cost recognized in separate companies during the financial year.

Advance payments and projects in progress

The item "Advance payments and projects in progress" presents the actual total acquisition cost of properties under construction at the end of the financial year. Advance payments include those made in relation to the properties – e.g. for acquisition of land.

Undeveloped land areas are classified as investment properties until the commencement of construction, at which point they are transferred to projects in progress at fair value as per the transfer date. The purchase cost model is applied to properties that are under construction and are to be classified later as investment properties. Projects in progress include, in addition to land areas under construction, the purchase costs of buildings under construction and connection fees and the borrowing costs directly related to these. Projects in progress also include capitalized personnel expenses and land lease rents from the time of construction. After the completion of the property, a sum corresponding to the building's purchase cost, the land area, the connection fees and the borrowing costs capitalized during the time of construction is transferred in its entirety to investment properties, and its fair value is determined. The difference between the portion transferred from projects in progress and the fair value is recognized through profit or loss.

Leases

Leases are classified as finance leases and operating leases, depending on the extent to which the risks typically related to the ownership of the leased asset are to be carried by the lessee or the lessor. Finance leases are those that transfer substantially all of the risks and rewards incidental to the ownership of the asset item to the lessee. If the risks and rewards incidental to the ownership of the asset item are not transferred, the lease is classified as an operating lease. Operating leases are recognized through profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the lease's actual nature.

Group as lessor

Lessors recognize assets held under a finance lease at their commencement date in the balance sheet and state them at their net investment value. Lessors treat the receivable lease income as repayment of capital and finance income. The recognition of financial income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned financial income.

Group companies are lessors of premises on long-term leases that are classified as finance leases. In these cases, the risks and rewards incidental to ownership of the premises have been transferred substantially to the lessee. Leases in which the risks and rewards incidental to ownership remain with the lessor are treated as operating leases. The majority of rental income is entered in the income statement on a straight-line basis during the lease period. Contingent rents are applied in the case of a few customers, in which the rent is based on the lessee's net sales. All lease income is entered in net sales.

Group as lessee

Lessees recognize financial leases at the commencement as balance sheet assets at their fair value or at the current value of minimum leases, whichever is lower, and they are removed from the balance sheet at the time when the assets are expected to be used. The rents to be paid are divided between financial expenses and a decrease in liabilities.

Group companies are lessees of premises on long-term leases that are classified as finance leases. In these cases, the risks and rewards incidental to ownership of the premises have been transferred substantially to the lessee.

Borrowing costs

During the financial year, the Group voluntarily adopted the revised IAS 23, Borrowing Costs, which requires that borrowing costs arising during the time of construction be attributed to the acquisition cost of investment properties. Those borrowing costs that are not directly attributable to such long-term construction projects are recognized as expenses for the financial year during which they arise.

Financial instruments

Financial instruments are grouped as financial assets and financial liabilities recognized at fair value through profit or loss, or as loans and other receivables, available-for-sale financial assets and financial liabilities recognized at amortized cost. Available-for-sale financial assets and financial assets and financial liabilities recognized at fair value through profit or loss are measured at fair value by using quoted market prices and exchange rates or the valuation methods of third-party assessors.

Interest rate and currency swaps have been classified under financial assets and financial liabilities recognized at fair value through profit or loss. They are initially entered in the accounts at their acquisition cost, which is equivalent to their fair value. After the acquisition, the swaps are measured at fair value. The fair value of interest rate and currency swaps is determined by discounting all future cash flows related to the swaps to the valuation date in accordance with the counterparty's pricing systems and methods. As the Group's current interest rate and currency swaps do not meet the requirements of hedge accounting, the positive and negative changes to fair value have been recognized through profit or loss.

Loans and other receivables and all financial liabilities, excluding derivatives, are presented in the balance sheet at the amortized cost by applying the effective interest method. Transaction costs are included at their initial purchase cost.

Equity investments are classified under available-for-sale financial assets. Available-for-sale financial assets are measured at fair value by applying quoted market prices. Any unlisted shares the fair value of which cannot be reliably determined are recognized at their acquisition cost, less impairment. Changes in the fair values of available-for-sale financial assets are recognized directly in equity under the revaluation fund, less the tax consequences. When this kind of asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit.

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sales transaction, rather than through continuing use. Such an asset is available for immediate sale in its present condition and its sale is highly probable. Non-current assets held for sale are measured at their carrying amounts or at their fair value less the costs of sale, whichever is lower.

Interest-bearing liabilities are recognized in the balance sheet at amortized cost by applying the effective interest method. Current interest-bearing liabilities include the commercial papers issued by the company.

Cash and cash equivalents consist of cash, demand deposits and other current, extremely liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the acquisition date.

Sales receivables

Sales receivables are measured at their initial value, less their estimated impairment. The situation with doubtful receivables and credit losses is estimated regularly case by case.

Employee benefits

The pension security paid by the Technopolis Group as the employer is mostly based on the Finnish pension security system (TEL). All of the Group's employees are included in a defined contribution plan, and all contributions resulting from pension arrangements are recognized in the income statement in that financial year which the contribution concerns.

Voluntary pension arrangements of key persons have been treated as defined contribution plans, because the Group's legal and constructive obligation is limited to the amount which the Group contributes to the plan concerning post-employment benefits.

Share-based payments

The Group has applied IFRS 2, Share-based Payments, to all those option programs under which options have been granted after November 7, 2002 and to which no right has arisen prior to January 1, 2005. No costs related to any option programs that predate the above have been presented in the income statement. Options are measured at fair value at the granting date and are recognized in the income statement as expenses on a straight-line basis during the period when the right arises. The cost determined on the option granting date is based on the Group's estimate of the number of options for which a right is estimated to arise at the end of the period.

Fair value is determined on the basis of the Black-Scholes option pricing model. An option's fair value depends on the subscription price of option-based shares, volatility, the expected option lifetime and the risk-free interest rate. Volatility is determined on the basis of the company's historical data and the long-term interest rate is used as the risk-free interest rate. The cost entry arising from the options is recognized in the income statement under personnel expenses and in equity. The Group updates the assumption on the final number of options on each balance sheet date. Changes in the estimates are entered in the income statement. When options are exercised, all money payments received on the basis of share subscriptions (adjusted by the transaction costs, if any) are entered in the share capital (counter book value) and in the invested unrestricted equity fund.

Operating profit

The Group has defined operating profit as follows: Operating profit is the net sum formed when the net sales figure is increased by operating income, and decreased by employee benefits expense, depreciation and amortization expense and any impairment losses, changes in the fair value of investment properties and other operating expenses. All other income statement items than those listed above are presented below operating profit. Exchange rate differences are included in operating profit, if they arise from business-related items; otherwise they are recognized in financial items.

Earnings per share

The earnings per share figure is presented in undiluted form and adjusted for dilutive effects. The undiluted earnings per share is calculated using the parent company's average number of shares for the financial year. When calculating the diluted earnings per share, the parent company's average number of shares for the year has been adjusted by the dilutive effect of additional shares resulting from the expected exercise of options. The exercise of options is excluded from earnings per share calculations, if the subscription price of an option-based share exceeds the shares' average market value during the year.

Related party transactions

Parties are deemed to be related parties, if one party has control over or significant influence on the other's decision making. The Group's related parties comprise the parent company, all subsidiaries and associates, together with Group management and their family members.

Use of estimates

In the preparation of the financial statements, the Group's management has to exercise judgement in the application of accounting policies and make estimates and assumptions that affect the contents of the financial statements. The most significant estimates in the consolidated financial statements are related to the estimation of the parameters used in the fair value measurement of investment properties. The single most significant variable that may have a material effect on the fair value of investment properties is the return requirement of the market. The return requirement is determined by two third-party assessors. Based on this determination, the company internally assesses the return requirement by site, with consideration to the property-specific risk. There are also uncertainty factors relating to the determination of property-specific cash flows, for which assumptions and estimates about the future are required. When making these estimates and assumptions, the management has used the best knowledge available on the balance sheet date. Actual future outcomes may deviate from estimates made at present.

Application of new or revised International Financial Reporting Standards

The Group has taken into consideration the new standards and interpretations published by IASB (International Accounting Standards Board) during the financial year and will apply these in coming years as they take effect. In these financial statements, the Group has applied IFRS 7 for the first time and has voluntarily applied the revised IAS 23. The Group will consider the effects of IFRS 8 on reporting at the latest by the time the standard becomes effective on January 1, 2009. The Group estimates that other new standards, revisions and interpretations published during the financial year will have no material effect on the Group's coming financial statements. IFRIC 8 - IFRIC 14 will have no material effect on the Group's coming financial statements.

Notes to the Consolidated Financial Statements

1. NET SALES AND OTHER OPERATING INCOME

The Group's total rentable area was 366,045 floor square meters at the end of 2007 (348,415 floor square meters on December 31, 2006). The Group's average financial occupancy ratio at the end of the year was 96.8 % (94.4 %).

At the end of the year, the Group's lease portfolio totaled EUR 111.0 million (EUR 121.1 million).

	2007	2006
Net sales	56 899	44 837
Other operating income	5 237	3 863

A contingent rent, based on the lessee's net sales, has been applied to some customers. Contingent rents totaling EUR 1,038 thousand were recognized in net sales for the year (EUR 981 thousand in 2006).

Net sales includes rental income from premises, and income from services and consulting. Net sales have been adjusted by indirect taxes, adjusting entries for sales and exchange rate differences from sales in foreign currencies.

The grants received for certain development programs have been recognized under other operating income. The expenses relating to the development programs are recognized under other operating expenses and personnel expenses.

2. COSTS OF EMPLOYEE BENEFITS

Salaries and fees	6 934	5 057
Pension costs, defined contribution plans	1 194	824
Share options granted	553	320
Indirect employee costs	311	370
Costs of employee benefits, total	**8 992**	**6 572**
Average number of employees	142	113

The employment benefits of the management are presented in note 19.

