

2010

CapMan

Key Figures and Governance

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The financial statement in this document does not cover all aspects of CapMan's official Financial Statement for 2010, which can be consulted in its entirety at www.capman.com/ir/annual-general-meetings.

Key Figures for CapMan Plc Group

Key performance indicators 2006–2010

M€	2006	2007	2008	2009	2010
Turnover	37.1	51.1	36.8	36.3	38.2
Management fees	24.9	24.6	29.6	33.3	32.9
Carried interest*	9.4	23.6	4.1	0.0	2.6
Income from real estate consulting	2.0	2.1	2.4	2.4	1.6
Other income	0.8	0.8	0.7	0.6	1.1
Other operating income	0.7	0.2	0.1	0.1	23.0
Operating expenses	-26.6	-27.7	-29.8	-33.0	-42.8
Fair value gains/losses of investments	4.4	6.2	-13.4	-3.3	2.7
Operating profit/loss	15.6	29.8	-6.3	0.1	21.0
Financial income and expenses	0.4	1.1	-2.0	-0.2	0.6
Share of associated companies' result	1.3	1.9	-2.4	1.3	2.4
Profit/loss before taxes	17.3	32.7	-10.7	1.2	23.9
Profit/loss for the financial year	12.4	24.2	-8.1	0.1	17.6
Return on equity (ROE), %	23.4	38.9	-11.8	0.2	20.8
Return on investment (ROI), %	29.9	44.2	-6.3	2.8	19.7
Equity ratio, %	71.6	57.6	50.3	55.1	58.5
Net gearing, %	-12.1	-27.5	30.0	34.8	7.3
Dividend paid**	9.3	12.8	0.0	3.4	10.1
Personnel (at year-end)	98	110	141	150	150

Key ratios per share 2006–2010

	2006	2007	2008	2009	2010
Earnings/share, €	0.15	0.24	-0.10	-0.03	0.18
Diluted	0.15	0.24	-0.10	-0.03	0.18
Shareholders' equity/share***, €	0.74	0.86	0.86	0.94	1.08
Dividend/share**, €	0.12	0.16	0.00	0.04	0.12
Dividend/earnings**, %	80.0	67.0	0.0	0.0	68.0
Average share issue adjusted number of shares during the financial year ('000)	76,213	78,143	80,433	83,016	84,255
Share issue adjusted number of shares at year-end ('000)	77,159	79,969	81,458	84,282	84,282
Number of shares outstanding ('000)	77,159	79,968	81,323	84,255	84,255
Own shares ('000)	0	0	136	26	26

Footnotes for tables and graphs

* Minority interest MEUR 7.6 in 2007.

** Board of Directors' proposal to the Annual General Meeting held on 30 March 2011.

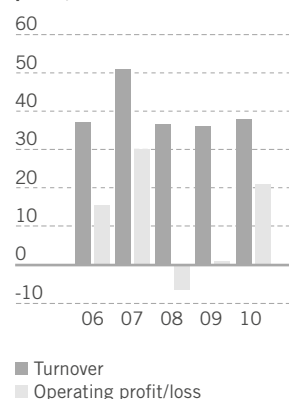
*** In line with IFRS standards, the MEUR 29 bond is included in equity and in calculating shareholders' equity per share.

**** Current portfolios at fair value include MEUR 1,375.5 debt financing in four real estate funds.

***** The CapMan Real Estate I fund, which has already generated MEUR 19.8 in carried interest for CapMan and is not expected to enter carry again, represents a significant part of the capital in this category.

CapMan Plc Group

Group turnover and operating profit, M€



Management Company business

Result of Management Company business

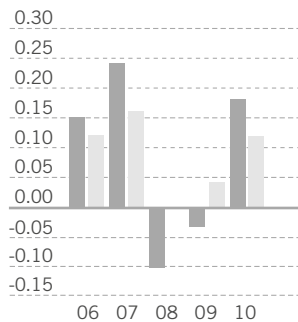
M€	2010	2009
Turnover	38.2	36.3
Management fees	32.9	33.3
Real estate consulting	1.6	2.4
Carried interest	2.6	0.0
Other income	1.1	0.6
Operating profit	18.9	3.7
Profit	14.1	3.7

Fund Investment business

Result of Fund Investment business

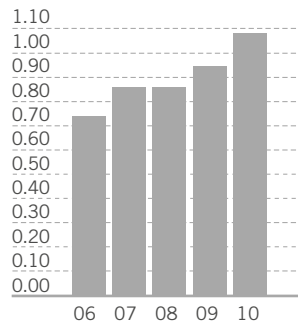
M€	2010	2009
Fair value changes of investments	2.7	-3.3
Operating profit/loss	2.1	-3.6
Profit/loss	3.5	-3.6

Earnings/share and dividend/share, €

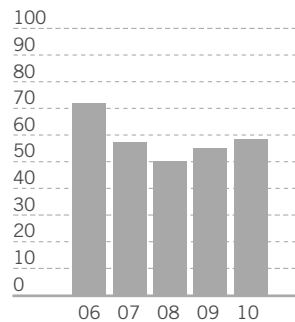


■ Earnings/share
 ■ Dividend/share**

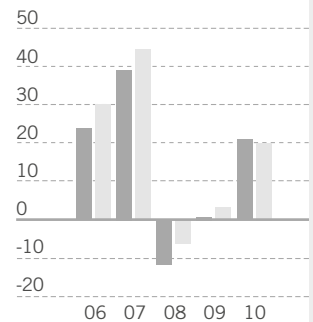
Shareholder's equity per share, €



Equity ratio, %

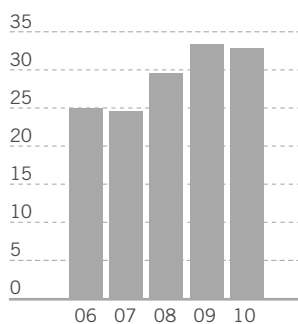


ROE and ROI, %

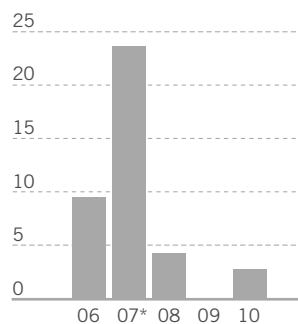


■ Return on equity (ROE)
 ■ Return on investment (ROI)

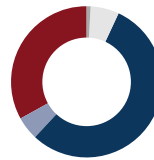
Management fees, M€



Carried interest income, M€



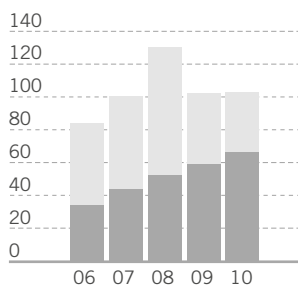
Funds' carried interest potential as of 31 December 2010



Aggregate fund portfolio at fair value (MEUR 2,292.7) by fund life cycle phase and remaining investment capacity (MEUR 1,115.0)****

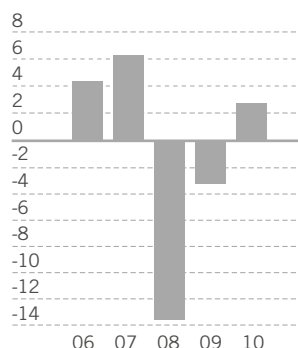
- Portfolios of funds generating carried interest income at fair value, **1%**
- Portfolios of funds that are expected to transfer to carry during 2011–2012 at fair value, **6%**
- Portfolios of other funds not yet in carry at fair value, **55%**
- Portfolios of funds with no carried interest potential to CapMan at fair value****, **5%**
- Remaining investment capacity for new and add-on investments, **33%**

Fund investments and commitments from CapMan's balance sheet, M€

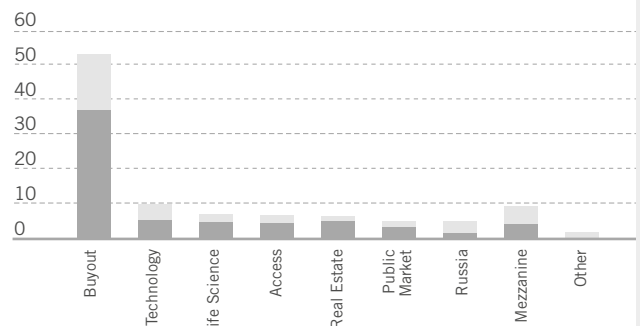


■ Investments at fair value
 ■ Remaining commitments

Profit impact of own fund investments, M€



Fund investments and commitments by fund type, M€



■ Investments at fair value, **M€ 66.5**
 ■ Remaining commitments, **M€ 36.3**

Shares and shareholders

CapMan is one of only a few listed private equity fund management companies in Europe. The company's B share has been listed on the Nasdaq OMX Helsinki since 2001.

Basic information on shares and options

CapMan B share	
Market	Helsinki
Currency	Euro
Listing date	2 April 2001
ISIN	F10009009377
Trading code	CPMBV
Reuters code	CPMBV.HE
Bloomberg code	CPMBV
List	Nordic Small Caps
Sector	Finance
Number of shares	78,281,766
Votes/share	1 vote/share

CapMan A share (unlisted)	
Number of shares	6,000,000
Votes/share	10 votes/share

Stock option programme 2008	
Number of 2008 A options	2,135,000
Share subscription price, A options	€2.69
Subscription period, A options	1.5.2011–31.12.2012

Number of 2008 B options	2,135,000
Share subscription price, B options	€1.12
Subscription period, B options	1.5.2012–31.12.2013

The A and B options of the 2008 option programme each entitle holders to subscribe to 2,135,000 shares.

CapMan shares and share capital

CapMan has two series of shares, A and B. The company's B shares, which are listed on the Nasdaq OMX Helsinki, total 78,281,766 and account for 56.6% of votes; while its unlisted A shares total 6,000,000 in number and account for 43.4% of votes. Both series of shares carry an equal entitlement to a dividend. CapMan's shares are included in the book-entry securities register and have no nominal value. CapMan Plc's share capital as of 31 December 2010 was €771,568.98.

Option programmes

CapMan had one option programme to engage and commit personnel to the company in force as of the end of 2010. Details on the 2008 programme can be found in the Report of the Board of Directors on Page 8 and the Notes to the Financial Statements on Page 24.

CapMan's shareholders

CapMan had 4,834 shareholders as of the end of 2010. One flagging notification was issued during the year when the number of shares held by the Belgian-based private equity firm Gimv exceeded 10% and its share of votes exceeded 5%. Gimv is the company's second-largest shareholder in terms of number of shares. CapMan Partners B.V., owned by CapMan's Senior Partners, continues to hold the largest number of votes in CapMan Plc. The company's largest shareholders are detailed in the Notes to the Financial Statements on Page 21. CapMan Plc owned 26,229 of the company's B shares as of 31 December 2010.

Nominee-registered shareholders

CapMan Plc's foreign shareholders can register their holdings in nominee-registered book-entry accounts, for which a custodian is registered in the company's list of shareholders rather than the ultimate owner. Foreign and nominee-registered shareholders held a total of 26% of CapMan's shares as of the end of 2010. A breakdown by sector and size of holding can be found in the Notes to the Financial Statements on Page 20.

Dividend policy and dividend payable for 2010

CapMan aims to pay at least 50% of its net result in the form of a dividend. The Board of Directors will propose to the Annual General Meeting that a dividend of €0.12 per share should be paid to shareholders.

IR contacts

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

Read more

Information for shareholders, page 41.

Holdings by shareholder class as of 31 December 2010, %



- Management and employees of CapMan* **29%**
- CapMan Partners B.V. (Senior Partners) **6%**
- Nominee-registered shareholders and other foreign ownership (non-Finnish owners) **26%**
- Finnish institutions and households **39%**

Voting rights by shareholder class as of 31 December 2010, %



- Management and employees of CapMan* **37%**
- CapMan Partners B.V. (Senior Partners) **23%**
- Nominee-registered shareholders and other foreign ownership (non-Finnish owners) **16%**
- Finnish institutions and households **24%**

* Includes holdings owned by the company's 100 largest shareholders.

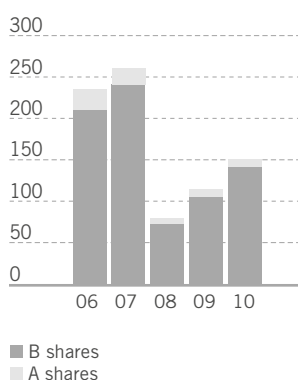
Share price development and trading of B shares

	2010	2009
Share price, €		
highest	1.98	1.63
lowest	1.28	0.77
volume-weighted average	1.57	1.10
closing price, 31.12.	1.78	1.34
Trading turnover		
million shares	14.1	16.9
million euros	22,0	19,2

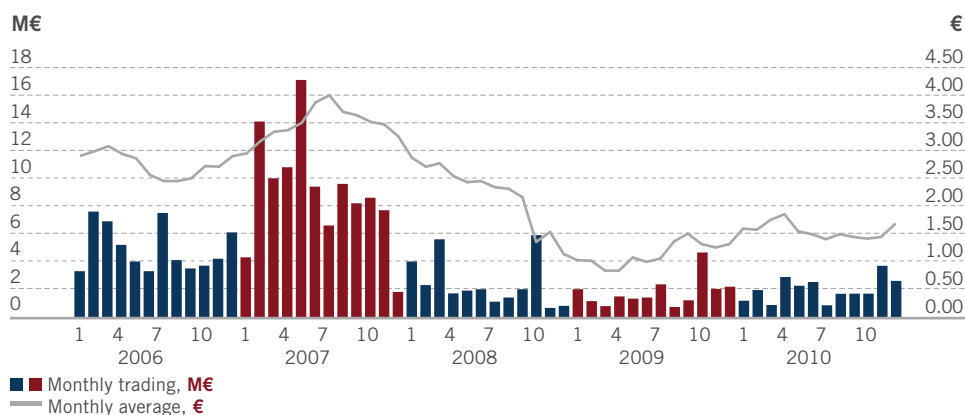
Relative development of CapMan B share, the OMX All Share Index, and the LPX Europe index 2006–2010



Market capitalisation, M€



CapMan B share trading and share price, 1 January 2006–31 December 2010



Report of the Board of Directors

Business operations

CapMan is a private equity fund manager operating in the Nordic countries and Russia. CapMan also makes investments in its own funds. The guiding principle for the investment activities of the funds managed by the Group is to work actively and directly towards increasing the value of investments. The Group has two operating segments: the Management Company business and the Fund Investment business.

Income from the Management Company business is derived from management fees paid by funds, carried interest received from funds, and income generated by real estate consulting. Management fees and real estate consulting income normally cover the company's operating costs and generally represent a steady and very predictable source of income.

Income from the Fund Investment business comes from changes in the fair value of investments and realised returns on CapMan's own fund investments. Depending on the development of funds' investments and the general market situation, these can have a significant positive or negative impact on the Group's result.

As there may be considerable quarterly fluctuations in carried interest and the fair value of fund investments, the Group's financial performance should be analysed over a longer time span than the quarterly cycle.