3. DEPRECIATION, IMPAIRMENT AND RECOGNITION OF CONSOLIDATION DIFFERENCE

Depreciation by asset group		
Intangible assets: Intangible rights	194	131
Tangible fixed assets: Machinery and equipment	429	431
Depreciation, impairment and recognition of consolidation difference, total	**623**	**561**

4. OTHER OPERATING EXPENSES

Premises expenses	10 965	8 375
Service expenses	6 161	5 385
Expenses of development programs	4 849	3 604
Other expenses arising from operations	2 538	2 064
Other operating expenses, total	**24 513**	**19 429**

5. FINANCIAL INCOME AND EXPENSES

Income from shares of profits of associates	13	-36
Dividend income	19	11
Interest income	828	288
Interest expenses	-10 523	-5 427
Impairment of non-current asset investments	-1	-1
Financial income and expenses, total	**-9 665**	**-5 166**

As the Group's current interest rate and currency swaps do not fulfill the criteria for hedge accounting, the positive and negative changes in fair value have been recognized through profit or loss.

Currency unit: 1 000 euros

	2007	2006
6. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, Jan 1	2 926	383
Increases	2	20
Increases from business combinations	47	2 522
Acquisition cost, Dec 31	2 975	2 926
Accumulated depreciation, Jan 1	-294	-163
Depreciation for the year	-194	-131
Intangible rights, Dec 31	**2 486**	**2 632**
Carrying amount, Jan 1	2 632	220
Carrying amount, Dec 31	2 486	2 632
7. INVESTMENT PROPERTIES		
Rental income	42 380	29 010
Property maintenance expenses	-13 492	-7 942
Net rental income	**28 888**	**21 068**
The figures do not include the effect of properties acquired and brought into use during the year.		
Changes in fair value of investment properties		
Fair value of investment properties, Jan 1	392 160	249 325
Cost of investment properties acquired during the year	2 603	11 540
Investment properties from business combinations	60 666	79 272
Transfers from projects in progress		28 759
Transfers to projects in progress	-1 084	
Transfers to other balance sheet items	-1 872	
Change in fair value	16 288	23 266
Fair value of investment properties, Dec 31	**468 761**	**392 160**
Change in value of investment properties		
Change in fair value excluding change in net return requirements	3 344	-6 786
Change caused by change in net return requirements	12 944	30 052
Changes in acquisition costs of investment properties in financial year	-1 737	-7 191
Effect on profit of change in value of investment properties	**14 550**	**16 075**
8. TANGIBLE FIXED ASSETS		
Machinery and equipment		
Original acquisition cost	4 551	3 876
Accumulated depreciation	-3 056	-2 626
Net expenditures, Jan 1	1 495	1 250
Increases	354	427
Increases from business combinations	99	296
Decreases	-83	-47
Depreciation accumulated on decreases	38	
Depreciation for the year	-429	-431
Machinery and equipment, Dec 31	**1 473**	**1 495**
Carrying amount, Jan 1	1 495	1 250
Carrying amount, Dec 31	1 473	1 495
Other tangible assets		
Acquisition cost, Jan 1	27	28
Increases from business combinations	27	
Increases	2	
Other tangible assets, Dec 31	**56**	**28**
Carrying amount, Jan 1	28	28
Carrying amount, Dec 31	56	28

	2007	2006
Advance payments and projects in progress		
Projects in progress, Jan 1	920	7 331
Increases/decreases	23 368	22 347
Transfers from investment properties	1 084	
Transfers to investment properties		-28 759
Advance payments and projects in progress, Dec 31	**25 372**	**920**

9. HOLDINGS IN ASSOCIATES

	2007	2006
Holdings in associates, Jan 1	10 769	1 092
Increases/decreases	1 551	9 713
Increases from business combinations	10	
Group share of profit/loss for year	13	-36
Holdings in associates, Dec 31	**12 343**	**10 769**

Holdings in associates	**Holding, %**	**Original acquisition cost**	**Group share of accumulated profit/loss**
Iin Micropolis Oy, 500 shares, Ii	25,7	84	-84
Technocenter Kempele Oy, 501 shares, Kempele	48,5	588	332
Jyväskylä Innovation Ltd, 1,200 shares, Jyväskylä	24,0	12	3
Lappeenranta Innovation Ltd, 1,000 shares, Lappeenranta	20,0	10	-10
Otaniemi Development Ltd, 35 shares, Espoo	35,0	35	0
Kiinteistö Oy Hermia, 9,692 shares, Tampere	49,3	11 372	0
Total		**12 102**	**241**

The fair values of the shares of associates do not materially differ from their carrying amounts.

Technopolis Plc has recognized losses accumulated from its interest in the results of its associates only up to the acquisition cost of the shares. EUR 21 thousand (EUR 21 thousand in 2006) was left unrecognized for Iin Micropolis Oy, and EUR 6 thousand (EUR 10 thousand) was left unrecognized for Lappeenranta Innovation Ltd.

Information on associates	**Assets**	**Liabilities**	**Net sales**	**Profit for the year**
2007				
Iin Micropolis Oy	332	413	38	0
Technocenter Kempele Oy	3 011	582	448	26
Otaniemi Development Ltd	329	230	85	0
Lappeenranta Innovation Ltd	1 171	1 203	153	17
Jyväskylä Innovation Ltd	968	925	3 215	0
Kiinteistö Oy Hermia	8 485	186	886	0
2006				
Iin Micropolis Oy	276	358	81	10
Technocenter Kempele Oy	3 172	772	369	-62
Otaniemi Development Ltd	280	181	168	-1
Lappeenranta Innovation Ltd	491	440	78	-99
Jyväskylä Innovation Ltd	360	296	713	14
Kiinteistö Oy Hermia	8 726	1 189	872	-102

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2007	2006
Available-for-sale financial assets, Jan 1	4 840	268
Increases	47	31
Increases from business combinations		4 616
Decreases	-268	-104
Change in fair value of assets recognized at fair value	32	30
Available-for-sale financial assets, Dec 31	**4 651**	**4 840**

EUR 3.9 million (EUR 3.9 million in 2006) has been recognized at fair value and EUR 712 thousand (EUR 933 thousand) has been recognized at cost.

	2007	2006
Revaluation fund		
Revaluation fund, Jan 1	48	18
Change in fair value of assets recognized at fair value	32	42
Amount transferred to income statement	-1	-2
Deferred taxes	-8	-11
Revaluation fund, Dec 31	**72**	**48**

The changes in the fair value of available-for-sale financial assets are recognized in the revaluation fund, less the tax effect. When such an asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit or loss.

11. INCOME TAXES AND DEFERRED TAXES

	2007	2006
Current taxes	-2 621	-2 247
Transfer to invested unrestricted equity fund	-59	
Change in deferred taxes	-6 129	-6 212
Tax expense in income statement	**-8 809**	**-8 460**
Reconciliation of income taxes		
Profit before taxes	32 893	33 047
Taxes calculated at the tax rate on the balance sheet date 26 %	-8 552	-8 592
Non-tax-deductible expenses	-108	-208
Tax-exempt income	41	
Effects of the differing tax rates of foreign subsidiaries	42	
Previously unrecognized deductible differences	31	342
Unrecognized deferred tax assets	-192	-27
Income tax for previous years	-46	-4
Transfer to invested unrestricted equity fund	-59	
Others	33	29
Tax expense in income statement	**-8 809**	**-8 460**
Deferred tax liabilities		
Investment properties	27 005	20 659
Other temporary differences	8 074	2 023
Deferred tax liabilities, total	**35 080**	**22 682**
Deferred tax assets		
Investment properties	2 187	1 346
Unused losses confirmed in taxation	101	256
Other temporary differences	125	167
Deferred tax assets, total	**2 414**	**1 769**

Deferred tax assets from temporary differences and confirmed losses for which there is no certainty that they can be utilized in the future have not been recognized in the consolidated financial statements. These temporary differences totaled EUR 0.2 million in 2007 (EUR 0.2 million in 2006).

The taxes and deferred taxes related to items recognized directly in shareholders' equity have been recognized directly in shareholders' equity.

12. CURRENT RECEIVABLES

	2007	2006
Sales receivables	2 376	2 404
Receivables from associates	5	
Loan receivables	94	7
Adjusting entries for assets	3 492	2 666
Finance lease receivables (breakdown in note 13.)	876	792
Derivatives	282	
Other receivables	1 228	1 808
Income tax receivables	66	55
Short-term receivables, total	**8 420**	**7 732**
Financial securities		
Other securities	4	33

	2007	2006
13. FINANCE LEASE RECEIVABLES		

The finance leases recognized in the consolidated financial statements are property leases and fixtures and fittings leases (Group as lessor). Long-term finance lease receivables have been recognized in non-current assets under investments and receivables.

	2007	2006
Leases of fixtures and fittings		
Maturities of finance lease receivables		
Not later than one year	34	34
Later than one year and not later than five years	17	52
Gross investment in finance leases	**50**	**85**
Present value of minimum lease receivables		
Not later than one year	31	28
Later than one year and not later than five years	16	48
Present value of minimum lease receivables, total	**47**	**76**
Non-accumulated financial income	3	10
Gross investment in finance leases of fixtures and fittings	**50**	**85**
Finance leases of properties		
Maturities of finance lease receivables		
Not later than one year	1 395	1 395
Later than one year and not later than five years	4 369	5 177
Later than five years	2 544	3 131
Gross investment in finance leases	**8 309**	**9 704**
Present value of minimum lease receivables		
Not later than one year	845	764
Later than one year and not later than five years	3 062	3 569
Later than five years	2 116	2 469
Present value of minimum lease receivables, total	**6 023**	**6 802**
Non-accumulated financial income	2 285	2 901
Gross investment in finance leases of properties	**8 309**	**9 704**

14. NON-CURRENT ASSETS HELD FOR SALE

At Hepolamminkatu in Tampere, the Group owns a held-for-sale production building that was incorporated as a property company in the final quarter of 2007. On the balance sheet date, the Group held the entire stock of the property company. The property company's shares have been recognized under non-current assets held for sale, and their book value is EUR 1.9 million. Sale of the property company shares is expected to take place in the first quarter of 2008. The property company will be sold as it is not part of the Group's core business.

15. LIABILITIES

	2007	2006
Non-current interest-bearing liabilities		
Bank loans	188 692	139 535
Non-current finance lease liabilities	39 259	43 627
Non-current interest-bearing liabilities, total	**227 952**	**183 162**
Current interest-bearing liabilities		
Repayments on long-term loans	13 538	10 318
Commercial papers	35 248	34 833
Current finance lease liabilities	1 113	1 176
Current interest-bearing liabilities	**49 899**	**46 326**
Interest-bearing liabilities		
Fixed-interest loans	84 373	57 107
Floating-interest loans	193 478	172 381
Interest-bearing liabilities	**277 851**	**229 488**
Fair value of interest-bearing liabilities	**276 073**	**229 262**

Interest-bearing liabilities (excluding finance lease liabilities) are all denominated in euros, and will mature as follows:

	2007	2006
2007		46 416
2008	48 795	14 598
2009	11 940	12 272
2010	22 000	17 089
2011	20 992	12 396
2012	22 452	
Later	111 299	81 915
Total	**237 478**	**184 686**

	2007	2006
The weighted averages of the effective interest rates of interest-bearing liabilities, %		
Bank loans	4.65	3.78
Bank loans including interest rate and currency swaps	4.64	3.82
Finance lease liabilities	5.62	4.56
Other loans		3.78
Commercial papers	4.97	3.32
Non-current non-interest-bearing liabilities		
Deferred tax liabilities	35 080	22 682
Other liabilities	1 416	1 506
Non-current non-interest-bearing liabilities, total	**36 496**	**24 188**
Current non-interest-bearing liabilities		
Advances received	2 466	2 013
Accounts payable	3 911	4 129
Adjusting entries for liabilities	5 414	4 569
Derivatives		44
Other liabilities	360	1 284
Income tax liabilities	492	402
Current non-interest-bearing liabilities	**12 643**	**12 442**

16. MANAGEMENT OF FINANCIAL RISKS

The most significant risks related to Technopolis's business operations are mainly financial risks and customer risks. The Group's financial risk management aims at ensuring effective and competitive financing for its operations and at reducing the negative impacts of fluctuations in the financial markets on the Group's business. Technopolis only uses derivative instruments to reduce or eliminate financial risks in the balance sheet. The Group's main financial risk is the interest rate risk.

Interest rate risk

Technopolis's main financial risk is the interest rate risk related to interest-bearing liabilities. The objective of interest rate risk management is to reduce the negative impact of market rate fluctuations on the Group's profit, balance sheet and cash flow. The company's financial policy aims to diversify the interest rate risk of loan contracts over various maturities on the basis of the market situation prevailing at any particular time and the company's interest rate prognosis. Due to the interest rate risk related to loans, the interest rate bases are diversified. The company's borrowing arrangements include standard insurance and covenants. The company employs collateral in its borrowing, and insists on standard pledge restrictions. If necessary, the company applies forward agreements and swaps to interest rates. The interest rate sensitivity of Technopolis's loan portfolio at the end of 2007 is shown by the fact that a one percentage point rise in money market rates would increase annual interest rate costs by EUR 1.2 million (EUR 0.9 million in 2006).

The market return requirement risk related to investment properties

The Group is exposed to risks resulting from fluctuating property market return requirements, which are reflected in the fair value of investment properties. Changes in return requirements have a substantial effect on the Group's profit performance through changes in the fair value of investment properties. Because Technopolis does not engage in property trading, the risks related to fluctuations in market return requirements are not hedged. Revaluations of investment properties are recognized in the income statement as a separate item. A one percentage point change in return requirements would have the following effect on the fair value of investment properties:

		Change in return requirement	
	31.12.2007	+1 %	-1 %
Fair value of investment properties	468 761	413 951	541 738

Currency risk

As the company's operations have expanded outside the euro zone, the company has become exposed to exchange rate risks. The objective of currency risk management is to reduce the uncertainties relating to cash flows, profit and the balance sheet caused by exchange rate fluctuations. Changes in the exchange rate between the Russian ruble and the euro may have an effect on the company's financial situation and operations. Business transactions denominated in rubles are recognized at the exchange rate of the transaction date. Any translation differences are entered in the income statement under financial income and expenses. The purchase of land in St. Petersburg was financed in local currency. The currency risk has been minimized by applying a currency swap, which does not, however, fulfill the criteria for hedge accounting. The company's operations in Russia are still so minor in scope that they have had no effect of any significance on the Group's cash flows from operating or financing activities.

Credit risk

The objective of credit risk management in the Technopolis Group is to manage customer risks. The creditworthiness of customers is evaluated prior to signing leases with them, and new leases generally include rent collateral arrangements. The agreements of properties leased out under finance leases feature a termination clause the lessor can invoke in situations where the lessee is unable to fulfil its obligations.

The Group has no uncertain receivables carrying a high probability of default by the counterparty. The amount of sales receivables is small, and matured sales receivables are regularly monitored. The amount of bad or doubtful debts recognized through profit or loss during the financial year is very minor. The Group's maximum amount of credit risk corresponds to the carrying amount of financial assets at the end of the year.

Liquidity risk

The Group's financial management continually evaluates and monitors the amount of liquidity required for business operations in order to ensure that the Group has sufficient liquid assets to finance operations and repay any maturing loans. In order to manage the liquidity risk, Technopolis uses a wide range of financing companies and maintains a high equity-to-assets ratio. The Group's long-term financing has been arranged with a number of domestic and foreign financial institutions, and the loans are diversified both contractually and in terms of maturities. Additionally, the Group has established ongoing commercial paper programs with three Finnish financial institutions. The Group also has bank overdraft facilities for short-term funding needs.

Maturing of repayments on interest-bearing debt and related financial expenses:	Less than 1 year	1 - 5 years	More than 5 years
Bank loans	22 765	106 928	131 872
Commercial papers	36 000		
Finance lease liabilities	3 319	13 228	49 222
Accounts payable and other liabilities	4 271	936	

Risk concentrations

Technopolis's focus on technology centers and high tech companies entails a business risk. The division of the company's customers into many different high tech fields diversifies the business risk.

Risk concentrations related to customer relationships are avoided through customer risk management. The aim is to minimize the negative impact of any changes in customers' financial situation on the company's business operations and profit. In customer risk management, the emphasis is on familiarity with the customer's business and active monitoring of customer information. As part of customer risk management, Technopolis's leases include rent collateral arrangements.

The Group's goal is that no single customer will account for more than 12 % of net sales. The company's leases are divided into leases for fixed terms and indefinite terms. Both lease types are used depending on the market situation and the property. The lease portfolio containing fixed-term leases stabilizes the company's business against business cycle fluctuations.

Capital management

The Group's management and Board of Directors regularly monitor the company's capital structure to ensure business profitability and growth in line with strategy. The capital structure can be affected by means of dividend distribution and share issues, for example. The Board seeks to apply a stable and active dividend policy. The Group's objective is to maintain shareholders' equity at a level that allows the regular payment of dividends to shareholders every year.

The increase of property assets by constructing them or acquiring them requires both debt and equity capital. Maintaining an optimal capital structure is important, because changes in financing costs and the availability of external funding affect the company's business operations, profit and financial position.

The Group's capital structure is monitored through the equity-to-assets ratio. On December 31, 2007, the Group's equity-to-assets ratio was 39.0 % (38.5 % on December 31, 2006). The long-term target is an equity-to-assets ratio of 38 %.

Breakdown of financial assets and liabilities

In the table below, financial assets and liabilities are classified into the categories defined in IAS 39 for the purpose of measurement.

2007	Note	Loans and other receivables	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at amortized cost	Financial assets and liabilities, total
Non-current financial assets						
Available-for-sale investments	10			4 651		4 651
Non-current finance lease receivables	13	5 194				5 194
Non-current other receivables		34				34
Total		**5 228**		**4 651**		**9 879**
Current assets	12					
Sales receivables and other receivables		8 138	282			8 420
Available-for-sale investments				4		4
Total		**8 138**	**282**	**4**		**8 424**
Non-current liabilities	15					
Non-current interest-bearing liabilities, total					227 952	227 952
Non-current non-interest-bearing liabilities, total					1 416	1 416
Total					**229 367**	**229 367**
Current liabilities	15					
Commercial papers					35 248	35 248
Other current interest-bearing liabilities					14 652	14 652
Accounts payable and other liabilities					12 150	12 150
Income tax liabilities					492	492
Total					**62 542**	**62 542**

Currency unit: 1 000 euros

2006	Note	Loans and other receivables	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities at amortized cost	Financial assets and liabilities, total
Non-current financial assets						
Available-for-sale investments	10			4 840		4 840
Non-current finance lease receivables	13	6 086				6 086
Non-current other receivables		127				127
Total		**6 214**		**4 840**		**11 054**
Non-current liabilities	15					
Non-current interest-bearing liabilities, total					183 162	183 162
Non-current non-interest-bearing liabilities, total					1 506	1 506
Total					**184 668**	**184 668**
Current assets	12					
Sales receivables and other receivables		7 732				7 732
Available-for-sale investments				33		33
Total		**7 732**		**33**		**7 765**
Current liabilities	15					
Commercial papers					34 833	34 833
Other current interest-bearing liabilities					11 493	11 493
Accounts payable and other liabilities			44		11 995	12 040
Income tax liabilities					402	402
Total			**44**		**58 724**	**58 768**

17. ACQUIRED BUSINESSES

In August 2007, Technopolis Plc signed a deed of sale on the acquisition of the entire stock of Kiinteistö Oy Innopoli II with the City of Espoo, Etera Mutual Pension Insurance Company and Sitra, the Finnish Innovation Fund. The transaction price was EUR 54.2 million. Of this amount, EUR 43.7 million was paid in cash, while the rest was paid in 1,581,429 new Technopolis shares issued at a subscription price of EUR 6.65 per share. Other costs arising from the acquisition totaled EUR 1.0 million.