Significant events in Q4 2010

Access transaction

CapMan sold 30% of Access Capital Partners Group S.A. to Pohjola in November. The transaction was closed in December and had an impact of MEUR 22.7 on CapMan's 2010 result. CapMan continues to be an Access shareholder after the transaction, with a 5% stake. CapMan's entitlement to possible carried interest income from the funds and private equity mandates managed by Access will remain unchanged after the transaction for all capital raised by Access prior to the closing.

Reorganisation of technology investment operations

CapMan decided in the last quarter of 2010 that it will not establish any new technology funds in future. The reorganisation of technology investment operations had an impact of MEUR -4.6 on CapMan's result for 2010. Of this sum, MEUR 3.8 was related to a goodwill write-down of the Swedestart acquisition made in 2002. The goodwill write-down had no impact on the Group's cash flows. Following the decision, CapMan reduced the size of the CapMan Technology 2007 fund from MEUR 142.3 to MEUR 99.6 as of the end of 2010 and ended the fund's investment period. Consequently, management fees received from the fund will decrease by approx. MEUR 2 in 2011.

In line with a decision made in 2009, CapMan will not establish any new life science funds either. The CapMan Technology and CapMan Life Science teams are focusing on developing the value of their existing portfolio companies and maximizing returns for fund investors. The Nordic technology sector, growth financing, and the health care sector will remain in the focus of CapMan's other funds in the future.

Divestment of real estate consulting operations

CapMan announced in November that it is considering divesting its real estate consulting operations while staying committed to the further development of real estate fund management business.

Group turnover and result in 2010

The Group's turnover increased slightly compared to 2009 and totalled MEUR 38.2 in 2010 (2009: MEUR 36.3). Operating expenses increased and totalled MEUR 42.8 (MEUR 33.0). This increase was attributable to non-recurring expenses in the last quarter, which totalled MEUR 5.2, and personnel bonuses payable due to the good result in the last quarter.

Of the non-recurring expenses MEUR 4.6 was related to the reorganization of technology investment operations. Operating expenses, excluding non-recurring items and result-related bonuses in the last quarter of the year, were at the level of the preceding quarters.

The Group's operating profit rose to MEUR 21.0 (MEUR 0.1). Operating profit excluding non-recurring items was MEUR 6.3. Financial income and expenses amounted to MEUR 0.6 (MEUR -0.2). CapMan's share of the profit of its associated companies increased clearly compared to 2009 and totalled MEUR 2.4 (MEUR 1.3). The positive fair value development related to the investment targets of the Maneq funds impacted the result of associated companies in particular. Profit before taxes was MEUR 23.9 (MEUR 1.2) and profit after taxes was MEUR 17.6 (MEUR 0.1).

Profit attributable to the owners of the parent company was MEUR 17.3 (MEUR -0.2). Earnings per share were 17.7 cents (-3.0 cents).

Turnover, operating profit/loss and profit/loss by segment are presented in the Notes to the Financial Statements in Section 2. *Segment information.*

Management Company business

Turnover generated by the Management Company business during the review period totalled MEUR 38.2 (MEUR 36.3). Management fees were comparable to 2009 and amounted to MEUR 32.9 (MEUR 33.3).

Income from real estate consulting was lower than in 2009 and totalled MEUR 1.6 (MEUR 2.4). The aggregate total of management fees and income from real estate consulting was MEUR 34.5 (MEUR 35.7).

Carried interest income totalled MEUR 2.6 (MEUR 0.0) and came mainly from the Finnventure V fund following its exit from the financial administration services company, Pretax, and its sale of the shares in the American company, On2 Technologies, that the fund received when exiting Hantro Products Oy in 2007.

The Management Company business recorded an operating profit of MEUR 18.9 (MEUR 3.7) and a profit of MEUR 14.1 (MEUR 3.7).

The status of the funds managed by CapMan is presented in more detail on the company's website at www.capman.com/funds.

Fund Investment business

Fair value changes related to fund investments in 2010 were MEUR 2.7 (MEUR -3.3) and represented a 4.2% increase in value over 2010 (a 5.4% decrease in value in 2009). Changes during the last quarter were MEUR 1.1 (MEUR 0.9), equivalent to a 1.6% increase in value over the period (a 1.5% increase in value in October-December 2009). The development of individual portfolio companies, as well as changes in the market capitalisation of their listed peers, impacted fair value development. The aggregate fair value of fund investments as of 31 December 2010 was MEUR 66.5 (31 December 2009: MEUR 59.4).

Operating profit for the Fund Investment business was MEUR 2.1 (MEUR -3.6) and the profit for the period was MEUR 3.5 (MEUR -3.6). Profit performance benefited from CapMan's share of the result of its Maneq associated companies. Changes in the fair value of investments made by Maneq companies also made a contribution.

CapMan made new investments in its funds totalling MEUR 11.8 (MEUR 13.0) during the year. The majority of these investments were made in the CapMan Buyout IX, CapMan Public Market, CapMan Life Science IV and CapMan Buyout VIII funds. CapMan received distributions from funds totalling MEUR 6.8 (MEUR 0.6). The majority of this capital was received following exits made by the CapMan Equity VII, CapMan Buyout VIII, CapMan Mezzanine IV, and CapMan Public Market funds. CapMan gave a new MEUR 5 commitment to the CapMan Mezzanine V fund in the third quarter.

The amount of remaining commitments totalled MEUR 36.3 as of 31 December 2010 (31.12.2009: MEUR 42.6). The aggregate fair value of existing investments and remaining commitments as of 31 December 2010 was MEUR 102.8 (MEUR 102.0). CapMan's objective is to invest 1-5% of the original capital in the new funds that it manages, depending on fund size, fund demand, and CapMan's own investment capacity.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), while real estate assets are valued in accordance with the value appraisals of external experts. Fair value changes have no impact on the Group's cash flows.

Investments at fair value and remaining commitments by investment area are presented in the Notes to the Financial Statements in Section 17. *Investments at fair value through profit and loss*, and in Section 30. *Commitments and contingent liabilities*.

Balance sheet and financial position as of 31 December 2010

CapMan's balance sheet totalled MEUR 155.8 as of 31 December 2010 (31.12.2009: MEUR 142.0). Non-current assets amounted to MEUR 112.7 (MEUR 112.1). The carrying amount of goodwill was adjusted by MEUR 3.8 as a result of the write-down on the reorganisation of technology operations. Goodwill stood at MEUR 6.4 at year-end (MEUR 10.2).

Fund investments booked at fair value rose to MEUR 66.5 (MEUR 59.4). Long-term receivables amounted to MEUR 24.8 (MEUR 25.3), of which MEUR 24.2 (MEUR 23.5) were loan receivables from Maneq funds. In addition to CapMan Plc, CapMan personnel are investors in Maneq funds. The expected returns from CapMan's Maneq investments are broadly in line with the return expectations for CapMan's other investments in its own funds, and Maneq funds pay market rate interest on loans they receive from CapMan Plc.

Current assets amounted to MEUR 39.6 (MEUR 29.9). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) increased as a result of the Access transaction and amounted to MEUR 35.0 (MEUR 19.7).

The size of CapMan's hybrid bond stands at MEUR 29.0. Interest on the hybrid bond totalling MEUR 3.2 was paid in 2010, and it was deducted from equity in line with the terms of the loan. CapMan Plc had a bank financing package of MEUR 50.6 (MEUR 56.9) available as of 31 December 2010, of which MEUR 40.6 (MEUR 46.9) was utilised. Trade and other payables totalled MEUR 17.4 (MEUR 12.2). The Group's interest-bearing net debts amounted to MEUR 6.6 (MEUR 27.3).

The Group's cash flow from operations totalled MEUR 6.0 (MEUR -1.8). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 20.0 (MEUR -15.1) and is related, in addition to fund investments and repaid capital received by the company, to MEUR 21.0 received from the Access transaction. Cash flow before financing totalled MEUR 26.0 (MEUR -16.9), while cash flow from financing was MEUR -9.9 (MEUR 10.6). Cash flow from financing includes the MEUR 3.7 dividend paid in April.

Loans from related parties

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

Key figures as of 31 December 2010

CapMan's equity ratio as of 31 December 2010 was 58.5% (31.12.2009: 55.1%). Return on equity was 20.8% (0.2%) and return on investment was 19.7% (2.8%). Non-recurring items excluded, the return on equity was 8.7% and return on investment was 6.7%. The target level for the company's equity ratio was at least 50% and at least 25% for return on equity in 2010.

Key figures	31 Dec 2010	31 Dec 2009
Earnings per share, cents	17.7	-3.0
Diluted, cents	17.7	-3.0
Shareholders' equity/share, cents*	107.7	94.2
Share issue adjusted number of shares	84,255,467	83,015,987
Number of shares at the end of period	84,281,766	84,281,766
Number of shares outstanding	84,255,467	84,255,467
Company's possession of its own shares, end of period	26,299	26,299
Return on equity, %	20.8	0.2
Return on investment, %	19.7	2.8
Equity ratio, %	58.5	55.1
Net gearing, %	7.3	34.8

* In line with IFRS standards, the MEUR 29.0 hybrid bond has been included in equity, also when calculating equity per share. The net interest on the hybrid bond for the review period has been included when calculating earnings per share.

Board's proposal for distribution of profit

CapMan Plc's goal is to distribute at least 50% of net profit as dividends. CapMan Plc's distributable assets amounted to MEUR 17.4 on 31 December 2010 (MEUR 10.5 on 31 December 2009). CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 30 March 2011 that a dividend of EUR 0.12 per share should be paid from distributable assets to shareholders, equivalent to a total of MEUR 10.1. A dividend of EUR 0.04 per share was paid for 2009.

Fundraising in 2010 and capital under management as of 31 December 2010

Capital under management refers to the remaining investment capacity of funds and capital already invested at acquisition cost. CapMan's goal has been to increase its capital under management

by an average of 15% a year. Capital increases as fundraising for new funds progresses and declines as exits are made.

The fundraising market remained challenging throughout 2010. According to Preqin's preliminary data for 2010, a total of USD 37 billion was committed to European buyout and growth funds in 2010, which is 42% less than in the level seen in 2009.*

CapMan established its first project-specific hotel fund CapMan Yrjönkatu 17 Ky on 22 November 2010. The size of the fund is MEUR 13, and it has invested in a hotel property located at Yrjönkatu 17 in central Helsinki. CapMan intends setting up 5–10 project-specific hotel funds, each of which will invest in between one to four hotels, over the next five years.

The CapMan Mezzanine V fund held its first closing at MEUR 60 on 23 September 2010. CapMan's commitment to the fund is MEUR 5. The target size of the new fund is MEUR 150, or approximately half the size of the CapMan Buyout IX fund. The two funds will mainly invest in the same companies.

The CapMan Buyout IX fund held its final closing on 30 June 2010 and reached a final size of MEUR 294.6. In addition, the investment capacity of the CapMan Hotels RE fund rose during the first quarter from MEUR 872.5 to MEUR 950.0 when debt financing was increased to the maximum amount allowed under the fund's terms.

The operations of the Finnventure Rahasto II Ky, Finnventure Rahasto III Ky, and Finnventure Rahasto III G funds ended during the review period when the funds in question exited their last remaining portfolio company, Oy Turo Tailor Ab. As a result of the reorganisation of technology investment operations, the size of the CapMan Technology 2007 fund decreased from MEUR 142.3 to MEUR 99.6.

Capital under management remained at a comparable level to 2009 and totalled MEUR 3,535.4 as of 31 December 2010 (31.12.2009: MEUR 3,504.3). Of this, MEUR 1,794.6 (MEUR 1,845.3) was held in funds making investments in portfolio companies and MEUR 1,740.8 (MEUR 1,659.0) in real estate funds.

Other events during the review period

Funds managed by CapMan signed an agreement in December to sell OneMed Group Oy to 3i and the company's management. As CapMan is a substantial investor in funds that exited from OneMed, the impact of the transaction on CapMan's cash flow is expected to be approx. MEUR 13 in 2011. The transaction is expected to be closed in March 2011.

CapMan finalised the transfer of its own fund investments and remaining commitments to CapMan Fund Investments SICAV-SIF at the end of 2010. The transfers were initiated in 2009.

Group structure

The companies included in the CapMan Plc Group are presented in the Notes to the Financial Statements in Section 32. *Related party disclosures*.

Board of Directors and management

CapMan Plc's Board of Directors at the end of 2010 comprised Heikki Westerlund (Chairman), Teuvo Salminen (Vice Chairman), Sari Baldauf, Koen Dejonckheere, Tapio Hintikka, and Conny Karlsson. Heikki Westerlund was CapMan Plc's CEO between 1 January and 31 May in 2010 and was succeeded by Lennart Simonsen from 1 June 2010 onwards. Jerome Bouix was Deputy CEO between

1 January and 4 November in 2010. As of 5 November 2010, the CEO does not have a deputy.

Niko Haavisto was appointed CapMan Plc's CFO and a member of the Management Group on 28 January 2010 and took up these positions on 26 April 2010. Lennart Simonsen was appointed CapMan Plc's CEO and a Senior Partner on 30 March 2010 and took up these positions as of 1 June 2010. CapMan Group's HR Director and member of the Management Group, Hilikka-Maija Katajisto, resigned in September 2010.

CapMan announced changes in the company's Management Group on 5 November 2010. CapMan Plc's Management Group at the end of 2010 comprised: CEO Lennart Simonsen, CFO Niko Haavisto, Head of Investor Services Jerome Bouix, Head of CapMan Buyout Kai Jordahl, Head of CapMan Russia Hans Christian Dall Nygård, Head of CapMan Public Market Joakim Rubin and Deputy Head of CapMan Real Estate Mika Matikainen.

Personnel

CapMan employed a total of 150 people as of 31 December 2010 (31.12.2009: 150), of whom 103 (107) worked in Finland and the remainder in the other Nordic countries, Russia, and Luxembourg. A breakdown of personnel by country and team is presented in the Notes to the Financial Statements in Section 5. *Employee benefit expenses*.

Authorisations held by the Board of Directors

Following a decision by the Annual General Meeting, CapMan Plc's Board of Directors is authorised to purchase CapMan shares and accept them as pledges, and decide on a share issue and the issuance of stock option rights and other entitlements related to CapMan shares. These authorisations will remain in force until 30 June 2011.

The authorisation to purchase CapMan shares and accept them as pledges amounts to a maximum of 8,000,000 CapMan B shares, provided that the treasury shares in the possession of, or held as pledges by, the company and its subsidiaries shall not exceed one tenth of all shares. These shares may be repurchased to finance or carry out acquisitions or other business transactions, to develop the company's capital structure, improve the liquidity of the company's shares, be disposed for other purposes, or be cancelled. They may be also accepted as pledges to finance or carry out acquisitions or other business transactions.

The repurchase of shares will be carried out using the company's unrestricted shareholders equity, which will reduce the funds available for the distribution of profits. The repurchases will be carried out through public trading on Nasdaq OMX Helsinki, with shares purchased disproportionately to the holdings of shareholders, in accordance with the rules and regulations of Nasdaq OMX Helsinki and Euroclear Finland Ltd. The repurchase price must be based on the market price of the company's shares in public trading. At the end of 2010, 8,000,000 B shares would have entitled holders to 9.5% of all shares and 5.8% of voting rights. The authorisation to decide on a share issue amounts to a maximum of 12,000,000 CapMan B shares.

Shares and share capital

There were no changes in either CapMan Plc's share capital or the number of shares during the review period. Share capital as of 31 December 2010 totalled EUR 771,586.98. B shares totalled 78,281,766 and A shares 6,000,000.

B shares entitle holders to one vote per share and A shares to 10 votes per share. A shares entitled holders to 43.4% and B shares to 56.6% of CapMan voting rights year-end. A shares are owned by CapMan Plc's current Senior Partners. A and B shares have equal dividend rights. CapMan Plc's shares are included in the book-entries securities system. The redemption obligation clauses related to shares are described in more detail in the Notes to the Financial Statements in Section 24. *Share capital and shares*.

Shareholders and management's shareholding

CapMan Plc had 4,834 shareholders as of 31 December 2010 (31.12.2009: 4,774). CapMan Plc issued a flagging notice on 14 December 2010 when the holding of the Belgian private equity company Gimv N.V. exceeded one-tenth (1/10) of the company's shares and one-twentieth (1/20) of voting rights following a share transaction concluded on 10 December 2010.

As at 31 December 2010, the members of the Board of Directors and the CEO owned directly and through corporations under their control a total of 3,606,280 A and B shares, representing 4.3% of all shares and 4.3% of all votes. The Chairman of the Board and the CEO also owned a total of 125,000 2008A options and 290,000 2008B options at the end of 2010. These options entitle holders to subscribe to corresponding numbers of CapMan B shares, which would entitle to 0.5% of all shares and 0.3% of voting rights at year-end. In addition, the Chairman of the Board and the CEO are shareholders in CapMan Partners B.V., which owns 3,000,000 CapMan Plc A shares and 2,000,000 B shares.

The ownership of CapMan Plc by sector classification and size of shareholding, the company's largest shareholders, nominee-registered shares, and the redemption clauses applicable to the company's shares are described in the Notes to the Financial Statements in Section 24. *Share capital and shares*.

Company shares

As of 31 December 2010, CapMan Plc held a total of 26,299 CapMan Plc B shares. Shares held by CapMan represented 0.03% of the company's shares and 0.02% of voting rights. There were no changes in the number of shares held by CapMan Plc in 2010.

Stock option programmes

As of 31 December 2010, CapMan Plc had one stock option programme in place – Option Programme 2008 – as part of incentive and commitment arrangements for personnel. The maximum number of stock options issued under Option Programme 2008 will be 4,270,000, which will carry an entitlement to subscribe to a maximum of 4,270,000 new B shares.

The programme is divided into A and B series, both of which cover a maximum of 2,135,000 option entitlements. The subscription period for 2008A options will start on 1 May 2011 and for 2008B options on 1 May 2012. Receivables from shares subscribed using these options will be entered in the company's invested unrestricted shareholders' equity. At the end of year 2010, 2,018,500 of 2008A stock option entitlements and 1,820,000 of 2008B stock option entitlements were allocated.

Stock option programs and the impact of stock options issued on the number of CapMan shares and voting rights are described in more detail in the Notes to the Financial Statements in Section

31. *Share-based payments*.

Trading and market capitalisation

CapMan Plc's B shares closed at EUR 1.78 on 31 December 2010 (31.12.2009: EUR 1.34). The average price during the 2010 was EUR 1.57 (EUR 1.10). The highest price paid was EUR 1.98 (EUR 1.63) and the lowest EUR 1.28 (EUR 0.77). A total of 14.1 million (16.9 million) CapMan Plc B shares were traded, valued at MEUR 22.0 (MEUR 19.2). The number of shares traded accounted for approximately 18% of all B shares. The average daily volume of trading was 55,942 shares, with a value of approx. MEUR 87,451.

The market capitalisation of CapMan Plc B shares as of 31 December 2010 was MEUR 139.3 (MEUR 104.9). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 150.0 (MEUR 112.9).

Publication of the Financial Statements and Report of the Board of Directors, and Annual General Meeting for 2011

The key details of CapMan Plc Group's Financial Statements and the Report of the Board of Directors for 2010 will be published in the company's Annual Report in week 10. Complete Financial Statements, Report of the Board of Directors, and other financial statement documents required by the Finnish Companies Act will be available on CapMan's website on 9 March 2011, at the latest. CapMan Plc's 2011 Annual General Meeting will be held on Wednesday 30 March 2011 at 10.00 am in Helsinki.

Corporate Governance Statement

CapMan Plc's Corporate Governance Statement will be published separately from the Report of the Board of Directors as part of the company's Annual Report for 2010 in week 10 and will be available also on the company's website.

Significant risks and short-term uncertainties

CapMan's Management Company business is generally profitable on an annual basis, but a major element of uncertainty is associated with forecasting the company's overall financial performance because of the timing of revenue generated from possible carried interest and the development of the fair value of portfolio companies. Structural changes in the Nordic region's export industries could have a negative impact on the operations of some portfolio companies and their profitability. The fundraising environment is expected to remain challenging, for the next 12 months at least, which could impact the outcome of fundraising during this period, the amount of capital under management, and any new management fees that CapMan could receive.

The risks related to CapMan Plc's operations and the company's risk management are described in more detail in the Notes to the Financial Statements in Section 33. *Financial Risk Management* and in the company's Corporate Governance Statement.

Business environment

The prospects for growth in the demand for alternative assets continue to remain good over the long term. The financial recession and its impact have clearly slowed growth in the alternative asset class, however. A recent study by Preqin indicates that the fundraising market is expected to remain difficult in 2011. Over half of the institutional investors that took part in the study expect to increase

their investments in private equity funds in 2011 compared to 2010, which indicates that a gradual improvement could take place in 2011^{**}. A more dynamic buyout and M&A market, together with capital repaid through exits, supports this development. The interest of international investors is currently focused primarily on small and mid-cap buyout funds.

Private equity has consolidated its position in financing M&A activities and growth, and continues to focus typically on sector consolidation, family successions, and the privatisation of public services and functions. Increased entrepreneurial activity has also boosted growth. Real estate funds, for their part, have gained an established share of institutional investors' investment allocations.

CapMan funds investing in portfolio companies will continue to implement their investment strategies. Bank financing for both mergers and acquisitions and real estate investments is at a good level, and the volume of deal flow has remained good across all our investment areas. The portfolios of our funds contain a number of investments which CapMan is now ready to exit from.

The development of our portfolio companies during the review period was largely good, and profit and growth projections for 2011 as a whole are positive. In accordance with IPEVG criteria, the fair value development of portfolio companies will also be impacted by how well listed companies are able to deliver on their profit projections and by how the currencies used in our areas of operations perform against the euro. We plan to keep sufficient reserves in our funds to support the growth and financing of our companies. Long-term cooperation with the Nordic banks is particularly important for us, and has worked well.

Value and number of real estate transactions remained at a moderate level during 2010 due to limited number of international investors in particular. Significant part of the transactions was carried out between Finnish, mainly institutional investors. Interest towards Finnish real estate market by international investors is, however, clearly increasing. For the present their interest has mainly focused on prime properties with a lower risk ratio, which have had a relatively limited availability on the market. Along with the increased demand, rising yield expectations have tailed off and property valuation levels have slightly risen especially in properties with a low level of lease-related cash flow risk. We expect the number of real estate transactions to increase during the spring 2011. Occupancy rates for office premises have continued to be satisfactory and there have been signs of recovery in the demand. Despite this development, the occupancy rates for office premises are expected to fall in Greater Helsinki, which creates pressure to rental levels. Retail sector grew by almost 4% in 2010, which had a positive effect especially on the number of visitors and sales of large shopping centres. The positive development in shopping centres is expected to continue also in 2011.

CapMan funds investing in portfolio companies have some MEUR 700 available for making new and add-on investments, while real estate funds have approximately MEUR 335 of investment capacity, mainly for developing their existing portfolios.

The European Parliament adopted the European Directive on Alternative Investment Fund Managers (AIFM directive) in November 2010. The directive is expected to come into force in the second quarter of 2011, after which member states will have 24 months to integrate the directive into national legislation. The directive will stipulate an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. Thanks to its organisation and operating model, CapMan is in a good position to meet the challenge these new regulations represent.

Future outlook

Management fees are expected to fall behind the 2010 level in 2011 as a result of exits decreasing the management fee base and significant new fundraising rounds taking place for the main part in 2012. Following the restructuring made in 2010 also operating expenses will decrease, but proportionally less than management fees. We continue to build our organisation to ensure growth in our key investment areas. Management fees do not fully cover our operating expenses in 2011.

Exit negotiations are under way in respect of a number of companies in the portfolios of CapMan funds. We expect the CapMan Equity VII A, B, and Sweden funds, as well as the Finnmezzanine III A and B funds, to transfer to carry during 2011-2012. The development of the fair value of fund investments will depend on the development of portfolio companies and the general market situation; we expect fair value development to be positive in 2011.

We expect operating profit for 2011 to slightly exceed the 2010 operating profit, which was MEUR 6.3 excluding non-recurring items.

CapMan Plc
Board of Directors

* Preqin, January 2011.

** Preqin Investor Outlook: Private Equity, 2011.

CapMan Plc Group's Financial Statements

Group Statement of Comprehensive Income (IFRS)

€ ('000)	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Turnover	2	38,150	36,257
Other operating income	4	22,963	137
Employee benefit expenses	5	-25,241	-18,464
Depreciation	6	-884	-957
Impairment of goodwill	14	-3,839	-700
Other operating expenses	7	-12,835	-12,845
Fair value gains/losses of investments	8	2,707	-3,322
Operating profit		21,021	106
Finance income	9	2,132	1,958
Finance costs	9	-1,572	-2,143
Share of associated companies' result	10	2,358	1,293
Profit before taxes		23,939	1,214
Income taxes	11	-6,383	-1,076
Profit for the financial year		17,556	138
Other comprehensive income:			
Translation difference		461	270
Total comprehensive income		18,017	408
Profit/loss attributable to:			
Equity holders of the Company		17,328	-210
Non-controlling interests		228	348
Total comprehensive income attributable to:			
Equity holders of the Company		17,789	60
Non-controlling interests		228	348
Earnings per share for profit/loss attributable to the equity holders of the Company:			
Earnings per share (basic), cents	12	17.7	-3.0
Earnings per share (diluted), cents	12	17.7	-3.0

The Notes are an integral part of the Financial Statements.

Group Balance Sheet (IFRS)

€ ('000)	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Tangible assets	13	602	838
Goodwill	14	6,406	10,245
Other intangible assets	15	2,424	2,972
Investments in associated companies	16	6,400	6,547
Investments at fair value through profit and loss	17		
Investments in funds		66,504	59,421
Other financial assets		619	585
Receivables	18	24,778	25,304
Deferred tax assets	19	4,923	6,177
		112,656	112,089
Current assets			
Trade and other receivables	20	4,619	10,291
Other financial assets at fair value	21	980	1,673
Cash and bank	22	34,049	17,978
		39,648	29,942
Non-current assets held for sale	23	3,501	0
Total assets		155,805	142,031
EQUITY AND LIABILITIES			
Capital attributable to the Company's equity holders			
Share capital	24	772	772
Share premium account	24	38,968	38,968
Other reserves	24	38,679	37,347
Translation difference	24	69	-392
Retained earnings		12,241	1,097
		90,729	77,792
Non-controlling interests		273	413
Total equity		91,002	78,205
Non-current liabilities			
Deferred tax liabilities	19	3,078	1,824
Interest-bearing loans and borrowings	25	35,371	41,779
Other liabilities	26	1,331	1,137
		39,780	44,740
Current liabilities			
Trade and other payables	27	17,395	12,227
Interest-bearing loans and borrowings	28	6,250	6,250
Current income tax liabilities		1,378	609
		25,023	19,086
Total liabilities		64,803	63,826
Total equity and liabilities		155,805	142,031

The Notes are an integral part of the Financial Statements.

Group Statement of Changes in Equity (IFRS)

€ ('000)	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Note	Share capital	Share premium account	Other reserves	Translation difference	Retained earnings	Total		
Equity on 31 December 2008		772	38,968	25,829	-226	3,585	68,928	221	69,149
Options	23					-50	-50		-50
Share subscriptions with options	23			723			723		723
Dividends paid	23						0	-46	-46
Share issues	23			1,795			1,795		1,795
Hybrid bond	23			9,000			9,000		9,000
Hybrid bond, interest paid (net of tax)	23					-2,228	-2,228		-2,228
Other changes					-436		-436	-110	-546
Comprehensive profit/loss					270	-210	60	348	408
Equity on 31 December 2009		772	38,968	37,347	-392	1,097	77,792	413	78,205
Options	23			1,332		-729	603		603
Dividends paid	23					-3,370	-3,370	-309	-3,679
Hybrid bond							0		0
Hybrid bond, interest paid (net of tax)	23					-2,414	-2,414		-2,414
Other changes						329	329	-59	270
Comprehensive profit					461	17,328	17,789	228	18,017
Equity on 31 December 2010		772	38,968	38,679	69	12,241	90,729	273	91,002

The Notes are an integral part of the Financial Statements.

Group Cash Flow Statement (IFRS)

€ ('000)	1 Jan–31 Dec Note 2010	1 Jan–31 Dec 2009
Cash flow from operations		
Profit for the financial year	17,556	138
Adjustments:		
Unpaid income and expenses	6,771	5,352
Gain from sale of associated company	-22,729	0
Change in working capital:		
Change in current non-interest-bearing receivables	3,677	1,335
Change in current trade payables and other non-interest-bearing liabilities	5,326	-4,798
Interest paid	-4,788	-5,393
Interest received	967	588
Dividends received	840	840
Taxes paid	-1,599	140
Cash flow from operations	6,021	-1,798
Cash flow from investing activities		
Investments in tangible assets	-60	-75
Investments in intangible assets	-40	-399
Investments at fair value through profit and loss	-5,150	-11,109
Long-term loan receivables granted	-2,776	-3,980
Receivables from long-term receivables	5,391	284
Other financial assets at fair value	693	-731
Proceeds from sale of tangible assets	65	120
Proceed from sale of associated company	21,000	0
Interest received	856	785
Cash flow from investing activities	19,979	-15,105
Cash flow from financing activities		
Share issue	0	722
Issued hybrid bond	0	9,000
Proceeds from borrowings	0	4,000
Repayment of long-term loan	-6,250	-3,125
Dividends paid	-3,679	-46
Cash flow from financing activities	-9,929	10,551
Change in cash and cash equivalents	16,071	-6,352
Cash and cash equivalents at start of year	17,978	24,330
Cash and cash equivalents at end of year	34,049	17,978

The Notes are an integral part of the Financial Statements.

Notes to the Group's Financial Statements

Group information

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

The parent company of the Group is CapMan Plc. The parent company's domicile is Helsinki and its registered office address is Korkeavuorenkatu 32, 00130 Helsinki, Finland.