Assets and liabilities arising from the acquisition of Kiinteistö Oy Innopoli II	Fair values	Carrying amounts
Assets		
Intangible assets and tangible fixed assets	60 770	37 971
Investments and deferred tax assets	10	10
Receivables	145	145
Cash and cash equivalents	187	187
Assets, total	61 111	38 312
Liabilities		
Non-current liabilities	79	79
Deferred tax liabilities	5 618	
Current liabilities	232	232
Liabilities, total	5 930	311
Net asset value	55 181	38 001
Minority interests in net asset value	0	
Net asset value remaining for Group	55 181	38 001
Transaction price paid in cash	-43 703	
Transaction price paid by share offering	-10 517	
Transaction price paid otherwise	-962	
Goodwill	0	
Transaction price paid in cash	-44 665	
Acquired company's cash and cash equivalents	187	
Effect on cash flow	-44 478	

Kiinteistö Oy Innopoli II's result for the financial year after the acquisition date, EUR 32 thousand, has been consolidated. If the acquired business had been in the Group from the start of the financial year, the consolidated net sales for 2007 would have been EUR 57.2 million, and the profit for the year EUR 23.8 million.

Additionally, following a transaction executed in November, Professia Oy in Tampere became Technopolis Ventures Oy's 50.07 % owned subsidiary. This acquisition had no material effect on the consolidated figures.

18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES		2007		2006
Mortgages of properties				
Loans from financial institutions		242 532		194 617
Mortgages given		201 719		195 504
Land lease liabilities				
Mortgages given		1 056		528
Other mortgage liabilities		925		925
Mortgages, total		**203 700**		**196 957**
Pledged property shares				
Pledged investment properties		97 768		35 210
Collateral given on behalf of associates				
Guarantees		505		505
Other guarantee liabilities		100		100
Interest rate and currency swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps in 2007 (fixed interest 1 year)	10 000	-15		
Interest rate swaps in 2002 (fixed interest 5 year)			4 000	-44
Currency swap	7 277	298		
Interest rate and currency swaps, total	**17 277**	**282**	**4 000**	**-44**
Other liabilities				
Liability for return of VAT, which is realized if properties are sold or their intended use is changed in the situations referred to in section 33 of the VAT Act.		11 495		13 267
Project liabilities				
Project liabilities		6 100		
Collateral deposits		40		10
Project liabilities, total		**6 139**		**10**
Lease liabilities from fixtures and fittings leases				
Current lease liabilities		232		185
Non-current lease liabilities		248		190
Lease liabilities from fixtures and fittings leases, total		**480**		**376**
Lease liabilities from investment properties (Technopolis as the lessee)				
Total value of minimum lease payments				
Not later than one year		3 319		3 214
Later than one year and not later than five years		13 228		12 850
Later than five years		49 222		52 607
Total		**65 770**		**68 672**
Present value of minimum lease payments				
Not later than one year		1 113		1 176
Later than one year and not later than five years		4 851		5 195
Later than five years		34 409		38 432
Present value of minimum lease payments, total		**40 373**		**44 803**
Future financial expenses, total		25 397		23 869
Total amount of finance lease liabilities from investment properties (Technopolis as the lessee)		**65 770**		**68 672**
Carrying amount of investment properties leased by Technopolis on a financial lease, Dec 31		**56 716**		**57 066**

The Technopolis Group has leased investment properties on finance leases. A majority of the leases include an option to buy. Terms and conditions of the leases vary with respect to indexes and lease periods.

During the year, the Group redeemed one of the finance lease properties it had leased earlier. The redemption price was determined on the basis of the property's remaining capital. As a result of the redemption, the finance lease liability decreased by EUR 3.4 million.

19. RELATED PARTY TRANSACTIONS

The Group's related parties comprise the parent company, Technopolis Plc, and its subsidiaries and associates and their key management personnel.

Holdings in Group companies	Holding, %
Innopoli Oy, 1,414,280 shares, Espoo	100.00
Kiinteistö Oy Innopoli II, 1,414,280 shares, Espoo	100.00
Technopolis Ventures Oy, 15,000 shares, Espoo	100.00
Technopolis Ventures JSP Oy, 1,000 shares, Jyväskylä	100.00
Technopolis Ventures Oulutech Oy, 70 shares Oulu	70.00
Technopolis Ventures Kareltek Oy, 1,000 shares, Lappeenranta	100.00
Professia Oy, 1,445 shares, Tampere	50.07
Technopolis Hitech Oy, 500 shares, Oulu	100.00
Oulun Teknoparkki Oy, 122 kpl, Oulu	84.14
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62.24
Kiinteistö Oy Oulun Ydinkeskusta, 12,252 shares, Oulu	98.77
Technopolis St Petersburg LLC, St.Petersburg, Russia	100.00

The subsidiaries Tekno-Tennis Oy in Finland and Technopolis Neudorf LLC in St. Petersburg, Russia, have not been consolidated due to the minor scope of their activities.

	2007	2006
Associates		
Sale of services	182	64
Receivables from associates	5	

Associates and the holdings in them have been presented in note 9. The transactions undertaken with associates comprise sale of services and leasing of premises.

Salaries and service benefits of the parent company's management		
President and CEO	322	272
Members of the Board		
Korhonen Pekka	31	
Paajanen Juhani	5	13
Parmasuo Timo	63	14
Pennanen Matti	40	13
Veikkolainen Erkki	36	13
Voutilainen Pertti	10	28
Yli-Rajala Juha	32	
Total	**216**	**81**

The Annual General Meeting of 2007 decided that the Board members shall be paid an annual compensation and meeting fees. Half of the annual compensation is paid in cash and half in company shares. A Board member may not dispose of the shares received as annual compensation before the end of his/her term as Board member. Technopolis acquired its own shares for the said purpose in spring 2007. All the treasury shares so acquired were granted to Board members on the date of their acquisition.

Acquired Technopolis shares	Number of shares	Acquisition price
Shares granted as compensation, March 2007	9 343	-69
Shares acquired and granted, April 2007	9 343	76
Treasury shares, Dec 31, 2007	-	

The President and CEO's retirement age and pension comply with general regulations. The period of notice for the President and CEO is 6 months and the termination compensation equals the salary for 18 months.

In voluntary pension plans for key personnel, the Group's legal and constructive obligation is limited to the amount which the Group contributes to the plan with respect to post-employment benefits. Voluntary pension contributions made for key personnel during the financial year totaled EUR 11 thousand (EUR 8 thousand in 2006).

The terms of the option program are presented in note 20.

20. SHARE-BASED PAYMENTS

2001 option program

The 2001 Annual General Meeting of Technopolis decided on the company's option program and the issuing of options to key personnel. The total number of options was 600,000. In 2002, the Technopolis Board of Directors decided to change the terms of the options by increasing the number of shares that could be subscribed with one option to 1.25 shares instead of 1 share. Following the December 2004 bonus issue, the number of shares that could be subscribed with one option was increased from 1.25 shares to 2.6667 shares with a counter-book value of EUR 1.69. The share subscription price was EUR 1.69. The share subscription period ended on April 30, 2007.

The company's share capital may not increase further as a result of share subscriptions with the 2001 options. The weighted average execution date price of shares bought by exercising options was EUR 7.45 (EUR 6.05 in 2006).

	2007		2006	
Changes during the year	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	1.69	31 700	1.69	286 500
New options granted	1.69		1.69	2 500
Exercised options	1.69	-21 700	1.69	-257 300
Expired options	1.69	-10 000		
Outstanding at end of year	1.69	0	1.69	31 700
Exercisable at end of year		-		31 700

The Group applied IFRS 2, Share-based Payments, to those option arrangements of the 2001 option program under which options were granted after November 7, 2002 and to which no right had arisen prior to January 1, 2005. The above-mentioned criteria were only met with respect to the 2001 option program's D options and only concerning those that had been granted after November 7, 2002.

The total number of D options was 150,000. Each of the D options entitled its holder to subscribe for 2.6667 Technopolis Plc shares. A maximum of 400,005 shares could be subscribed with the D options. The subscription price for the options was EUR 1.69 per share. The share subscription period for the D options began on October 31, 2005 and ended on April 30, 2007. 10,000 options expired without being used.

2005 option program

The Annual General Meeting of Technopolis held on March 22, 2005 decided on an option program and the issuing of options to key personnel. 1,208,000 options were issued, intended as part of the incentive and commitment system for key personnel.

At the issue stage, all of the 2005B and 2005C options, together with those 2005A options not granted to key personnel, were granted to Technopolis Hitech Oy. Technopolis Hitech Oy can, by decision of the Technopolis Board of Directors, grant options to present or future key personnel of the Technopolis Group.

The share subscription prices are as follows: for the 2005A options, the trade-weighted average price of the Technopolis share in the OMX Nordic Exchage Helsinki during April 1-30, 2005, plus 10 %; for the 2005B options, the trade-weighted average price of the Technopolis share in the OMX Nordic Exchage Helsinki during April 1-30, 2006, plus 10 %; and for the 2005C options, the trade-weighted average price of the Technopolis share in the OMX Nordic Exchage Helsinki during April 1-30, 2007, plus 10 %. The prices of shares to be subscribed with the options are lowered after the end of the subscription price determination period and before the share subscription by the amount of dividends distributed on each record date for dividend distribution. The share subscription periods for the options are as follows: for 2005A options, June 1, 2007-April 30, 2010; for 2005B options, June 1, 2008-April 30, 2010, and for 2005C options, June 1, 2009-April 30, 2010.

According to the original terms, each option gives the right to subscribe for one (1) Technopolis share. The counter book value of a share is EUR 1.69. As a result of the share subscriptions, the share capital of Technopolis may increase by a maximum of EUR 2,041,520 and the number of shares by a maximum of 1,208,000 new shares. Subscribed and fully paid shares will be entered in the subscriber's book entry account.

The Annual General Meeting of March 29, 2007 decided to cancel the 436,000 stock options of the 2005C program issued by the Annual General. Meeting of March 22, 2005, as a result of which the company's share capital may increase through the option-based share subscriptions by a maximum of EUR 1,304,580 and the number of shares by a maximum of 772,000 new shares.

If an option holder's employment relationship with the Technopolis Group ends for a reason other than the option holder's death or statutory retirement, the option holder must immediately offer to the company or another party designated by the company, without consideration, those options for which the share subscription period had not commenced on the employment termination date. However, the Board may decide in these cases that the option holder may retain all or some of the options that are subject to the obligation to offer.

	2007			2006
Changes during the year, 2005A	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	3.97	316 000	4.11	336 000
Lost options	3.97	-10 000	3.97	-20 000
Exercised options	3.97	-5 000		
Outstanding at end of year	3.84	301 000	3.97	316 000
Exercisable at end of year		301 000		-
Changes during the year, 2005B	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	6.87	421 000		
New options granted	6.87	25 000	6.87	421 000
Lost options	6.87	-20 000		
Outstanding at end of year	6.73	426 000	6.87	421 000
Exercisable at end of year		-		-

2007 stock option program

The Annual General Meeting held on March 29, 2007 decided on a new stock option program and on the issuing of stock options to key personnel. A total of 1,650,000 stock options were issued, intended as part of the incentive and commitment system for key personnel.

The share subscription prices are as follows: for the 2007A stock options, the trade volume weighted average quotation of the Technopolis share on the OMX Nordic Exchage Helsinki during April 1-30, 2007; for the 2007B stock options, the trade volume weighted average quotation of the Technopolis share on the OMX Nordic Exchage Helsinki during April 1-30, 2008; and for the 2007C stock options, the trade volume weighted average quotation of the Technopolis share on the OMX Nordic Exchage Helsinki during April 1-30, 2009. The share subscription periods for the stock options are as follows: for the 2007A stock options, May 1, 2010-April 30, 2012; for the 2007B stock options, May 1, 2011-April 30, 2013; and for 2007C options, May 1, 2012-April 30, 2014. If the company distributes dividends or funds from the invested unrestricted equity fund, the subscription price of the shares to be subscribed with the stock options shall be lowered by the amount of dividend decided after the beginning of the subscription price determination period but before the share subscription or by the amount of distributable unrestricted equity as per the record date for each dividend payment or return of equity.

Each stock option shall entitle their holders to subscribe for one (1) Technopolis share. The share subscription price shall be entered in the invested unrestricted equity fund. As a result of the share subscriptions, the number of Technopolis shares may increase by 1,650,000 new shares. If a stock option holder's employment relationship with the Technopolis Group ends for a reason other than the option holder's death or statutory retirement, the stock option holder must immediately offer to the company or another party designated by the company, without consideration, those options for which the share subscription period had not commenced on the employment termination date. However, the Board may decide in these cases that the stock option holder may retain all or some of the options that are subject to the obligation to offer.

	2007			2006
Changes during the year, 2007A	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
New options granted	7.85	488 500		
Outstanding at end of year		488 500		
Exercisable at end of year		-		

21. SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its domicile is Oulu, Finland. It was entered in the Trade Register on September 16, 1982 under the name Oulun Teknologiakylä Oy (reg.no. 309.397). It became a public limited company on November 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1988, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis shares are quoted on the mid cap list of the OMX Nordic Exchange Helsinki. The ISIN code is FI0009006886, and the trading code is TPS1V.

Shares and share capital

According to its Articles of Association, Technopolis Plc's share capital is EUR 15,000,000 at minimum and EUR 300,000,000 at maximum, within which limits it may be increased or decreased without amending the Articles of Association. The number of the company's shares is 5,000,000 at minimum and 600,000,000 at maximum. The company's registered, fully paid share capital on January 1, 2007 was EUR 68,481,405.98 and on December 31, 2007 EUR 74,541,676.69, divided into 44,107,501 shares with a counter-book value of EUR 1.69. Changes in the share capital during the financial year are shown in the following section. The company's shares have been in the book-entry system since March 7, 1998. The company has one share series. Each share gives the right to one vote at a General Meeting.

Currency unit: 1 000 euros

Increases in share capital

Share capital, EUR	Nominal value/ counter book value of shares	Number of shares	Entered in the register
336 375.80	168.19	2 000	16.9.1982
1 345 503.40	168.19	8 000	22.5.1986
2 691 006.80	168.19	16 000	10.2.1988
4 372 886.10	8.41	520 000	28.3.1990
6 392 654.90	8.41	760 180	10.4.1991
8 092 362.10	8.41	962 300	7.3.1996
14 063 033.50	1.68	8 361 500	26.11.1998
16 875 135.60	1.68	10 033 500	8.6.1999
16 956 615.00	1.69	10 033 500	7.4.2000
19 488 235.00	1.69	11 531 500	20.4.2001
19 738 355.00	1.69	11 679 500	8.10.2001
24 672 943.75	1.69	14 599 375	2.4.2002
27 967 113.72	1.69	16 548 588	27.1.2003
28 107 743.69	1.69	16 631 801	3.10.2003
28 338 639.94	1.69	16 768 426	31.5.2004
31 127 139.94	1.69	18 418 426	1.7.2004
49 803 422.89	1.69	29 469 481	27.12.2004
49 830 461.20	1.69	29 485 480	31.1.2005
50 599 757.65	1.69	29 940 685	9.3.2005
59 725 757.65	1.69	35 340 685	11.5.2005
60 589 957.74	1.69	35 852 046	1.12.2005
60 634 122.51	1.69	35 878 179	15.2.2006
61 749 536.03	1.69	36 538 187	9.3.2006
64 284 835.16	1.69	38 038 364	6.7.2006
64 407 191.16	1.69	38 110 764	21.8.2006
67 204 337.20	1.69	39 765 880	26.10.2006
67 318 753.58	1.69	39 833 582	13.12.2006
68 481 405.98	1.69	40 521 542	8.1.2007
68 525 567.37	1.69	40 547 673	13.2.2007
68 691 861.68	1.69	40 646 072	12.6.2007
71 364 476.69	1.69	42 227 501	20.8.2007
74 541 676.69	1.69	44 107 501	13.11.2007

Increases in share capital based on options

In November and December 2006, a total of 26,131 Technopolis shares were subscribed for with year 2001 options, and the resulting increase in share capital, EUR 44,161.39, was entered in the Trade Register on February 13, 2007. By April 30, 2007, when the subscription period for all 2001 options ended, a total of 98,399 shares were subscribed, and the resulting share capital increase of EUR 166,294.31 was entered in the Trade Register on June 12, 2007.

Share offering of January 4, 2007

The Technopolis Board of Directors decided on January 4, 2007, pursuant to the authorization granted to it by the Annual General Meeting on March 24, 2006, to increase the company's share capital by a maximum of EUR 1,162,652.40, i.e. a total of 687,960 shares by accepting the share subscriptions made by institutional investors. The share subscription price was set at EUR 7.70 per share. The share capital increase was registered on January 8, 2007, and the new shares were accepted for trading on January 9, 2007.

Annual General Meeting of March 29, 2007

The 2007 Annual General Meeting decided to distribute a dividend of EUR 0.14 per share.

The Annual General Meeting authorized the Board to decide on acquiring the company's own shares. The maximum number of the company's own shares that can be acquired shall be 4,000,000 shares, equivalent to approximately 9.86 percent of the company's total shares. Under the authorization, the company's own shares may only be acquired using unrestricted equity. The company's own shares may be acquired at a price arrived at in public trading on the date of acquisition, or at a price otherwise established on the market. The Board of Directors shall decide on how the shares are to be acquired. Derivatives may be used in the acquisition. Shares may be acquired in deviation from the proportional holdings of shareholders (directed acquisition). The authorization shall be valid until May 31, 2008.

The Annual General Meeting decided to authorize the Board of Directors to decide on a share issue and on the issuing of stock options and other special rights giving entitlement to shares, as specified in Chapter 10, Section 1 of the Companies Act. The maximum number of shares to be issued pursuant to the authorization shall be 8,000,000 shares, equivalent to approximately 19.73 percent of the company's total shares. The Board of Directors was authorized to decide on all terms and conditions of the share issue and the granting of special rights giving entitlement to shares. The authorization concerns both the issuing of new shares and the conveyance of the company's own shares. The share issue and the granting of special rights giving entitlement to shares may be offered to certain parties. The authorization shall be valid until May 31, 2008.

Share offering of August 15, 2007

In August, the company's Board decided, pursuant to the authorization granted to it by the Annual General Meeting, to issue a total of 1,581,429 shares in a share offering to the City of Espoo, the Etera Mutual Pension Insurance Company and Sitra, the Finnish Innovation Fund, in order to pay the share consideration related to the acquisition of the entire stock of Kiinteistö Oy Innopoli II. The share capital increase was entered in the Trade Register on August 20, 2007, and the new shares were accepted for trading on August 21, 2007.

Share offering of November 8, 2007

The company's Board decided to increase the share capital by a maximum of EUR 3,177,200, i.e. by a total of 1,880,000 new shares, by approving the share subscriptions made by institutional investors. The share subscription price was set at EUR 6,00 per share. The share capital increase was registered on November 13, 2007, and the new shares were accepted for trading on November 14, 2007.

Extraordinary General Meeting of November 29, 2007

The Extraordinary General Meeting resolved to authorize the Board of Directors to decide on a share issue and granting options and other special rights giving entitlement to shares as referred to in Chapter 10, Section 1, of the Companies Act. The maximum number of shares to be issued pursuant to the authorization is 13,000,000 shares, corresponding to approximately 30.79 percent of the company's total stock. The Board of Directors was authorized to decide on all terms of the share issue and the granting of special rights giving entitlement to shares. The authorization concerns both the issuance of new shares and conveyance of the company's own shares. The authorization shall not cancel the authorization given to the Board by the Annual General Meeting on March 29, 2007 to decide on a share issue and on granting special rights giving entitlement to shares. The authorization shall be valid until December 31, 2010.

Share-based incentive schemes

The company has three share-based incentive schemes – the 2001, 2005 and 2007 option programs – intended as part of the incentive and commitment system for key personnel. The share subscription period for the options of the 2001 option program ended on April 30, 2007. The terms of these programs are presented in note 20 of the Notes to the Consolidated Financial Statements.