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

The Group's Financial Statements for 2010 have been approved for issue by the Board of Directors of CapMan Plc on 3 February 2011. Pursuant to the Finnish Companies Act, shareholders may adopt or reject the company's financial statements, and make decisions on amendments to the financial statements, at the Annual General Meeting.

1. Accounting policies

Basis of preparation

The Group's financial statements for 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the IAS and IFRS standards and SIC and IFRIC interpretations in force at 31 December 2010. The appendices to the Group's Financial Statements have been prepared in accordance with Finnish accounting standards and IFRS, as adopted by the European Union (EU).

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

The Group's Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities including derivative instruments at fair value through profit or loss. The information in the Group's Financial Statements is presented in thousands of euros.

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

Non-controlling interests are presented separately in the income statement and within equity in the Group's balance sheet. A share of accumulated loss is separated only to the extent the deficit is covered by non-controlling shareholdings.

Associated companies

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

Notes to the Group's Financial Statements

Translation difference

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

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

In the Group's financial statements, the income statements of subsidiaries whose functional currencies are not the euro are translated into euros using the average rates for the accounting period. Their balance sheets are translated using the closing rate on the balance sheet date. Translation differences caused by changes in exchange rates for the cumulative shareholders' equity of foreign subsidiaries have been recognised in shareholders' equity.

When a subsidiary is wholly or partially divested, the cumulative amount of the translation differences is recognised in the income statement under profit or loss.

Tangible non-current assets

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

The estimated useful lives are:

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

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

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the acquired enterprise (subsidiary or associated company) over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising from acquisitions prior to 1 January 2004 is recognised as the carrying value at cost in accordance with accounting principles applicable at the date of acquisition. Goodwill is measured as the original acquisition cost less accumulated impairment. Impairment of goodwill is tested annually and write-offs are not made under goodwill. For this reason goodwill is directed to cash-generating units or, in the case of an associated company, goodwill is included in the company's acquisition cost.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are recognised in the balance sheet only if the cost of the asset can be measured reliably, and it is probable that the future economic benefits that are attributable to the asset will flow to the Group. Intangible assets acquired in business combinations that are classified as acquisitions are recognised in the balance sheet separate to goodwill, provided that they meet the definition of intangible assets and the cost of the assets can be measured reliably. Intangible assets are expensed in the income statement by the straight-line method over their useful lives (maximum ten years). The carrying amount is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives are 5 to 10 years.

Impairment of assets

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

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

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

The increased carrying amount due to reversal is not more than what the depreciated historical cost would have been if the impairment had not been recognised. Reversal of an impairment loss for goodwill is prohibited.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if there is an indication that goodwill may be impaired, due to events and circumstances that may increase the probability of impairment.

Financial instruments

The Group's financial instruments have been classified according to IAS 39 Financial Instruments: Recognition and Measurement into the following categories:

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

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

The financial assets at fair value through profit and loss group has been divided into two subcategories: Held for trading and upon initial recognition designated as at fair value through profit and loss.

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

Most of the available-for-sale financial assets are fund investments, for which fair value is calculated by using the guidelines of the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and, taking into account the valuation principles in IAS 39 for the fair value of investments that are not quoted in an active market, using multiples based on the current performance level of the portfolio companies. Investments for which fair value cannot be reliably estimated are valued at cost less any permanent impairment losses. IPEVG are generally used for fair value valuation in the private equity industry, and the guidelines have been prepared in consideration of IFRS requirements.

Loans and other receivables

Loans and other receivables include the Group's financial assets arising from the transfer of cash or services to a debtor. Loans and receivables are

non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are reported either in current financial assets or, if the maturity exceeds 12 months, in non-current financial assets. These investments are measured at amortised cost using the effective interest method. In accordance with IAS 39 the receivables carried at amortised cost accrue interest income at the discount rate used to measure impairment after impairment has been recognised.

Impairment is recognised if there is objective evidence that the value of the item in question has been impaired at the balance sheet date. Impairment testing of loan receivables from the funds takes into consideration the fund's fair value, life cycle phase and expected returns when all investments are realised. The credit risk is described in Section 33. *Financial risk management c) Credit risk.*

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities

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

Equity financial instruments

Equity bonds are reported in shareholders' equity due to the juridical structure of the bonds. The bond has no specified maturity date but the company may call the bond 18 December 2013. Equity issuance costs are entered directly as an expense. Equity bonds are valued at nominal value, as there is no maturity date.

Leases

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

Provisions

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

Pensions

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

Share-based payments

The fair value of stock options is assessed at the grant date and expensed in even instalments in the income statement over the vesting period of the rights. The fair value is determined using the Black&Scholes pricing model. The terms of the stock option programs are presented in Section 31. *Share-based payments.*

Employee benefits

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

Revenue recognition

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

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

Income taxes

Tax expenses in the Group's income statement comprise taxes on taxable income and changes in deferred taxes for the financial period. Taxes on taxable income for the financial period are calculated on the basis of the tax rate in force for the country in question. Taxes are adjusted on the basis of deferred income tax assets and liabilities from previous financial periods, if applicable. The Group's taxes have been recognised during the financial year using the average expected tax rate.

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

Use of estimates

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

Valuation of fund investments

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

Valuation of goodwill

Impairment testing for goodwill is performed annually. The most significant management assumptions in the recoverable amount of the asset are related to the timing and size of new funds to be established and the accrual of potential carried interest income. The management fees received by the funds are based on agreements and, for a fund's operational period

Notes to the Group's Financial Statements

of approximately ten years, the yield can be predicted quite reliably. The estimates and assumptions include new funds to be established for the continuity of operations. A new fund is established at the end of the investment period, typically four years. Carried interest income is taken into account in estimates and assumptions when the realisation of carry seems likely.

2. Segment information

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

Operating segments

2010 € ('000)	Management Company business			Fund Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	29,745	8,405	38,150	0	38,150
Operating profit/loss	19,844	-908	18,936	2,085	21,021
Profit/loss for the financial year	15,326	-1,235	14,091	3,465	17,556
Assets	9,272	1,519	10,791	101,865	112,656
Total assets includes:					
Investments in associated companies	0	0	0	6,400	6,400
Non-current assets held for sale	3,501	0	3,501	0	3,501

2009 € ('000)	Management Company business			Fund Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	27,263	8,994	36,257	0	36,257
Operating profit/loss	3,128	547	3,675	-3,569	106
Profit/loss for the financial year	3,197	544	3,741	-3,603	138
Assets	17,528	1,272	18,800	93,289	112,089
Total assets includes:					
Investments in associ- ated companies	1,962	0	1,962	4,585	6,547

3. Acquisitions

There were no acquisitions in 2010.

Acquisitions in 2009:

CapMan Group acquired private equity house Norum in 2008. In the first stage of the transaction, 51% of Norum Russia III fund's management company's and 100% of the fund's advisory company's share capital and voting rights were transferred to the ownership of CapMan Plc. The acquisition price decreased to MEUR 7.3 during the financial year of 2009. CapMan Plc paid the additional purchase price of MEUR 0.3 to the sellers in cash and in CapMan Plc shares owned by the company. Furthermore CapMan Plc acquired the remaining 49% Norum shares in April 2009. The purchase price for the remaining shares was MEUR 3.6 of which CapMan Plc paid MEUR 1.8 in cash and approx. MEUR 1.8 through a directed issue to the sellers. Norum has been consolidated as a 100% subsidiary to CapMan since September 2008, due to a put-call option.

4. Other operating income

€ ('000)	2010	2009
Sales of tangible assets	65	91
Sale of associated company	22,729	0
Other items	169	46
Total	22,963	137

5. Employee benefit expenses

€ ('000)	2010	2009
Salaries and wages	20,609	15,138
Pension expenses – defined contribution plans	3,000	2,498
Share-based compensation expenses	602	37
Other personnel expenses	1,030	791
Total	25,241	18,464

Employee benefit expenses include costs for sabbatical. Remuneration of the management is presented in Table 32. *Related party disclosures*. The share based compensations recognized in the income statement are based on the fair value of the instrument which is measured using the Black & Scholes option pricing model. The counter-entry to the expenses entered in the income statement is retained earnings, and therefore the expense has no effect on total equity. The terms of the stock option programs are presented in Table 31. *Share-based payments*.

Personnel	2010	2009
By country		
Finland	103	107
Denmark	3	3
Sweden	22	21
Norway	7	7
Russia	14	12
Luxembourg	1	0
In total	150	150
By team		
CapMan Private Equity	64	61
CapMan Real Estate	43	42
Investor Services	22	23
Internal Services	21	24
In total	150	150
Average number of people employed	148	145

6. Depreciation

€ ('000)	2010	2009
Depreciation by asset type		
Intangible assets		
Other intangible assets	645	652
Total	645	652
Tangible assets		
Machinery and equipment	239	305
Total	239	305
Total depreciation	884	957

7. Other operating expenses

€ ('000)	2010	2009
Included in other operating expenses:		
Other personnel expenses	1,470	1,425
Office expenses	2,998	2,646
Travelling and entertainment	1,293	1,118
External services	3,947	4,086
Other operating expenses	3,127	3,570
Total	12,835	12,845
Audit fees		
Audit fees	228	249
Tax advices	0	5
Other fees and services	35	83
Total	263	337

8. Fair value gains/losses of investments

€ ('000)	2010	2009
Investments at fair value through profit and loss		
Gains/losses of investments, realized	687	-758
Fair value gains/losses of investments, unrealized	2,020	-2,564
Total	2,707	-3,322

9. Finance income and costs

€ ('000)	2010	2009
Finance income		
Interest income, loan receivables	1,655	1,547
Interest income, deposits	267	369
Exchange gains	210	41
Total	2,132	1,957
Finance costs		
Interest expenses/loans	-772	-988
Interest and finance expenses, derivative instruments	-494	-899
Other interest and finance expenses	-188	-165
Exchange losses	-118	-91
Total	-1,572	-2,143

10. Share of associated companies' result

€ ('000)	2010	2009
Share of associated companies' result	2,358	1,293
Total	2,358	1,293

11. Income taxes

€ ('000)	2010	2009
Current income tax	2,713	926
Taxes for previous years	-15	279
Deferred taxes	3,685	-129
Total	6,383	1,076

Income tax reconciliation	2010	2009
Profit before taxes	23,939	1,214
Tax calculated at the domestic corporation tax rate of 26%	6,224	316
Effect of different tax rates outside Finland	373	95
Tax exempt income	-211	-218
Non-deductible expenses	51	28
Impairment of goodwill	998	182
Effect of consolidation	613	394
Taxes for previous years	-15	279
Adjustment in taxes of fund investment income	-1,650	0
Income taxes in the Group Income Statement	6,383	1,076

12. Earnings per share

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

€ ('000)	2010	2009
Attributable to the equity holders of the company, € ('000)	17,328	-210
Interest expense on hybrid bond (net of tax)	-2,414	-2,306
Profit/loss used determine diluted earnings per share	14,914	-2,516
Weighted average number of shares ('000)	84,281	83,042
Own shares ('000)	-26	-26
Weighted average number of shares ('000)	84,255	83,016
Effect of options ('000)	0	4,020
Weighted average number of shares adjusted for the effect of dilution ('000)	84,255	87,036
Earnings per share (basic), cents	17,7	-3,0
Earnings per share (diluted), cents	17,7	-3,0

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13. Tangible assets

€ ('000)	2010	2009
Machinery and equipment		
Acquisition cost at 1 January	1,818	1,737
Additions	61	244
Disposals	-105	-163
Acquisition cost at 31 December	1,774	1,818
Accumulated depreciation at 1 January	-1,100	-793
Accumulated depreciation in changes	47	60
Depreciation for the financial year	-239	-365
Translation difference	0	-2
Accumulated depreciation at 31 December	-1,292	-1,100
Book value on 31 December	482	718
Other tangible assets		
Acquisition cost at 1 January	120	120
Book value on 31 December	120	120
Tangible assets total	602	838

14. Goodwill

€ ('000)	2010	2009
Acquisition cost at 1 January	13,371	14,188
Disposals	0	-817
Acquisition cost at 31 December	13,371	13,371
Accumulated impairment at 1 January	-3,126	-2,426
Impairment	-3,839	-700
Accumulated impairment at 31 December	-6,965	-3,126
Book value on 31 December	6,406	10,245

Impairment testing of goodwill

The majority of goodwill consists of CapMan's acquisition on 27 August 2008 of private equity house Norum, whose goodwill was MEUR 5.7 as at 31 December 2010.

The management of the Russian funds forms a cash generating unit. Cash flow projections have been prepared for ten years with no residual value consideration. The cash flow is based on a long term contract, whereby the cash flows for the current fund can be reasonably reliable estimated. The discount percentage used is 12.25%. There is no significant country risk attached to these cash flows, as they relate to management fees received from international investors. The future carried interest potential from the existing fund is limited and therefore has not been considered.

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

In the 2002 acquisition of Swedestart Management AB, CapMan acquired operations related to the management of certain funds as well as a skilled technology and life science investment team. In November 2010 it was announced that CapMan will reorganise its technology investment operations and not to establish any new, independent technology funds in future. Based on the impairment test as at 31 December 2010, the remaining goodwill amounting to MEUR 3.8 was written down, due to future cash flow estimates.

15. Other intangible assets

€ ('000)	2010	2009
Acquisition cost at 1 January	4,634	4,235
Additions	100	399
Acquisition cost at 31 December	4,734	4,634
Accumulated depreciation at 1 January	-1,662	-1,006
Depreciation for the financial year	-645	-652
Translation difference	-3	-4
Accumulated depreciation at 31 December	-2,310	-1,662
Book value on 31 December	2,424	2,972

Other intangible assets include software MEUR 1.0 and the management fee agreement of MEUR 1.2 regarding the purchase of Norum.

16. Shares in associated companies

€ ('000)	2010	2009
Acquisition cost at 1 January	6,547	1,575
Share of the result	1,644	940
Additions/disposals	-2,505	3,681
Fair value gains/losses on investments	714	351
Acquisition cost at 31 December	6,400	6,547

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

2010, € ('000)	Assets	Liabilities	Turnover	Profit/loss	Ownership, %
Associated companies:					
BIF Management Ltd, Jersey	78	4	325	3	33.33%
Baltic SME Management B.V., The Netherlands	31	3	98	-4	33.33%
Maneq 2002 AB, Sweden	488	229	246	219	35.00%
Maneq 2004 AB, Sweden	1,389	25	23	55	41.90%
Maneq 2005 AB, Sweden	4,767	2,030	1,837	1,820	33.60%
Maneq 2006 AB, Sweden	8,799	7,731	0	-14	33.60%
Maneq 2007 AB, Sweden	3,990	7,487	0	73	37.40%
Maneq 2008 AB, Sweden	13,777	11,938	0	381	33.80%
Maneq 2009 AB, Sweden	3,144	2,097	0	98	34.40%
Maneq 2010 AB, Sweden	1,957	1,193	0	44	32.20%
Yewtree Holding AB, Sweden	611	250	0	144	35.00%
Total	39,031	32,987	2,529	2,819	

2009, € ('000)	Assets	Liabilities	Turnover	Profit/loss	Ownership, %
Associated companies:					
Access Capital Partners Group S.A., Belgium	7,549	2,124	14,637	2,725	35.00%
BIF Management Ltd, Jersey	75	4	364	4	33.33%
Baltic SME Management B.V., The Netherlands	35	3	124	1	33.33%
Maneq 2002 AB, Sweden	497	299	0	1	35.00%
Maneq 2004 AB, Sweden	1,304	1	27	83	41.94%
Maneq 2005 AB, Sweden	5,502	4,341	0	-2	35.00%
Maneq 2006 AB, Sweden	8,486	7,403	4	-148	41.16%
Maneq 2007 AB, Sweden	9,475	7,088	0	-25	40.00%
Maneq 2008 AB, Sweden	13,197	11,509	0	143	39.50%
Maneq 2009 AB, Sweden	1,918	1,355	0	1	35.80%
Yewtree Holding AB, Sweden	622	467	0	-101	35.00%
Total	48,660	34,594	15,156	2,682	

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

CapMan sold 30% of Access Capital Partners Group S.A. in November. CapMan continues to be an Access shareholder with a 5% stake.