Largest shareholders, Dec 31, 2007	Number of shares	% of shares and votes
City of Oulu	2 356 098	5.34
City of Tampere	1 505 116	3.41
OP Life Assurance Company Ltd	940 680	2.13
Varma Mutual Pension Insurance Company	738 800	1.67
OP Bank Group Pension Fund	681 491	1.55
SITRA, Finnish Innovation Fund	666 036	1.51
Etera Mutual Pension Insurance Company	624 402	1.42
City of Vantaa	600 000	1.36
OP Bank Group Pension Foundation	582 600	1.32
Odin Finland	554 000	1.26
Total of 10 largest shareholders	9 249 223	20.97
Foreign and nominee-registered	24 585 786	55.74
Other	10 272 492	23.29
Total	44 107 501	100.00

The company is unaware of any changes in ownership in 2007 as intended in Chapter 2, Section 10 of the Securities Markets Acts.

Shareholding breakdown, Dec 31, 2007	Shareholders	%	Shares/ votes	%
1 – 100	262	7.65	16 597	0.04
101 – 500	1 053	30.74	323 362	0.73
501 – 1 000	745	21.75	585 673	1.33
1 001 – 5 000	1 094	31.92	2 497 739	5.66
5 001 – 10 000	145	4.23	1 086 864	2.46
10 001 – 50 000	90	2.63	1 805 153	4.09
50 001 – 100 000	7	0.20	478 716	1.08
100 001 – 500 000	12	0.35	2 467 814	5.59
500 001 –	17	0.50	34 826 303	78.96
Total,	3 425	100.00	44 088 221	99.96
of which nominee-registered	7		23 980 593	
Joint account			19 280	0.04
Number of shares issued			44 107 501	100.00

Currency unit: 1 000 euros

Shareholdings by sector, Dec 31, 2007	Shareholders	%	Shares/ votes	%
Private companies	203	5.93	2 211 483	5.01
Finance & insurance institutions	29	0.85	26 046 921	59.05
Public bodies	25	0.73	7 556 134	17.13
Households	3 106	90.69	5 272 741	11.95
Non-profit institutions	49	1.43	2 394 620	5.43
Foreign investors	13	0.38	606 322	1.37
Total,	3 425	100.00	44 088 221	99.96
of which nominee-registered	7		23 980 593	
Joint account			19 280	0.04
Number of shares issued			44 107 501	100.00

Share-related Indicators	**2007**	**2006**
Number of shares		
On Dec 31, 2007	44 107 501	39 833 582
Issue-adjusted average during year	41 407 380	37 472 329
Dilution-adjusted average during year	41 469 091	37 619 867
Share-related Indicators		
Earnings/share, undiluted, EUR	0.58	0.63
Earnings/share, diluted, EUR	0.58	0.63
Equity/share, EUR	4.69	4.03
Dividend/share, EUR (proposal)	0.15	0.14
Dividend payout ratio, %	25.8	22.1
Price/earnings (P/E) ratio	10.0	12.2
Effective dividend yield, %	2.58	1.8
Share prices, EUR		
Highest price	8.31	7.99
Lowest price	4.55	4.41
Trade weighted average price	6.85	6.01
Price on Dec 31	5.81	7.70
Market capitalization, Dec 31, EUR	256 264 581	306 718 581
Share turnover, EUR	146 751 976	140 759 800
Shares traded	21 519 642	23 293 922

Breakdown of Group equity		
Restricted equity		
Share capital	74 542	67 319
Premium fund	18 551	18 551
Revaluation fund	72	48
Restricted equity, Dec 31	**93 164**	**85 918**
Unrestricted equity		
Invested unrestricted equity fund	27 311	7 322
Share-based compensation	553	320
Retained earnings	61 702	43 404
Net profit for the year	24 039	23 736
Unrestricted equity, Dec 31	**113 605**	**74 782**
Parent's distributable unrestricted equity		
Invested unrestricted equity fund	27 479	7 322
Parent's retained earnings	7 785	5 086
Dividends distributed	-5 677	-4 664
Acquisition of Technopolis shares	-76	
Parent's net profit for the year	8 534	7 363
Parent's distributable unrestricted equity, Dec 31	**38 046**	**15 107**

Currency unit: 1 000 euros

Parent Company Income Statement

	Note	2007	2006
Net sales	1	39 665	26 962
Other operating income	2	2 046	646
Personnel expenses	3	-5 094	-3 286
Depreciation and impairment	4	-5 844	-3 664
Other operating expenses		-14 780	-8 922
Operating profit		**15 993**	**11 737**
Income from holdings in Group companies	5	405	2 703
Financial income, total	5	168	319
Financial expenses, total	5	-7 558	-3 930
Profit before extraordinary items and taxes		**9 009**	**10 828**
Profit before taxes		**9 009**	**10 828**
Appropriations	6	1 410	-1 923
Income taxes	7	-1 884	-1 542
Net profit for the year		**8 534**	**7 363**

Parent Company Balance Sheet

	Note	31.12.2007	31.12.2006
ASSETS			
Non-current assets			
Intangible assets	8	1 817	360
Tangible assets	9	263 665	155 886
Holdings in Group companies	10	89 352	94 648
Holdings in associates	10	7 824	635
Investments	10	10 077	11 689
Non-current assets, total		**372 735**	**263 218**
Current assets			
Short-term receivables	11	5 010	3 673
Cash and bank		898	2 311
Current assets, total		**5 908**	**5 983**
ASSETS, TOTAL		**378 643**	**269 201**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	12		
Share capital		74 542	67 319
Premium fund		18 943	18 943
Invested unrestricted equity fund		27 479	7 322
Retained earnings		2 033	422
Net profit for the year		8 534	7 363
Shareholders' equity, total		**131 530**	**101 369**
Accumulated appropriations	13	12 933	13 498
Liabilities			
Non-current liabilities	14	175 870	106 835
Current liabilities	15	58 310	47 500
Liabilities, total		**234 179**	**154 335**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**378 643**	**269 201**

Currency unit: 1 000 euros

Parent Company Cash Flow Statement

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	15 993	11 737
Depreciation according to plan	5 844	3 664
Other adjustments for non-cash transactions	-1 543	
Increase/decrease in working capital	635	-2 602
Interest received	565	230
Interests paid and fees	-7 884	-4 061
Income from other investments in non-current assets	8	2 706
Taxes paid	-1 884	-1 542
Net cash provided by operating activities	**11 734**	**10 132**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-4 912	-9 537
Investments in tangible and intangible assets	-66 950	-47 344
Net cash used in investing activities	**-71 863**	**-56 880**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	55 000	30 040
Decrease in long-term loans	-8 724	-7 298
Dividends paid	-5 677	-4 664
Paid share issue	16 786	1 115
Change in short-term loans	415	27 733
Group account	-61	1 441
Net cash provided by financing activities	**57 738**	**48 367**
Cash and cash equivalents transferred in mergers	977	
Net increase/decrease in cash assets	**-1 413**	**1 619**
Cash and cash equivalents, January 1	2 311	692
Cash and cash equivalents, December 31	**898**	**2 311**

Accounting Policies of Parent Company Financial Statements

Technopolis Plc's financial statements have been compiled in accordance with the Finnish Accounting Standards (FAS).

Net sales and other operating income

Net sales consist primarily of the rental income from premises, service income and consulting income related to business operations. Income is recognized on an accrual basis. The operating grants received for various development projects are recognized in other operating income. Correspondingly, the expenses related to the development projects are recognized in other operating expenses and personnel expenses.

Measurement of fixed assets

Intangible and tangible assets are measured at original cost and are depreciated over their estimated useful life according to pre-determined depreciation plans. Depreciation according to plan is presented in the income statement. The depreciation based on estimated useful life is as follows:

Intangible rights	20 %, straight-line depreciation
Other long-term expenditure	10 %, straight-line depreciation
Buildings and structures (stone and similar)	2.0 - 2.5 %, straight-line depreciation
Buildings and structures (wood and similar)	3 %, straight-line depreciation
Machinery and equipment	25 %, depreciation from book value

Because the planned depreciation of companies merged into the parent company during the financial year differs from that of the parent company, the merged companies planned depreciation will be aligned with that of the parent company in 2008.

Additional expenses arising later will be capitalized if it is likely that they will incur additional economic benefit to the company, and if they can be reliably defined and can be allocated to an asset. Otherwise, they will be recognized as an expense in the income statement. Existing and unfinished buildings also include interest expenses capitalized during the financial year. Projects in progress also include capitalized personnel expenses and land lease rents from the time of construction.

In the parent company financial statements, the depreciation difference is presented in the income statement as appropriations, while the accumulated depreciation difference is presented in the balance sheet as accumulated appropriations.

Translation of foreign currency items

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of each transaction. At the end of the financial year, unsettled foreign currency transaction balances are valued at the average rates of the balance sheet date.

Income taxes

The direct income taxes for the financial year are accrued and recognized in the income statement. Deferred tax liabilities and assets are not entered in the parent company balance sheet.

Currency unit: 1 000 euros

Notes to the Parent Company Financial Statements

The figures for the 2007 and 2006 financial years are not comparable. In 2007, the following subsidiaries were merged into Technopolis Plc:
Kiinteistö Oy Oulun Teknologiatalot, Kiinteistö- ja Sijoitusyhtiö Joreco Oy, Kiinteistö Oy Oulun Moderava, Kiinteistö Oy Oulun Mediaani, Oulu, May 1, 2007
Technopolis Kareltek Oy, Lappeenranta, May 1, 2007
Technopolis JSP Oy, Jyväskylä, August 1, 2007
Technopolis TSP Oy, Tampere, August 1, 2007
Medipolis Oy, Oulu, November 1, 2007

1. NET SALES	**2007**	**2006**
Rental income	33 121	22 140
Service income	6 544	4 822
Net sales, total	**39 665**	**26 962**

2. OTHER OPERATING INCOME		
Development projects	521	426
Other income from operations	1 526	220
Other operating income, total	**2 046**	**646**

Other operating income includes gains from disposals in 2007.

3. PERSONNEL EXPENSES		
Salaries and fees	4 213	2 640
Pension costs	722	421
Indirect employee costs	159	224
Personnel expenses, total	**5 094**	**3 286**
Average number of employees	95	57
Salaries of CEO and Board members		
President and CEO	322	272
Members of the Board of Directors	216	81
Salaries of CEO and Board members, total	**538**	**353**

4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT		
Depreciation of intangible assets	75	117
Merger difference in depreciation	453	
Depreciation of tangible assets	5 316	3 546
Depreciation according to plan and impairment, total	**5 844**	**3 664**

5. FINANCIAL INCOME AND EXPENSES		
Dividend income from Group companies		2 703
Dividend income from others	8	8
Other interest income from Group companies	405	239
Other interest income from others	160	72
Interest expenses and other financial expenses to Group companies	-59	
Interest expenses and other financial expenses to others	-7 498	-3 930
Financial income and expenses, total	**-6 985**	**-909**

6. APPROPRIATIONS		
Difference between planned depreciation and depreciation made in taxation	-1 410	1 923

7. INCOME TAXES		
Income tax from actual operations	1 884	1 542
Income taxes, total	**1 884**	**1 542**

Currency unit: 1 000 euros

	2007	2006
8. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, Jan 1	371	351
Increases	62	20
Acquisition cost, Dec 31	434	371
Accumulated depreciation, Jan 1	-214	-151
Depreciation for the year	-75	-63
Intangible rights, Dec 31	**144**	**157**
Other long-term expenditure		
Acquisition cost, Jan 1	580	580
Increases	1 593	
Acquisition cost, Dec 31	2 173	580
Accumulated depreciation, Jan 1	-377	-323
Depreciation for the year	-122	-54
Other long-term expenditure, Dec 31	**1 673**	**203**
9. TANGIBLE ASSETS		
Land areas		
Acquisition cost, Jan 1	15 829	15 205
Increases	9 043	625
Land areas, Dec 31	**24 872**	**15 829**
Connection fees		
Acquisition cost, Jan 1	1 727	1 720
Increases	444	7
Connection fees, Dec 31	**2 170**	**1 727**
Land areas, total, Dec 31	**27 043**	**17 556**
Buildings and structures		
Acquisition cost, Jan 1	160 030	152 581
Increases	61 820	7 449
Acquisition cost, total, Dec 31	221 850	160 031
Accumulated depreciation, Jan 1	-23 675	-20 360
Depreciation for the year	-4 952	-3 315
Buildings and structures, Dec 31	**193 223**	**136 355**
Construction-period interest, Jan 1	413	413
Increases		
Construction-period interest, Dec 31	413	413
Accumulated depreciation, Jan 1	-22	-13
Depreciation for the year	-8	-8
Construction-period interest, Dec 31	**383**	**391**
Merger difference, Jan 1		
Increases	19 438	
Depreciation for the year	-453	
Merger difference, Dec 31	**18 986**	
The depreciation of capitalized construction-period interest pertaining to completed buildings and the merger difference in depreciation is included in depreciation according to plan in the income statement.		
Buildings and structures, Dec 31	**212 592**	**136 747**
Machinery and equipment		
Original acquisition cost	1 126	929
Accumulated depreciation	-456	-232
Net expenditures, Jan 1	670	697
Increases	681	242
Decreases	-29	-46
Depreciation for the year	-234	-224
Machinery and equipment, Dec 31	**1 088**	**670**

Currency unit: 1 000 euros

	2007	2006
Other tangible assets		
Acquisition cost, Jan 1	18	18
Increases during the year	6	
Other tangible assets, Dec 31	**23**	**18**
Advance payments and projects in progress		
Projects in progress, Jan 1	896	590
Increases/decreases	22 022	306
Advance payments and projects in progress, Dec 31	**22 918**	**896**

10. INVESTMENTS

Holdings in Group companies		
Acquisition cost, Jan 1	94 648	36 961
Increases	59 103	57 688
Decreases	-64 399	
Holdings in Group companies, Dec 31	**89 352**	**94 648**
Holdings in associates		
Acquisition cost, Jan 1	635	661
Increases/decreases	7 190	-27
Holdings in associates, Dec 31	**7 824**	**635**
Other shareholdings		
Acquisition cost, Jan 1	120	149
Increases/decreases	3 359	-29
Other shareholdings, Dec 31	**3 479**	**120**
Receivables from Group companies		
Receivables, Jan 1	11 569	2 033
Increases	7 474	12 847
Decreases	-12 445	-3 310
Receivables from Group companies, Dec 31	**6 598**	**11 569**

Holdings in Group companies, Dec 31, 2007	**Holding, %**	**Carrying amount**
Innopoli Oy, 1,414,280 shares, Espoo	100.00	6 068
Technopolis Hitech Oy, 500 shares, Oulu	100.00	63
Oulun Teknoparkki Oy, 122 shares, Oulu	84.14	50
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62.24	12
Kiinteistö Oy Oulun Ydinkeskusta, 12,252 shares, Oulu	98.77	23 633
Kiinteistö Oy Innopoli II, 15,862 shares, Espoo	100.00	55 216
Kiinteistö Oy Tampereen Hepolamminkatu 36, 6,035 shares, Tampere	100.00	1 872
Technopolis Neudorf LLC, St. Petersburg, Russia	100.00	17
Technopolis St. Petersburg LLC, St. Petersburg, Russia	100.00	2 421
Total		**89 352**
Holdings in associates		
Iin Micropolis Oy, 500 shares, Ii	25.64	24
Technocenter Kempele Oy, 501 shares, Kempele	48.50	588
Jyväskylä Innovation Ltd, 1,200 shares, Jyväskylä	24.00	12
Lappeenranta Innovation Ltd, 1,000 shares, Lappeenranta	20.00	10
Kiinteistö Oy Hermia, 9,692 shares, Tampere	49.30	7 190
Total		**7 824**
Other holdings		
Listed shares		8
Other shares		652
Apartment shares		2 052
Sampo mutual fund units		766
Total		**3 479**

	2007	2006
11. SHORT-TERM RECEIVABLES		
Sales receivables from Group companies	151	239
Adjusting entries for assets from Group companies	44	664
Other Group receivables	1 253	1 330
Sales receivables from associates	5	
Sales receivables	1 230	814
Adjusting entries for assets	1 104	623
Other receivables	1 224	2
Short-term receivables, total	**5 010**	**3 673**
12. CHANGES IN SHAREHOLDERS' EQUITY		
Share capital, Jan 1	67 319	60 590
Share capital increase	7 223	6 729
Share capital, Dec 31	**74 542**	**67 319**
Share issues, Jan 1		
Increases	27 380	19 901
Transfer to share capital	-7 223	-6 729
Transfer to premium fund		-5 850
Transfer to invested unrestricted equity fund	-20 157	-7 322
Share issues, Dec 31		
Premium fund, Jan 1	18 943	13 093
Issue premium		5 850
Premium fund, Dec 31	**18 943**	**18 943**
Restricted equity, Dec 31	**93 485**	**86 262**
Invested unrestricted equity fund, Jan 1	7 322	
Issue premium	20 157	7 322
Invested unrestricted equity fund, Dec 31	**27 479**	**7 322**
Distributable funds, Jan 1	7 785	5 086
Dividends distributed	-5 677	-4 664
Consideration paid for own shares	-75	
Net profit for the year	8 534	7 363
Distributable funds, Dec 31	**10 567**	**7 785**
Unrestricted equity, Dec 31	**38 046**	**15 107**
Shareholders' equity, Dec 31	**131 530**	**101 369**
Distributable unrestricted equity, Dec 31	**38 046**	**15 107**
13. ACCUMULATED APPROPRIATIONS		
Depreciation difference, Jan 1	13 498	11 575
Transferred from merged companies	746	
Increase during the year	1 736	1 923
Decrease during the year	-3 047	
Depreciation difference, Dec 31	**12 933**	**13 498**
14. NON-CURRENT LIABILITIES		
Loans from financial institutions	174 454	105 899
Other liabilities	1 416	936
Non-current liabilities, total	**175 870**	**106 836**

Currency unit: 1 000 euros

		2007		2006
15. CURRENT LIABILITIES				
Loans from financial institutions		12 137		6 932
Advances received		1 490		491
Accounts payable		3 431		223
Liabilities to Group companies		1 028		2 292
Other current liabilities		35 429		35 670
Adjusting entries for liabilities		4 795		1 892
Current liabilities, total		**58 310**		**47 500**
16. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES				
Mortgages of properties				
Loans from financial institutions		186 561		112 792
Mortgages given		170 800		111 194
Other mortgage liabilities		**925**		**925**
Land lease liabilities				
Mortgages given		1 056		468
Mortgages, total		**172 781**		**112 587**
Interest rate and currency swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps in 2002 (fixed interest 5 years)			4 000	-44
Interest rate swaps in 2007 (fixed interest 1 year)	10 000	-15		
Currency swaps	7 277	298		
Interest rate and currency swaps, total	**17 277**	**282**	**4 000**	**-44**
Pledged real estate shares				
Pledged real estate shares		97 768		33 134
Other liabilities				
Liability for return of VAT, which is realized if properties are sold or their intended use is changed in the cases referred to in section 33, VAT Act.		7 266		12 234
Project liabilities		6 139		10
Collateral given on behalf of Group companies				
Guarantees		100		100
Collateral given on behalf of associates				
Guarantees		505		505
Leasing liabilities for fixtures and fittings				
To be paid in the current financial year		184		41
To be paid later		170		71
Leasing liabilities for fixtures and fittings, total		**354**		**112**

Definitions of Key Indicators

Return on equity (ROE), %

$$100 \times \frac{\text{Profit or loss before taxes - Taxes}}{\text{Equity + Average minority interest for year}}$$

Return on investment (ROI), %

$$100 \times \frac{\text{Profit or loss before taxes + Interest expenses and other financial expenses}}{\text{Total assets - Non-interest-bearing liabilities}}$$

Equity to assets ratio, %

$$100 \times \frac{\text{Equity + Minority interests}}{\text{Total assets - Advances received}}$$