17. Investments at fair value through profit and loss

€ ('000)	2010	2009
Investments in funds		
Investments in funds at 1 January	59,421	53,147
Additions	11,822	13,038
Disposals	-6,759	-4,202
Fair value gains/losses of investments	2,020	-2,562
Investments in funds at 31 December	66,504	59,421

The cumulative fair value losses of investments in funds is MEUR -5.3 (2009: MEUR -7.3).

Investments in funds at fair value through profit and loss at the end of period	2010	2009
Buyout	36,933	34,233
Technology	5,278	3,616
Life Science	4,794	3,683
Russia	1,488	1,049
Public Market	3,610	3,422
Mezzanine	4,238	4,000
Other	235	364
Real Estate	5,302	4,296
Access	4,626	4,758
Total	66,504	59,421
Other financial assets		
Other investments at 1 January	585	828
Additions/disposals	34	-243
Other investments at 31 December	619	585

Investments at fair value through profit and loss include mainly CapMan's own investments in the funds. The valuation principles are presented in Note 1. *Accounting principles*.

18. Receivables - Non-current

€ ('000)	2010	2009
Loan receivables from associated companies ¹⁾	23,126	22,598
Other loan receivables ²⁾	1,597	2,050
Other receivables ³⁾	55	656
Total	24,778	25,304

Receivables include mainly fixed-interest loan receivables from the funds. Loan receivables from associated companies are presented in Table 32. *Related party disclosures*. Other loan receivables include receivables from Maneq 2002 Ky MEUR 0.7, Maneq 2004 Ky MEUR 0.4. Non-current receivables have a fair value equal to their book value.

¹⁾ Loan receivables from associated companies	2010	2009
Senior loans	10,899	11,235
Mezzanine loans	12,137	11,013
Other loans receivables	90	350
	23,126	22,598

²⁾ Other loan receivables	2010	2009
Mezzanine loans	1,075	1,210
Subordinated loan	0	600
Other loans receivables	522	240
	1,597	2,050

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

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

19. Deferred tax assets and liabilities

Changes in deferred taxes during 2010:

€ ('000)	31 Dec 2009	Charged to Income Statement	Charged in equity	31 Dec 2010
Deferred tax assets				
Accrued differences	3,111	-1,653	329	1,787
Fair value gains/losses of investments	2,197	-818	0	1,379
Employee benefits	87	40	0	127
Interest expense on hybrid bond	782	0	848	1,630
Total	6,177	-2,431	1,177	4,923
Deferred tax liabilities				
Accrued differences	1,824	1,254	0	3,078
Total	1,824	1,254	0	3,078

Changes in deferred taxes during 2009:

€ ('000)	31 Dec 2008	Charged to Income Statement	Charged in equity	31 Dec 2009
Deferred tax assets				
Accrued differences	3,707	-596	0	3,111
Fair value gains/losses of investments	0	2,197	0	2,197
Employee benefits	0	87	0	87
Interest expense on hybrid bond	0	0	782	782
Total	3,707	1,688	782	6,177
Deferred tax liabilities				
Accrued differences	1,897	-54	-19	1,824
Fair value gains/losses of investments	-1,375	1,375	0	0
Employee benefits	-238	238	0	0
Total	284	1,559	-19	1,824

Notes to the Group's Financial Statements

20. Trade and other receivables

€ ('000)	2010	2009
Trade receivables	523	1,043
Receivables from associated companies	765	779
Loan receivables	93	1,901
Accrued income	1,581	2,469
Other receivables	1,657	4,099
Total	4,619	10,291

The Group has had no bad debts. Accrued income includes mainly credit items and tax receivables. Other receivables include mainly the receivables from the funds.

Trade and other receivables by currency at end of year			
Trade and other receivables	Amount in foreign currency	Amount in euros	Proportion
EUR		3,256	71%
NOK	546	70	2%
SEK	10,508	1,172	25%
DKK	416	56	1%
RUB	2,670	65	1%

21. Other financial assets at fair value

€ ('000)	2010	2009
Other financial assets at fair value	980	1,673
Total	980	1,673

Other financial assets at fair value includes deposits MEUR 0.6 and shares in external investment fund companies MEUR 0.4.

22. Cash and bank

€ ('000)	2010	2009
Bank accounts	34,049	17,978
Total	34,049	17,978

Cash and bank includes bank accounts.

23. Non-current assets held for sale

€ ('000)	2010	2009
Non-current assets held for sale at fair value		
5% share of Access Capital Partners Group S.A.	3,501	0
Total	3,501	0

24. Share capital and shares

Movements in the number of shares: ('000)	Number of A shares	Number of B shares	Total
At 31 December 2008	6,000	75,323	81,323
Share issue		2,216	2,216
Shares subscribed with options		607	607
Own shares purchased		109	109
At 31 December 2009	6,000	78,255	84,255
At 31 December 2010	6,000	78,255	84,255

CapMan Plc has two series of shares, A (10 votes) and B (1 vote). The shares have no nominal value. The total authorised number of ordinary shares is A 156,000,000 and B 156,000,000. All issued shares are fully paid.

€ ('000)	Share capital	Share premium account	Other reserves	Total
At 31 December 2008	772	38,968	25,829	65,569
Share issues			1,795	1,795
Share subscriptions with options			723	723
Hybrid bond			9,000	9,000
At 31 December 2009	772	38,968	37,347	77,087
Options			1,332	1,332
At 31 December 2010	772	38,968	38,679	78,419

Other reserves

Other reserves include granted stock option subscription rights. The stock option programs are presented in Table 31. *Share-based payments*. The hybrid bond is included in other reserves under equity in the balance sheet.

The coupon rate for the bond is 11.25% p.a. The interest on the bond is payable semi-annually and has been deducted from equity.

The bond has no maturity but the company may call the bond on 18 December 2013.

Translation difference

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

Dividends paid and proposal for profit distribution

A dividend of EUR 0.04 per share, total MEUR 3.4, was paid for the year 2009. (No dividend was paid for the year 2008). The Board of Directors will propose to the Annual General Meeting to be held on 30 March 2011 that a dividend of EUR 0.12 per share, representing a total of MEUR 10.1, be paid for 2010.

Redemption obligation clause

A shareholder whose share of the entire share capital or the voting rights of the Company reaches or exceeds 33.3% or 50% has, at the request of other shareholders, the obligation to redeem his or her shares and related securities in accordance with the Articles of Association of CapMan Plc. In addition there is a redemption clause pertaining to the transfer of CapMan Plc A shares. If an A share is transferred to a new shareholder who does not already own A shares in the Company, the other shareholders of A shares have the right to redeem the shares under transfer in accordance with the conditions outlined in the Company's Articles of Association.

Ownership and voting rights agreements

As at 31 December 2010 CapMan Plc had no knowledge of agreements or arrangements, related to the Company's ownership and voting rights, that were apt to have substantial impact on the share value of CapMan Plc.

Distribution of A and B shareholdings by number of shares and sector as at 31 December 2010

Shareholding	Number of holdings	%	Number of shares	%	Number of votes	%
1–100	955	19.76%	43,592	0.05%	43,592	0.03%
101–1 000	2,247	46.48%	1,176,392	1.40%	1,176,392	0.85%
1 001–10 000	1,391	28.78%	4,608,372	5.47%	4,608,372	3.33%
10 001–100 000	186	3.85%	4,798,852	5.69%	4,798,852	3.47%
100 001–	55	1.14%	73,635,799	87.37%	127,635,799	92.30%
Total	4,834	100.00%	84,263,007	99.98%	138,263,007	99.99%
Nominee registered	9		21,177,682		21,177,682	
On the book-entry register joint account			18,759	0.02%	18,759	0.01%
Total shares outstanding			84,281,766		138,281,766	

Sector	Number of holdings	%	Number of shares	%	Number of votes	%
Corporations	269	5.56%	28,468,210	33.78%	55,468,210	40.11%
Financial and insurance corporations	18	0.37%	25,937,146	30.77%	25,937,146	18.76%
Public sector institutions	4	0.08%	4,786,281	5.68%	4,786,281	3.46%
Households	4,492	92.93%	12,674,238	15.04%	12,674,238	9.17%
Non-profit organisations	29	0.60%	3,720,974	4.41%	3,720,974	2.69%
European Union	18	0.37%	817,661	0.97%	817,661	0.59%
Other countries and international organisations	4	0.08%	7,858,497	9.32%	34,858,497	25.21%
Total	4,834	100.00%	84,263,007	99.98%	138,263,007	99.99%
Nominee registered	9		21,177,682	25.13%	22,687,499	16.41%
On the book-entry register joint account			18,759	0.02%	18,767	0.01%
Total shares outstanding			84,281,766	100.00%	138,281,766	100.00%

Source: Finnish Central Securities Depository Ltd, as at 31 December 2010. Figures are based on the total number of shares 84,281,766 and total number of shareholders 4,834. There are 6,000,000 A shares, which are owned by companies under control or authority of CapMan Plc's Senior Partners. A shares are included in Corporations in the sector breakdown. All A share shareholders are presented in the CapMan's largest shareholders as at 31 December 2010 table. CapMan Plc had 26,229 B shares as at 31 December 2010.

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CapMan's largest shareholders as at 31 December 2010

	Number of A shares	Number of B shares	Total number of shares	Proportion of shares, %	Number of votes	Proportion of votes, %
Aristo Invest Oy + Ari Tolppanen*	1,220,200	7,418,720	8,638,920	10.25%	19,620,720	14.19%
Aristo Invest Oy	1,220,200	7,278,192	8,498,392	10.01%	19,380,192	14.04%
Ari Tolppanen		200,528	200,528	0.24%	200,528	0.15%
CapMan Partners B.V.**	3,000,000	2,000,000	5,000,000	5.93%	32,000,000	23.14%
Winsome Oy + Tuomo Raasio*	680,663	3,080,873	3,761,536	4.46%	9,887,503	7.15%
Winsome Oy	680,663	3,027,129	3,707,792	4.40%	9,833,759	7.11%
Tuomo Raasio		53,744	53,744	0.06%	53,744	0.04%
Vesasco Oy		3,375,158	3,375,158	4.00%	3,375,158	2.44%
Heiwes Oy + Heikki Westerlund*	258,020	2,718,260	2,976,280	3.53%	5,298,460	3.83%
Heiwes Oy	258,020	2,440,584	2,698,604	3.20%	5,020,784	3.63%
Heikki Westerlund		277,676	277,676	0.33%	277,676	0.20%
Norum Russia Carry Limited (Hans Christian Dall Nygård***, Knut J. Borch***, Alberto Morandi****)		2,808,284	2,808,284	3.33%	2,808,284	2.03%
Geldegall Oy + Mom Invest Oy (Olli Liitola****)	796,564	1,982,520	2,779,084	3.30%	9,948,160	7.19%
Geldegall Oy	796,564	1,168,776	1,965,340	2.33%	9,134,416	6.61%
Mom Invest Oy		813,744	813,744	0.97%	813,744	0.59%
The State Pension Fund		2,500,000	2,500,000	2.97%	2,500,000	1.81%
OP-Finland Small Firms Fund		2,001,064	2,001,064	2.37%	2,001,064	1.45%
Åbo Akademi University Foundation		2,000,000	2,000,000	2.37%	2,000,000	1.45%
Varma Mutual Pension Insurance Company		1,737,673	1,737,673	2.06%	1,737,673	1.26%
Joensuun Kauppa ja Kone Oy		1,596,700	1,596,700	1.89%	1,596,700	1.15%
Svenska litteratursällskapet i Finland r.f.		1,050,000	1,050,000	1.25%	1,050,000	0.76%
Guarneri Oy + Petri Saavalainen*	44,553	882,663	927,216	1.10%	1,328,193	0.96%
Guarneri Oy	44,553	567,775	612,328	0.73%	1,013,305	0.73%
Petri Saavalainen		314,888	314,888	0.37%	314,888	0.23%
Iccapital Pankkiiriliike Oy		903,124	903,124	1.07%	903,124	0.65%
Sijoitusrahasto Taalerintehdas Arvo Markka Osake		800,000	800,000	0.95%	800,000	0.58%
Jensen Leif		699,469	699,469	0.83%	699,469	0.51%
Sijoitusrahasto EQ Suomiliiga/sijoitus		676,664	676,664	0.80%	676,664	0.49%
Lapuan Osuuspankki		665,818	665,818	0.79%	665,818	0.48%
Nordea Life Assurance Finland Ltd		625,000	625,000	0.74%	625,000	0.45%
Total	6,000,000	39,521,990	45,521,990	54.01%	99,521,990	71.97%
Nominee registered		21,177,682	21,177,682		21,145,302	15.29%
Shareholdings of management and employees****	6,000,000	23,113,183	29,113,183	34.54%	83,113,183	60.10%

Below is a list of flagging notifications that CapMan Plc has received in year 2010. An up-date information of all flagging notifications can be found at www.capman.com.

Gimv NV's holdings exceeded 10% of CapMan Plc's shares and 5% of the voting rights as a result of a share transaction concluded on 10 December 2010.

* Employed by CapMan.

** The shareholding of CapMan Partners B.V. is equally divided among corporations under control by Senior Partners of CapMan.

*** CapMan employee who exercises controlling power in the aforementioned company but who does not own CapMan shares directly.

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

25. Interest-bearing loans and borrowings – Non-current

€ ('000)	2010	2009
Bank loans	34,375	40,625
Derivative instruments at fair value	996	1,154
Total	35,371	41,779

The loan will mature twice a year. The last part MEUR 25, will mature in 22 July 2013. The interest is paid monthly.

Derivative instruments at fair value

€ ('000)	2010	2010	2010
	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Fair values			
Unhedged items	0	-996	-996

€ ('000)	2009	2009	2009
	Positive fair value (balance sheet value)	Negative fair value (balance sheet value)	Net value
Fair values			
Unhedged items	0	-1,154	-1,154

The interest rate level of the Group's interest-bearing debts is hedged by interest rate options. They are recognised in the balance sheet at fair value on the closing date. The Group does not use derivative instruments for hedging purposes. Currency receivables and payables, their net position or subsidiaries' equity are not hedged.

26. Other liabilities – Non-current

€ ('000)	2010	2009
Other liabilities	1,331	1,137
Total	1,331	1,137

Other liabilities include the liability of the sabbatical MEUR 1.3.

27. Trade and other payables – Current

€ ('000)	2010	2009
Trade payables	605	612
Advance payments received	100	0
Accrued expenses	15,366	9,965
Other liabilities	1,324	1,650
Total	17,395	12,227

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

Trade and other liabilities by currency at end of year

Trade and other liabilities	Amount in foreign currency	Amount in euros	Proportion
EUR		14,728	85%
NOK	4,691	601	3%
SEK	16,026	1,787	10%
DKK	2,079	279	2%

28. Interest-bearing loans and borrowings – Current

€ ('000)	2010	2009
Bank loans	6,250	6,250
Total	6,250	6,250

As at 31 December 2010 the Group had a MEUR 10 committed revolving credit facility available. The facility was not utilised as at the year-end. The ending date for the facility is 30 September 2011.

Notes to the Group's Financial Statements

29. Classification of financial assets and liabilities by valuation category 2010

€ ('000)	Loans and other receivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
Valuation principles	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		66,504		66,504	66,504
Receivables					
Interest-bearing loan receivables from associated companies	23,126			23,126	23,126
Interest-bearing other loan receivables	1,597			1,597	1,597
Other receivables	55			55	55
Current assets					
Trade and other receivables	4,619			4,619	4,619
Other financial assets at fair value		980		980	980
Cash and bank	34,049			34,049	34,049
Total	63,446	67,484	0	130,930	130,930
Non-current interest-bearing loans					
Interest-bearing loans			35,371	35,371	35,371
Other liabilities			1,331	1,331	1,331
Current liabilities					
Trade and other liabilities			17,395	17,395	17,395
Interest-bearing loans and borrowings			6,250	6,250	6,250
Total	0	0	60,347	60,347	60,347

Classification of financial assets and liabilities by valuation category 2009

€ ('000)	Loans and other receivables	Fair value through P/L	Financial liabilities	Balance sheet value	Fair value
Valuation principles	Amortised cost	Fair value	Amortised cost		
Non-current assets					
Other investments					
Investments available-for-sale		59,421		59,421	59,421
Receivables					
Interest-bearing loan receivables from associated companies	22,598			22,598	22,598
Interest-bearing other loan receivables	2,050			2,050	2,050
Trade and other receivables	656			656	656
Current assets					
Trade and other receivables	10,291			10,291	10,291
Other financial assets at fair value		1,673		1,673	1,673
Cash and bank	17,978			17,978	17,978
Total	53,573	61,094	0	114,667	114,667
Non-current interest-bearing loans					
Interest-bearing loans			41,779	41,779	41,779
Other liabilities			1,137	1,137	1,137
Current liabilities					
Trade and other liabilities			12,227	12,227	12,227
Interest-bearing loans and borrowings			6,250	6,250	6,250
Total	0	0	61,393	61,393	61,393

30. Commitments and contingent liabilities

€ ('000)	2010	2009
Leasing agreements		
Operating lease commitments		
Within one year	377	347
After one but not more than five years	251	415
Total	628	762
Other hire purchase commitments		
Within one year	2,126	2,070
After one but not more than five years	5,629	5,997
Beyond five years	808	2,098
Total	8,563	10,165

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

Securities and other contingent liabilities

€ ('000)	2010	2009
Contingencies for own commitment		
Mortgage bonds	60,000	60,000
Pledges	5,747	0
Pledged deposit for own commitment	12	15
Loan commitments to Maneq funds	6,033	5,146
Other contingent liabilities	2,101	3,004

Remaining commitments to funds

Equity funds		
CapMan Equity VII	440	896
CapMan Buyout VIII	7,269	8,435
CapMan Life Science IV	2,265	4,140
CapMan Technology 2007 Fund	3,707	4,393
CapMan Public Market Fund	1,443	2,669
CapMan Russia Fund	3,225	4,067
CapMan Buyout IX	8,438	12,081
Other	1,205	1,178
	27,992	37,859
Mezzanine funds		
CapMan Mezzanine IV L.P.	754	754
CapMan Mezzanine IV Classic Ky	113	113
CapMan Mezzanine V L.P.	4,164	0
Other	38	43
	5,069	910
Fund of funds		
Access Capital LP II	1,625	1,825
Other	398	448
	2,023	2,273
Real estate funds		
CapMan Real Estate I Ky	115	115
CapMan RE II Ky	721	908
CapMan RE Hotels Ky	349	559
CapMan Yrjönkatu 17 Ky	30	0
	1,215	1,582
Remaining commitments to funds	36,299	42,624

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

31. Share-based payments

CapMan Plc had one stock option program at the end of 2010. The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the Group's incentive and commitment program for the Group key personnel. Stock options granted after 7 November 2002 and not vesting before 1 January 2005 are entered in the financial statements in accordance with IFRS 2 Share-based Payment. The fair value of stock options has been assessed at the grant date and expensed straight-line in the income statement over the vesting period. Fair value of options at the grant date is determined in accordance with the Black&Scholes model.

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

	Stock option program 2008	
	Stock option 2008A	Stock option 2008B
Stock options, number	2,135,000	2,135,000
Entitlement to subscribe for B shares	2,135,000	2,135,000
Share subscription period begins	1.5.2011	1.5.2012
Share subscription period ends	31.12.2012	31.12.2013
Share subscription price	Trade volume weighted average price of the B share on the OMX Nordic Exchange Helsinki 1.5.-30.6.2008 with an addition of ten (10) per cent i.e. €2.69.	Trade volume weighted average price of the B share on the OMX Nordic Exchange Helsinki 1.5.-30.6.2009 with an addition of ten (10) per cent i.e. €1.12.
Number of shares subscribed with stock options as at 31 December 2010	-	-

Information applied in the Black&Scholes model	Stock option program 2008	
	Stock option 2008A	Stock option 2008B
Expected volatility	20.00%	20.00%
Risk-free interest	2.75%	2.75%

Notes to the Group's Financial Statements

Shares and stock options

	Shares 31 Dec 2010				Stock options 31 Dec 2010			
	Number	Distributed stock options 31.12.2010	of shares %	of votes %	of shares %	of votes %	of shares %	of votes %
					if all distributed stock options will be exercised	if all stock options of programs will be exercised	if all distributed stock options will be exercised	if all stock options of programs will be exercised
A shares	6,000,000		7.1%	43.4%				
B shares	78,281,766		92.9%	56.6%				
2008A options	2,135,000	2,018,500			2.4%	1.5%	2.5%	1.5%
2008B options	2,135,000	1,820,000			2.2%	1.3%	2.5%	1.5%

32. Related party disclosures

Subsidiaries	Group ownership of shares, %	Parent company ownership of shares, %
CapMan Capital Management Oy, Finland	100%	100%
Finnmezzanine Oy, Finland	100%	
EastMan Advisors Oy, Finland	100%	
ScanEast Managing Partner Ltd., Guernsey	70%	
CapMan Invest A/S, Denmark	100%	100%
CapMan Sweden AB, Sweden	100%	100%
CapMan Holding AB, Sweden	100%	100%
CapMan AB, Sweden	100%	
CapMan Norway AS, Norway	100%	100%
CapMan (Guernsey) Limited, Guernsey	100%	100%
CapMan Mezzanine (Guernsey) Limited, Guernsey	100%	100%
CapMan (Guernsey) Buyout VIII GP Limited, Guernsey	100%	100%
CapMan (Sweden) Buyout VIII GP AB, Sweden	100%	100%
CapMan Classic GP Oy, Finland	100%	100%
CapMan Real Estate Oy, Finland	80%	80%
Dividum Oy, Finland	80%	80%
Realprojekti Oy, Finland	80%	80%
CapMan RE II GP Oy, Finland	80%	80%
CapMan (Guernsey) Life Science IV GP Limited, Guernsey	100%	100%
CapMan (Guernsey) Technology 2007 GP Limited, Guernsey	100%	100%
CapMan (Sweden) Technology Fund 2007 GP AB, Sweden	100%	100%
CapMan Hotels RE GP Oy, Finland	80%	80%
CapMan Public Market Manager S.A., Luxembourg	90%	90%
CapMan Private Equity Advisors Ltd, Cyprus	100%	100%
CapMan (Guernsey) Russia GP Ltd, Guernsey	100%	100%
CapMan (Guernsey) Investment Limited, Guernsey	100%	100%
CapMan Germany GmbH, Germany	100%	100%
CapMan (Guernsey) Buyout IX GP Limited, Guernsey	100%	100%
CapMan Fund Investment SICAV-SIF, Luxembourg	99.8%	99.8%
CapMan Mezzanine V Manager S.A., Luxembourg	100%	100%
CapMan PSH GP Oy, Finland	80%	80%
Associated companies	Group ownership of shares, %	Parent company ownership of shares, %
BIF Management Ltd, Jersey	33.33%	33.33%
Baltic SME Management B.V., The Netherlands	33.33%	33.33%
Maneq 2002 AB, Sweden	35.00%	35.00%
Maneq 2004 AB, Sweden	41.90%	41.90%
Maneq 2005 AB, Sweden	33.60%	33.60%
Maneq 2006 AB, Sweden	33.60%	33.60%
Maneq 2007 AB, Sweden	37.40%	37.40%
Maneq 2008 AB, Sweden	33.80%	33.80%
Maneq 2009 AB, Sweden	34.40%	34.40%
Maneq 2010 AB, Sweden	32.20%	32.20%
Yewtree Holding AB, Sweden	35.00%	35.00%

Services sold to related parties in 2010, M€	2010	2009
Access Capital Partners Group S.A.	0.4	0.5
Loan receivables from related parties as at 31 December 2010, M€	Non-current loan receivable 2010	Non-current loan receivable 2009
Maneq 2002 AB	0.2	0.3
Maneq 2005 AB	1.8	2.3
Maneq 2006 AB	5.5	5.2
Maneq 2007 AB	5.3	4.9
Maneq 2008 AB	7.5	8.2
Maneq 2009 AB	1.5	1.3
Maneq 2010 AB	1.2	0.0
Yewtree Holding AB	0.1	0.3

Management remuneration

€ ('000)	2010	2009
Salaries and other short-term employee benefits	2,081	2,816
Salaries and fees		
CEO	351	324
Deputy CEO	749	186
Members of the Board	240	174

The CEO and Management Group members are covered by additional payment-based pension insurance. The retirement age is set at 60 years of age.

In 2010 the Management Group members were granted in total 1,847,000 2008 stock options. The stock options granted to the Management Group are subject to the same terms as for stock options granted to employees. Stock option programs are described in Table 31. *Share-based payments*.

33. Financial risk management

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

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

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

a) Liquidity risk

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

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

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

CapMan has made commitments to the funds it manages. Most of the existing commitments are typically called in to the funds within the next four years. As at 31 December 2010 the undrawn commitments to the funds amount to MEUR 36.3 (MEUR 42.6) and the financing capacity available (cash and third party financing facilities) amount to MEUR 44.1 (MEUR 29.6).

The Group has the following financing arrangements: MEUR 10 short-term loan facility, drawdowns available until October 2011 and not utilised at 31 December 2010. The remaining senior loan in the balance sheet MEUR 50 is fully drawn down, maturity in 2013. Hybrid bond, no maturity date, call option in 2013 (MEUR 29 drawn at 31 December 2010).

Notes to the Group's Financial Statements

Maturity analysis

31 December 2010, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			35,371	
Current financial liabilities				
Accounts payable	605			
Interest-bearing loans and borrowings	6,250			
Accrued interests	21			
31 December 2009, € ('000)	Due within 3 months	Due between 3 and 12 months	Due between 1 and 3 years	Due between 3 and 5 years
Non-current financial liabilities				
Interest-bearing loans and borrowings			41,779	
Current financial liabilities				
Accounts payable	612			
Interest-bearing loans and borrowings	3,125	3,125		
Accrued interests	41			

b) Interest rate risk

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

The interest rate for the hybrid bond is fixed to 11.25%.

Long-term loan receivables from Maneq funds are fixed to five-year interest rate periods.

Loans according to interest rate

€ ('000)	2010	2009
Floating rate	16,375	27,875
Floor and ceiling contracts	3,000	4,000
Fixed rate	15,000	15,000
Total	34,375	46,875

€ ('000)	The effect on profit after tax		
	1 %-Change in interest rates	-1 %-Change in interest rates	2 %-Change in interest rates
Floating rate	121	-121	242
Floor and ceiling contracts	22	-22	44

Excluding the change in fair value of derivative instruments.

c) Credit risk

The Group's exposure to credit risk is limited mainly to loan receivables from Maneq funds. Maneq funds make investments in portfolio companies alongside CapMan funds. CapMan typically has a 35–40% stake in these companies and it finances them with senior and mezzanine loans.

The analysis of possible credit provisions and impairment of loan receivables takes into account that fund solvency observes the J-curve pattern, which is common for private equity funds. The fair value of funds typically falls below acquisition cost in the early investment phase until the first realisations are made. For this reason a more reliable assessment of credit risk may be performed approximately four years after the initial investment date, as repayment solvency is endangered only if the average exit multiple within the investment portfolio equals less than one. CapMan has a historical exit multiple of approximately 3x. In addition the assessment of credit risk incorporates the portfolio companies' expected realisation returns, which are often greater than fair value at that time.

Loan receivables from associated companies and others

2010 € ('000)	CapMan's receivables total	Receivables total (incl. write-downs)	Capital account at fair value (excl. external debts)
Funds where fair value < receivables	17,842	17,842	10,772
Funds where fair value > receivables	11,796	11,796	18,638
	29,638	29,638	29,410
Other loan receivables	522	522	n/a
Total	30,160	30,160	

Loan receivables from associated companies and others

2009 € ('000)	CapMan's receivables total	Receivables total (incl. write-downs)	Capital account at fair value (excl. external debts)
Funds where fair value < receivables	17,886	17,886	12,890
Funds where fair value > receivables	11,722	11,722	16,057
	29,608	29,608	28,947
Other loan receivables	841	841	n/a
Total	30,449	30,449	

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

d) Currency risk

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

e) Price risk of the investments in funds

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

Sensitivity analysis of fund investments (excluding funds of funds)

	2010 Impact on result before taxes, M€		2009 Impact on result before taxes, M€	
	Change -10%	Change +10%	Change -10%	Change +10%
Average profitability of portfolio companies in the 2009 financial year	-0.29	0.29	-0.63	1.21
Average peer group multiples	-6.00	6.03	-4.60	5.50
EUR/SEK FX rate	-0.10	0.00	0.25	-0.20
EUR/NOK FX rate	0.13	-0.03	-0.47	0.39
EUR/DKK FX rate	0.00	0.00	0.07	-0.06
Total	-6.26	6.30	-5.39	6.84

The group's assets measured at fair value at 31 December 2010.