Net debt/equity (gearing), %

$$100 \times \frac{\text{Interest-bearing debt - Cash, bank and financial securities}}{\text{Equity + Minority interests}}$$

Interest margin, %

$$100 \times \frac{\text{Profit before extraordinary items + Financial expenses}}{\text{Financial expenses}}$$

Earnings/share, undiluted

$$\frac{\text{Profit before extraordinary items - Taxes +/- Minority interests}}{\text{Average issue-adjusted number of shares during year}}$$

Earnings/share, diluted

$$\frac{\text{Profit before extraordinary items - Taxes +/- Minority interests}}{\text{Average number of shares adjusted for dilutive effect during year}}$$

Equity/share

$$\frac{\text{Equity}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Dividend/share

$$\frac{\text{Dividend}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Dividend payout ratio, %

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

Price/earnings (P/E) ratio

$$\frac{\text{Issue-adjusted share price on Dec 31}}{\text{Earnings/share}}$$

Effective dividend yield, %

$$100 \times \frac{\text{Issue-adjusted dividend/share}}{\text{Issue-adjusted share price on Dec 31}}$$

Net rental income of property portfolio, %

$$100 \times \frac{\text{Rental income from Group-owned properties - Direct expenses from Group-owned properties}}{\text{IFRS balance sheet value of investment properties on Dec 31}}$$

Financial occupancy ratio, %

$$100 \times \frac{\text{Rental income of leased space}}{\text{Estimated market rent of vacant space + Rental income of leased space}}$$

Board of Directors' Proposal for the Distribution of Profits

The distributable funds of the parent company Technopolis Plc, totaling EUR 10,566,867, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.15 per share be distributed, totaling EUR 6,616,770.15. The Board proposes that the remainder be left in retained earnings.

Oulu, January 30, 2008

Timo Parmasuo Chairman of the Board	Matti Pennanen Vice Chairman of the Board
Pekka Korhonen Member of the Board	Erkki Veikkolainen Member of the Board
Juha Yli-Rajala Member of the Board	Pertti Huuskonen President and CEO

Auditors´ Report

To the shareholders of Technopolis Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Technopolis Plc for the period 1.1. - 31.12.2007. The Board of Directors and the President and CEO have prepared the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with the prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and 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 the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements,
report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and 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 disposal of distributable funds is in compliance with the Companies Act.

Oulu, January 30, 2008

KPMG Oy Ab
Tapio Raappana
Authorized Public Accountant

Corporate Governance in Technopolis Plc
December 31, 2007

Technopolis complies with the Corporate Governance Recommendation for Listed Companies issued by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

According to the Companies Act and the Articles of Association of Technopolis Plc, the company's management is supervised by General Meetings of Shareholders, the company's Board of Directors and the President and CEO.

These guidelines are aimed at ensuring that good corporate governance practices are employed at all levels of the company. It is thus important to ensure that the members of the Board, the corporate management and personnel are aware of their contents.

The Board of Directors will update these guidelines as necessary to meet any changed circumstances. These may include changes in official regulations, significant changes in the company's operations, or other changes.

1. BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management and proper organization of the company's operations. According to the Articles of Association, the Board comprises at least four and at most seven members. The Board must always promote the company's interests and comply with legislation, official regulations and the norms of society.

1.1. Electing Board Members

The Annual General Meeting elects the Board members. According to the Articles of Association, the term of Board members expires at the end of the AGM that first follows their election.

A working group comprising the Chairman and Vice Chairman prepare a proposal concerning the election of the Board after consulting the largest shareholders. It must be ready in good time for the proposed composition of the Board to be attached to the Notice of AGM. Personal information and information concerning the business interests of the proposed members must be presented at the AGM.

An account of the Board election procedures as well as the background information of the Board members must be included in the Annual Report.

1.2. Composition of the Board

Board members will be elected in accordance with the required qualifications stated in the Companies Act. The composition of the Board must fulfil the requirements set by the business sector and market situation. Board members must be professionals, independent of the company. The President and CEO cannot be a Board member.

1.3. Chairman and Vice Chairman

Under the Articles of Association, the Annual General Meeting elects the Chairman and Vice Chairman of the Board.

1.4. Compensation of Board Members

The Annual General Meeting will decide on the fees to be paid to Board members when electing them.

To maintain the independence of the Board members, the company may order paid consulting or other such services from them only in exceptional circumstances, with the Board's special permission.

The fees paid to the Board members must be published in the company's Annual Report.

1.5. Operations of the Board

The Board makes its decisions subject to the Companies Act and the Articles of Association, and has a quorum when over half of the members are present. Under special circumstances, a Board meeting may be arranged as a telephone conference. The Board plans an annual schedule for its meetings.

The Board's duties have been determined in the Companies Act and in the Articles of Association. All matters with far-reaching consequences for the company's operations must be considered by the Board. The Board's duties include:

- Determining company strategy
- Decisions on major organizational changes
- Appointing the President and CEO and Executive Board members, and decisions concerning their salaries and other benefits, and decisions concerning continuity plans for key personnel
- Decisions on major capital expenditure and divestments of assets
- Making a proposal to the AGM on the distribution of profits
- Monitoring the company's financial situation and risk position

The Board will conduct an annual evaluation of its work and performance.

The Board's decisions are recorded in minutes signed by the Chairman, the Secretary and one member chosen each time.

The company has taken liability insurance to cover the operations of the Board of Directors.

1.6. Board Committees and Groups

To prepare matters properly, the Board may appoint special committees and groups consisting of Board members. The Board will provide the committees and groups with appropriate instructions and information on their duties, and they will report back to the Board. Even if the preparation of a specific matter is delegated to a committee or group, the Board makes all decisions collectively.

1.7. Disqualification of Board Members

The provisions of the Companies Act concerning the disqualification of Board members apply to the Board's decision-making process. Board members must always act in accordance with the interests of the company and its shareholders.

2. PRESIDENT AND CEO

According to the Articles of Association, the company has a President and CEO.

2.1. Appointing and Discharging the President and CEO

The Board appoints the President and CEO and, if necessary, discharges him/her of his/her duties.

The company and the President and CEO will sign a written service contract.

2.2. Duties of the President and CEO

The President and CEO manages the day-to-day affairs of the company in accordance with the Companies Act, the Articles of Association, other rules and regulations, and the Board's instructions.

The Board of Directors sets annual operational and financial goals for the President and CEO. In these discussions, the Chairman represents the Board.

The President and CEO will report to the Board on all matters significant to the company and its operations.

The President and CEO must obtain the Board's approval before accepting any key positions of trust or secondary positions.

The company has taken liability insurance to cover the operations of the President and CEO.

3. EXECUTIVE BOARD

The company has an Executive Board to assist the President and CEO. The Board of Directors appoints the members of the Executive Board based on a proposal from the President and CEO.

The President and CEO is responsible for the decisions made by the Executive Board.

4. COMPANY REPRESENTATION

According to the company's Articles of Association, the company's business name may be signed by the Chairman of the Board and the President and CEO, each alone, or by two Board members together.

The Board may also authorize proxies.

5. DIVIDEND POLICY

The AGM will decide on dividends based on the Board of Directors' proposal concerning the distribution of profits. According to the resolution in force, the aim of the Board of Directors is to follow a stable and active dividend policy. The target is to distribute 40 - 50 percent of the annual profit, while taking into account the company's capital targets and other factors.

6. MANAGEMENT BONUSES AND INCENTIVE SCHEMES

The Board of Directors will decide on the general principles concerning the bonuses and incentive schemes for the company's management.

6.1. Executive Salaries and Other Benefits

The Board of Directors will decide on the President and CEO's and Executive Board members' salaries.

6.2. Incentive Schemes

Corporate management and personnel may be paid bonuses based on corporate and personal performance. The AGM will decide if the company's shares or instruments entitling to subscribe for the company's shares can be used as incentives. The AGM will also determine the terms and conditions of such incentives. The Board will make decisions on additional bonuses to the President and CEO and Executive Board members (e.g. corporate performance-based bonuses during the financial year). The President and CEO will decide on other bonuses for the personnel.

The incentive schemes must support company strategy and their terms and conditions must be competitive.

6.3. Reporting Salaries and Bonuses

All valid share-based incentive schemes must be stated in the company's Annual Report.

The Annual Report must also report the salaries and bonuses paid to the President and CEO within the last financial year, specifying the proportions of the total sum formed by the basic salary and other bonuses.

The Annual report must also state all other significant terms and conditions of the President and CEO's service contract with the company, such as retirement age and criteria used for determining pension, terms and conditions of terminating employment, and any share options granted.

7. CONTROL AND REPORTING SYSTEMS

7.1. Auditors

According to the Articles of Association, Technopolis Plc has one auditor elected by the AGM. Both the auditor and his deputy, if any, must be public accountants or accounting firms authorized by the Central Chamber of Commerce of Finland.

The terms of the auditor and deputy auditor expire at the close of the AGM that first follows their election.

The Board of Directors meets the auditors once a year to discuss the auditing plan and results.

7.2. Internal Control

According to the Companies Act, the Board of of Directors and the President and CEO are responsible for arranging the internal control and reporting systems for the company.

The Board of Directors must, at regular intervals, evaluate the efficiency of the company's internal control.

8. SUBSIDIARIES

The Board of Directors decides how to elect company representatives to attend general meetings and to sit on the boards of the company's subsidiaries. The Board also authorizes the representatives to make decisions regarding the subsidiaries if necessary.

The fees received by the company's employees for their memberships in boards of subsidiaries are taken into account when determining their total remuneration.

9. INTERNAL GUIDELINES

The company has a number of rules for its personnel to follow in their day-to-day operations. The company abides by and applies the valid insider guidelines.

Most of these policies are related to daily activities, such as travelling, procurement of goods and services, administration of leases, maintenance of the insider register, etc.

The company's operations involve a significant degree of cooperation with other companies, public sector bodies and other parties. This requires high standards in terms of the ethics applied to such cooperation. The guidelines related to such situations are included in the company's Code of Conduct.

PAKKAHUONE

TECHNOPOLIS

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