€ ('000)	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
Investments in funds		3,609	62,895	66,504

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

34. Events after the closing date

There were no significant events after the close of the review period.

Parent Company Financial Statements (FAS)

Parent Company Income Statement (FAS)

€	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Turnover	1	1,750,172.20	1,572,171.82
Other operating income	2	22,566,747.24	20,739.42
Employee benefit expenses	3	-6,138,149.99	-5,366,263.06
Depreciation	4	-610,073.75	-655,045.64
Other operating expenses	5	-10,320,045.16	-5,861,133.22
Operating profit/loss		7,248,650.54	-10,289,530.68
Finance income and costs	6	1,104,164.01	1,309,096.81
Profit/loss before extraordinary items		8,352,814.55	-8,980,433.87
Extraordinary items	7	5,200,000.00	5,500,000.00
Profit/loss before taxes		13,552,814.55	-3,480,433.87
Income taxes	8	-3,228,639.97	-126,533.79
Profit/loss for the financial year		10,324,174.58	-3,606,967.66

Parent Company Balance Sheet (FAS)

€	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Intangible assets	9	1,209,820.08	1,587,131.36
Tangible assets	10	410,978.89	574,032.52
Investments	11		
Shares in subsidiaries		61,584,456.22	24,514,554.30
Investments in associated companies		5,573,568.33	5,616,915.06
Other investments		3,561,258.26	49,159,492.06
Investments total		70,719,282.81	79,290,961.42
Total non-current assets		72,340,081.78	81,452,125.30
Current assets			
Long-term receivables	12	29,010,963.65	28,265,062.00
Deferred tax receivables	13	470,448.33	2,119,968.67
Short-term receivables	14	15,712,608.06	10,489,225.63
Marketable securities		41,009.97	40,707.99
Cash and bank		21,767,486.75	11,672,724.45
Total current assets		67,002,516.76	52,587,688.74
Total assets		139,342,598.54	134,039,814.04
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
	15		
Share capital		771,586.98	771,586.98
Share premium account		38,968,186.24	38,968,186.24
Invested unrestricted share-holders' equity		6,999,744.89	6,999,744.89
Retained earnings		125,222.64	7,102,408.98
Profit/loss for the financial year		10,324,175.58	-3,606,967.66
Total equity		57,188,916.33	50,234,959.43
Liabilities			
Non-current liabilities	16	64,442,268.00	70,926,377.00
Current liabilities	17	17,711,414.21	12,878,477.61
Total liabilities		82,153,682.21	83,804,854.61
Total shareholders' equity and liabilities		139,342,598.54	134,039,814.04

Parent Company Cash Flow Statement (FAS)

€	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Cash flow from operations		
Profit/loss before extraordinary items	8,352,816	-8,980,434
Finance income and costs	-1,104,164	-1,309,097
Adjustments to operating profit/loss	-15,221,869	655,046
Change in net working capital		
Change in current non-interest-bearing receivables	-650,873	16,456,207
Change in current trade payables and other non-interest-bearing liabilities	4,125,960	-15,213,839
Interest paid	-4,781,961	-5,496,333
Interest received	996,096	1,417,617
Dividends received	5,639,752	3,336,665
Taxes paid	-243,026	494,227
Cash flow from operations	-2,887,269	-8,639,941
Cash flow from investments		
Investments in tangible and intangible assets	-69,709	-418,272
Investments in other placements	-4,390,276	-10,651,519
Long-term loan receivables granted	-2,775,555	-3,949,052
Repayment of long-term loans	3,618,883	0
Proceed from sale of associated company	21,000,000	0
Cash flow from investments	17,383,343	-15,018,843
Cash flow from financing activities		
Share issue	0	772,093
Short-term loan receivables granted	-2,464,500	-26,644,000
Repayment of short-term loans	3,153,707	26,549,532
Long-term loan receivables granted	-670,000	-767,000
Repayment of long-term loans	0	520,000
Issued hybrid bond	0	9,000,000
Proceeds from borrowings	0	4,000,000
Repayment of loans from financial institutions	-6,250,000	-3,125,000
Dividends paid	-3,370,219	0
Other financial assets at fair value	-302	-1,029
Group contributions received	5,200,000	5,500,000
Cash flow from financing activities	-4,401,314	15,804,596
Change in cash and cash equivalents	10,094,760	-7,854,188
Cash and cash equivalents at start of year	11,672,727	19,526,915
Cash and cash equivalents at end of year	21,767,487	11,672,727

Notes to the Parent Company Financial Statements (FAS)

1. Turnover by area

€	2010	2009
Finland	1,003,076	828,582
Foreign	747,096	743,590
Total	1,750,172	1,572,172

2. Other operating income

€	2010	2009
Gains from sale of tangible assets	9,506	20,740
Gains from sale of associated company	20,870.667	0
Other	1,686.574	0
Total	22,566.747	20,740

3. Personnel

€	2010	2009
Salaries and wages	5,151.224	4,417.153
Pension expenses	687.160	713,459
Other personnel expenses	299,765	235,651
Total	6,138.149	5,366.263

Management remuneration

Salaries and other remuneration of the CEO and Deputy CEO	1,103.241	373,336
Board members	239,500	174,000

Average number of employees	40	42
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4. Depreciation

€	2010	2009
Depreciation by asset type		
Intangible rights	128,371	128,742
Other long-term expenditure	346,663	314,786
Machinery and equipment	135,040	211,518
Total	610,074	655,046

5. Other operating expenses

€	2010	2009
Other personnel expenses	400,566	368,861
Office expenses	529,837	491,651
Traveling and entertainment	544,902	229,752
External services	1,710,604	1,401,088
Other operating expenses	7,134,137	3,369,781
Total	10,320,046	5,861,133

Audit fees

PricewaterhouseCoopers Oy		
Audit fees	26,800	122,198
Tax advices	3,100	5,420
Other fees and services	30,212	83,371
Total	60,112	210,989

Notes to the Parent Company Financial Statements (FAS)

6. Finance income and costs

€	2010	2009
Dividend income		
Group companies	3,149,725	4,146,670
Associated companies	840,027	839,995
Total	3,989,752	4,986,665
Other interest and finance income		
Group companies	98,131	143,539
Others	1,722,072	2,073,923
Total	1,820,203	2,217,462
Interest and other finance costs		
Group companies	0	-35,034
Others	-4,705,791	-5,859,996
Total	-4,705,791	-5,895,030
Finance income and costs total	1,104,164	1,309,097

7. Extraordinary items

€	2010	2009
Extraordinary income		
Group contributions received	5,200,000	5,500,000

8. Income taxes

€	2010	2009
Income taxes	-1,579,120	-282,773
Deferred taxes	-1,649,520	156,239
Total	-3,228,640	-126,534

9. Intangible assets

€	2010	2009
Intangible rights		
Acquisition cost at 1 January	623,188	507,824
Additions	0	115,364
Acquisition cost at 31 December	623,188	623,188
Accumulated depreciation at 1 January	-214,276	-85,534
Depreciation for financial year	-128,371	-128,742
Accumulated depreciation at 31 December	-342,647	-214,276
Book value on 31 December	280,541	408,912
Other long-term expenditure		
Acquisition cost at 1 January	1,963,482	1,700,837
Additions	97,722	262,645
Acquisition cost at 31 December	2,061,204	1,963,482
Accumulated depreciation at 1 January	-785,262	-470,477
Depreciation for financial year	-346,663	-314,786
Accumulated depreciation at 31 December	-1,131,925	-785,263
Book value on 31 December	929,279	1,178,219
Intangible rights total	1,209,820	1,587,131

10. Tangible assets

€	2010	2009
Machinery and equipment		
Acquisition cost at 1 January	962,081	1,122,964
Additions	26,762	40,263
Disposals	-90,872	-201,146
Acquisition cost at 31 December	897,971	962,081
Accumulated depreciation at 1 January	-507,726	-296,208
Accumulated depreciation in changes	36,097	0
Depreciation for financial year	-135,040	-211,518
Accumulated depreciation at 31 December	-606,669	-507,726
Book value on 31 December	291,302	454,355
Other tangible assets		
Acquisition cost at 1 January	119,677	119,677
Book value on 31 December	119,677	119,677
Tangible assets total	410,979	574,032

11. Investments

€	2010	2009
Shares in subsidiaries		
Acquisition cost at 1 January	24,514,554	14,886,038
Additions	40,869,902	13,246,139
Disposals	-3,800,000	-3,617,623
Acquisition cost at 31 December	61,584,456	24,514,554
Shares in associated companies		
Acquisition cost at 1 January	5,616,915	336,775
Additions	423,613	5,382,893
Disposals	-466,960	-102,753
Acquisition cost at 31 December	5,573,568	5,616,915
Shares, other		
Acquisition cost at 1 January	49,159,492	49,519,090
Additions	21,669,705	9,840,312
Disposals	-67,267,939	-10,199,910
Acquisition cost at 31 December	3,561,258	49,159,492
Investments total	70,719,282	79,290,961

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

12. Long-term receivables

€	2010	2009
Receivables from Group companies		
Loan receivables	4,287,000	3,617,000
Receivables from associated companies		
Loan receivables	23,126,469	22,597,761
Other loan receivables	1,597,495	2,050,301
Long-term receivables total	29,010,964	28,265,062

13. Deferred tax assets

€	2010	2009
Accrued differences	470,448	2,119,969
Deferred tax assets total	470,448	2,119,969

14. Short-term receivables

€	2010	2009
Accounts receivable	232,697	9,353
Receivables from Group companies		
Accounts receivable	28,604	156,122
Loan receivables	515,000	1,020,507
Other receivables	13,499,371	4,778,498
Total	14,042,975	5,955,127
Receivables from associated companies		
Accounts receivable	0	2,305
Accrued income	765,226	776,279
Total	765,226	778,584
Loan receivables	7,451	1,779,101
Other receivables	199,277	708,122
Accrued income	464,982	1,258,939
Short-term receivables total	15,712,608	10,489,226

15. Shareholders' equity

€	2010	2009
Share capital at 1 January	771,587	771,587
Share capital at 31 December	771,587	771,587
Share premium account at 1 January	38,968,186	38,968,186
Share premium account at 31 December	38,968,186	38,968,186
Invested unrestricted shareholders' equity at 1 January	6,999,745	4,482,255
Share issue	0	1,795,398
Share subscriptions with options	0	722,092
Invested unrestricted shareholders' equity at 31 December	6,999,745	6,999,745
Retained earnings at 1 January	3,495,441	7,102,409
Dividend payment	-3,370,219	0
Retained earnings at 31 December	125,222	7,102,409
Profit for the financial year	10,324,176	-3,606,968
Shareholders' equity, total	57,188,916	50,234,959

Calculation of distributable assets

Retained earnings	125,222	7,102,409
Profit for the financial year	10,324,176	-3,606,968
Invested unrestricted shareholders' equity	6,999,745	6,999,745
Total	17,449,144	10,495,186

CapMan Plc's share capital is divided as follows

Number of shares	2010	2009
Series A share (10 votes/share)	6,000,000	6,000,000
Series B share (1 vote/share)	78,281,766	78,281,766

16. Non-current liabilities

€	2010	2009
Hybrid bond	29,000,000	29,000,000
Bank loans	35,371,422	41,779,479
Other liabilities	70,846	146,898
Non-current liabilities total	64,442,268	70,926,377

Notes to the Parent Company Financial Statements (FAS)

17. Current liabilities

€	2010	2009
Accounts payable	364,321	333,092
Liabilities to Group companies		
Accounts payable	0	5,376
Other liabilities	7,305,000	4,555,000
Total	7,305,000	4,560,376
Bank loans	6,250,000	6,250,000
Other liabilities	135,959	94,685
Accrued expenses	3,656,134	1,640,325
Current liabilities total	17,711,414	12,878,478

18. Contingent liabilities

€	2010	2009
Leasing agreements		
Operating lease commitments		
Within one year	343,827	295,496
After one but not more than five years	247,429	366,457
Total	591,256	661,953
Other hire purchase commitments		
Within one year	1,264,954	1,243,564
After one but not more than five years	4,512,384	4,474,233
Beyond five years	88,824	1,151,787
Total	5,866,162	6,869,584
Securities and other contingent liabilities		
Contingencies for own commitment		
Mortgage bonds	60,000,000	60,000,000
Pledges	6,414,227	0
Loan commitments to Maneq funds	6,032,586	5,145,772
Other contingent liabilities	2,100,779	3,003,960
Remaining commitments to funds		
Equity funds		
CapMan Equity VII	0	835,053
CapMan Buyout VIII	0	7,447,867
CapMan Life Science IV	0	4,139,565
Swedestart Tech KB	656,916	617,332
Other	503,930	511,672
	1,160,846	13,551,489
Mezzanine funds		
CapMan Mezzanine IV L,P,	0	754,000
CapMan Mezzanine IV Classic Ky	0	113,185
	0	867,185
Fund of funds		
Access Capital LP II	0	1,825,000
Other	398,248	448,458
	398,248	2,273,458
Remaining commitments to funds	1,559,094	16,692,132

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

Helsinki, 3 February 2011

Heikki Westerlund
Chairman

Sari Baldauf

Koen Dejonckheere

Tapio Hintikka

Conny Karlsson

Teuvo Salminen
Deputy Chairman

Lennart Simonsen
CEO

Calculation of Key Ratios

$$\text{Return on equity (ROE), \%} = \frac{\text{Profit/loss}}{\text{Shareholders' equity + non-controlling interests (average)}} \times 100$$

$$\text{Return on investment (ROI), \%} = \frac{\text{Profit/loss + interest expenses and other financial expenses}}{\text{Balance sheet total – non-interest bearing debts (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity + non-controlling interests}}{\text{Balance sheet total – advances received}} \times 100$$

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

$$\text{Earnings per share (EPS)} = \frac{\text{Profit/loss for the financial year – hybrid loan interest}}{\text{Share issue adjusted number of shares (average)}}$$

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

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

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

Auditor's Report

To the Annual General Meeting of CapMan Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of CapMan Plc. for the financial period 1 Jan–31 Dec 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Helsinki, 17 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jan Holmberg
Authorised Public Accountant

Corporate Governance Statement

Applicable rules and regulations

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

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

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

Deviations from the Code

CapMan deviates from the Code's Recommendation 14, which states that the majority of board members shall be independent of the company. Three of the six members of CapMan's Board elected by the annual general meeting 2010 are independent of the company and three members are not independent of the company. This deviation has been made to ensure that the company has a competent Board that fulfils the requirements of the Code's Recommendation 9, particularly with regard to knowledge of the specifics of the private equity industry and the company's market areas. This deviation is also linked to the company's ownership structure.

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

The Board has decided to deviate from Recommendation 24 and not to establish an audit committee because the extent of the company's business does not require a separate committee of this type and the Board considers itself to be able to handle such duties alongside its other responsibilities.

Board of Directors

Duties and responsibilities

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

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

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

Since the Board has not established an audit committee, the Board carries out the following duties of the audit committee in addition to its above mentioned main duties:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control, internal audit, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process described in section 6 herein
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit company, particularly the provision of related services
- preparing the proposal for resolution on the election of the auditor

The Board may appoint one or several Board members to assist the company's management in carrying out various tasks relating to the matters listed above. As this is purely an assisting role, the liability of the person(s) concerned as (a) member(s) of the Board remains unchanged.

The Chairman of the Board ensures and monitors that the Board fulfils the tasks appointed to it under legislation and by the company's articles of association. Additional information on the Board and its compensation can be found on the company's website www.capman.com/ir/corporate-governance.

Members of the Board in 2010

By decision of 2010 AGM, the members of the Board are Heikki Westerlund (Chairman), Teuvo Salminen (Vice Chairman), Sari Baldauf, Koen Dejonckheere, Tapio Hintikka and Conny Karlsson.

Corporate Governance Statement

There is no specific order for the appointment of directors in the articles of association.

Ari Tolppanen and Lennart Jacobsson were members of the Board until the annual general meeting 2010.

Further information on the Board members is presented in the table on the following page.

Independency of the Board members

Based on the Board's annual evaluation on 30 March 2010 Ms Sari Baldauf, Mr Koen Dejonckheere, and Mr Tapio Hintikka were independent of the company and its significant shareholders. Mr Conny Karlsson and Mr Teuvo Salminen, who act as advisors to CapMan's investment teams, were dependent of the company. Mr Heikki Westerlund, CapMan's Senior Partner and member of CapMan Buyout and CapMan Public Market investment teams, was dependent of both the company and its significant shareholders. Subsequent to the performance of the independence evaluation, Mr. Dejonckheere has become dependent of a significant shareholder.

Work of the Board in 2010

In 2010, the Board met nine times (seven meetings for the Board elected by the 2010 annual general meeting and two meetings for the Board elected by the 2009 annual general meeting). The table on the following page presents Board members' attendance at the meetings in 2010.

Board Committees

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee. The Remuneration and Nomination Committee performs the duties of both remuneration committee and nomination committee. The committee shall have at least three members and they shall be elected from among Board members for the same term as the Board. The majority of the committee members shall be independent of the company. The charters for each committee shall be confirmed by the Board and the minutes of the meetings shall be delivered to the Board for information.

In 2010 the members of the Remuneration and Nomination Committee were Ms Sari Baldauf, Mr Tapio Hintikka and Mr Heikki Westerlund. Mr Hintikka acted as the chairman.

In 2010 the Remuneration and Nomination Committee met four times. The table on the following page presents the committee members' attendance at the meetings in 2010.

Tasks of the Remuneration and Nomination Committee

Although the Board has currently one committee for remuneration and nomination matters, the Board has adopted separate charters for the work of the Remuneration Committee and the Nomination Committee.

The task of the Remuneration Committee is to improve the efficient preparation of matters pertaining to the appointment and remuneration of the CEO and other executives of the company, as well as the remuneration policy covering the company's other personnel. The committee has no autonomous decision-making power and the Board makes decisions within its competence collectively. The Board remains responsible for the duties assigned to the committee.

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

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

The committee shall further contribute to securing:

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

The task of the Nomination Committee is to improve the efficient preparation of matters pertaining to the nomination and remuneration of Board members. The main duty of the committee is to give proposals to the AGM on the composition of the Board and on the compensation for the Board members.

Chief Executive Officer (CEO)

The Board elects the company's CEO and deputy CEO. The CEO's service terms and conditions are specified in writing in the CEO's service contract, which is approved by the Board. The CEO manages and supervises the company's business operations according to the Finnish Companies Act and in compliance with the instructions and authorisations issued by the Board. Generally, the CEO is independently responsible for the operational running of the company and for day-to-day decisions on business activities and the implementation of these decisions. The CEO also appoints the heads of teams. The Board approves the recruitment of the CEO's immediate subordinates. The CEO cannot be elected as Chairman of the Board.

In 2010 CapMan's CEO was Heikki Westerlund until 31 May 2010 and Lennart Simonsen since 1 June 2010. The company's Deputy CEO was Jerome Bouix until 4 November 2010 whereafter the company has not appointed Deputy CEO. Further information on the CEO is presented in the table on the following page.

Board of Directors in 2010

Name	Personal information	Attendance at the Board meetings in 2010	Attendance at the committee meetings in 2010
Heikki Westerlund	Chairman of the Board since 30 March 2010. Member of the Board since 2010. Born 1966, M.Sc. (Econ.) Main occupation: Senior Partner at CapMan Non-independent Board member Member of the Remuneration and Nomination Committee.	7/7	4/4
Tuuvo Salminen	Vice Chairman of the Board since 31 March 2005. Member of the Board since 2001. Born 1954, M. Sc. (Econ.), Authorised Public Accountant Main occupation: Board professional Independent of the significant shareholders.	9/9	Not member.
Sari Baldauf	Member of the Board since 2007. Born 1955, M. Sc. (Business Administration), D. Sc. (Tech.) h.c. (Helsinki University of Technology), Doctor h.c. (Econ. And Bus. Admin.) (Turku School of Economics and Business Administration) Main occupation: Board professional Independent of the company and significant shareholders. Member of the Remuneration and Nomination Committee.	9/9	4/4
Koen Dejonckheere	Member of the Board since 2010. Born 1969, MBA, M.Sc. (Eng.) Main occupation: CEO at Gimv NV Independent of the company.	7/7	Not member.
Tapio Hintikka	Member of the Board since 2004. Born 1942, M.Sc. (Eng.) Main occupation: Board professional Independent of the company and significant shareholders. Member of the Remuneration and Nomination Committee.	8/9	4/4
Conny Karlsson	Member of the Board since 2008. Born 1955, MBA Main occupation: Board professional Independent of significant shareholders.	9/9	Not member.

The following persons were members of the Board until the end of the annual general meeting 2010:

Name	Personal information	Attendance at the Board meetings in 2010
Ari Tolppanen	Chairman of the Board since 31 March 2005 until 30 March 2010. Member of the Board since 1993. Born 1953, M. Sc. (Eng.) Main occupation: Senior Partner at CapMan Non-independent Board member.	2/2
Lennart Jacobsson	Member of the Board since 2002. Born 1955, BBA Main occupation: Senior Partner at CapMan Non-independent Board member.	2/2

CEOs in 2010

Name	Personal information
Lennart Simonsen	CEO of CapMan since 1 June 2010, Senior Partner Born 1960, LL.M., M. Sc. (Law)
Heikki Westerlund	CEO of CapMan until 31 May 2010, Senior Partner Born 1966, M.Sc. (Econ.)

Further information on Board of Directors, CEO and Deputy CEO is in the Annual Report 2010 and on the company's website at www.capman.com/ir/corporate-governance.

Internal Control and Risk Management Pertaining to the Financial Reporting

The internal control and risk management pertaining to the financial reporting process is part of CapMan's overall internal control framework. The key roles and responsibilities for internal control have been defined in the Internal Control Policy, which has been approved by the Board and for which the Management has an updating responsibility.

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

The aim of CapMan's internal control is to:

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

Financial Reporting Process Control at CapMan

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

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

The Board is ultimately responsible for the proper organisation of internal control and risk management over financial reporting by approving the Risk Management Policy and other relevant documents.

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

The CEO leads the risk management process by defining and allocating responsibility areas. The CEO has nominated the Group's CFO as Risk Manager to be in charge of coordinating the overall risk management process. The Risk Manager reports regularly to the Board on matters concerning internal control and risk management. The Management has allocated responsibility for establishing more specific internal control policies and procedures to person-

nel in charge of the different teams and functions. Management and employees possess appropriate levels of authority and responsibility to facilitate effective internal control over financial reporting.

Risk Assessment and Control Activities

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

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

During 2010, CapMan continued identification and analysis of risks related to the Group's financial reporting process initiated in 2009. Risks related to monthly closings and consolidation processes have been identified and they are systematically analysed during the financial year.

Information and Communication Pertaining to the Financial Reporting

CapMan has defined the roles and responsibilities pertaining to financial reporting as an essential part of Group's information and communication systems. In terms of internal control and financial reporting information, CapMan's external and internal information is obtained systematically, and the Management is provided with relevant information on the Group's activities. Timely, current, and accessible information relevant for financial reporting purposes is provided to the appropriate people, such as the Board of Directors, the Management Group, and the Monitoring team. All external communications is handled in accordance with the CapMan Group Disclosure Policy, which is available on the company's website www.capman.com/ir/corporate-governance/disclosure-policy.

Monitoring

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

The Board regularly reviews Group-level financial reports, including comparison of actual figures with prior periods and budgets, other forecasts, and monthly cash flow estimates. Group Accounting performs monthly consistency checks of income statement and balance sheet for legal entities and business areas. The Group Accounting team also conducts management fee and cost analysis, fair value change checks, impairment and cash flow checks, as well as control of IFRS changes.

The Monitoring team is responsible for collecting and reviewing the monthly reporting of portfolio companies, monitoring and forecasting fair value movements and preparing the models for and calculating carried interest income. Compliance audits are conducted on a regular basis to ensure that funds comply with funds' Procedure Manual.

Summary of CapMan's releases in 2010

January

7 Jan 2010	CapMan to exit Pretax, impact on CapMan Plc's result for 2010 approx. €1.5 million
12 Jan 2010	CapMan Public Market Fund invests in Affecto Plc
21 Jan 2010	Nominations in CapMan Group
28 Jan 2010	Niko Haavisto appointed as CFO of CapMan Plc
29 Jan 2010	Invitation to CapMan Plc Group's Press Conference

February

5 Feb 2010	CapMan Plc Group's Financial Statements Bulletin for 2009
5 Feb 2010	CapMan Plc Board of Directors convenes Annual General Meeting 2010
5 Feb 2010	Heikki Westerlund proposed to become Chairman of CapMan Plc Board – Next step in generation shift
5 Feb 2010	Summary of CapMan Plc releases in 2009
9 Feb 2010	CapMan acquires Hermelinen
15 Feb 2010	CapMan to exit Turo Tailor

March

8 Mar 2010	CapMan receives carried interest income from its sale of On2 shares
9 Mar 2010	CapMan sells Kalevankatu 20
9 Mar 2010	CapMan Plc publishes its Annual Report and Financial Statements for 2009
30 Mar 2010	Lennart Simonsen appointed CapMan's new CEO
30 Mar 2010	Decisions adopted by CapMan Plc's Annual General Meeting
30 Mar 2010	Composition of Board committees of CapMan Plc
30 Mar 2010	CapMan Plc Group's Interim Report for January–March 2010 will be published on 7 May 2010

April

27 Apr 2010	CapMan invests in Russian manufacturer of handling equipment for the construction industry, LMZ
29 Apr 2010	CapMan to exit Gamdata
29 Apr 2010	CapMan to become majority owner of Lunawood
30 Apr 2010	Invitation to CapMan Plc Group's Press Conference
30 Apr 2010	Cardinal Foods ASA has applied for listing on the Oslo Stock Exchange
30 Apr 2010	CapMan to acquire Esperri

May

4 May 2010	CapMan to invest in Havator
7 May 2010	CapMan Plc Group's Interim Report 1 January–31 March 2010
7 May 2010	Correction to the English version of CapMan Plc Group's Interim Report published on 7 May 2010

June

4 Jun 2010	CapMan to renovate the Turun Centrum building in Turku
7 Jun 2010	CapMan's portfolio company MQ applies for listing on NASDAQ OMX Stockholm
9 Jun 2010	CapMan exits Foreca
18 Jun 2010	CapMan makes partial exit from MQ Holding AB as part of MQ's IPO

July

1 Jul 2010	CapMan Buyout IX fund closes at EUR 294.6 million
2 Jul 2010	CapMan buys INR and Aspen and builds a new Nordic bathroom equipment company
7 Jul 2010	CapMan invests in Bank Evropeiskij
30 Jul 2010	Invitation to CapMan Plc Group's Press Conference

August

6 Aug 2010	CapMan Plc Group's Interim Report 1 January–30 June 2010
6 Aug 2010	Composition of Board committees of CapMan Plc
11 Aug 2010	CapMan and Langholm Capital sell Farnos to KiiltoClean

September

23 Sep 2010	CapMan Mezzanine V holds first closing at EUR 60 million
24 Sep 2010	Changes in CapMan Plc's management group

October

29 Oct 2010	Invitation to CapMan Plc Group's Press Conference
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November

5 Nov 2010	CapMan Plc Group's Interim Report, 1 January–30 September 2010
5 Nov 2010	New Management Group for CapMan
5 Nov 2010	CapMan Plc's financial reporting in 2011
17 Nov 2010	CapMan to reorganise its technology investment operations, will have at maximum an impact of EUR -5 million on CapMan's result for 2010
17 Nov 2010	CapMan sells 30% of Access Capital Partners to Pohjola, will impact CapMan's 2010 result by approx. EUR 23 million
17 Nov 2010	CapMan Life Science invests in Swereco
22 Nov 2010	CapMan establishes its first project-specific hotel fund

December

10 Dec 2010	CapMan to exit OneMed
14 Dec 2010	Disclosure under chapter 2, section 10 of the Securities Market Act
16 Dec 2010	Jukka Ruuska leaves CapMan
16 Dec 2010	CapMan's Access Capital Partners transaction closed
23 Dec 2010	CapMan makes a partial exit from LUMENE Oy
27 Dec 2010	CapMan Public Market invests in ÅF AB

Stock exchange release

Press release

The releases in their entirety are available online at www.capman.com/media/releases.

Information for Shareholders

Annual General Meeting for 2011

CapMan Plc's Annual General Meeting for 2011 will be held on Wednesday, 30 March 2011 at 10 am EET at Valkoinen Sali, Aleksanterinkatu 16–18, 00170 Helsinki. All shareholders registered with the company's list of shareholders maintained by Euroclear Finland Oy on Friday, 18 March 2011 are entitled to attend.

Shareholders wishing to attend the AGM should inform the company by 10 am on Friday, 25 March 2011 at the latest. Registration can be made in writing to the company at Korkeavuorenkatu 32, 00130 Helsinki, online at www.capman.com/ir/annual-general-meetings, by phone Satu Pihlajamaa, +358 (0)207 207 515 or Tiina Oikarainen, +358 (0)207 207 519, by email agm2011@capman.com, or by fax +358 (0)207 207 550. Registrations must reach the company by the date and time specified above. Any proxy for exercising voting rights must be delivered to CapMan at the aforementioned postal address before expiry of the registration period.

Dividend

The Board of Directors will propose to the AGM that a dividend of €0.12 per share should be paid for 2010. The dividend decided by the AGM will be paid to shareholders registered in the list of shareholders maintained by Euroclear Finland Oy on the record date set for payment, 4 April 2011. Payment of the dividend in Finland will be made on 11 April 2011.

CapMan Plc's financial reporting in 2011

CapMan Plc will publish three interim reports during 2011:

- 1 January–31 March 2011: Wednesday, 4 May 2011
- 1 January–30 June 2011: Thursday, 11 August 2011
- 1 January–30 September 2011: Friday, 28 October 2011.

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

Changes of address

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

IR contacts

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

Analysts following CapMan Plc

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