

# CapMan Plc Group's Interim Report

## January–June 2008

### Performance and main events during the review period:

- The Group's turnover totalled MEUR 19.5 (Jan-Jun 2007: MEUR 35.6). The comparable period in 2007 included carried interest income of MEUR 21.0 derived from the sale of CapMan Real Estate I fund's real estate portfolio.
- Operating profit was MEUR 3.7 (26.5).
- Profit before taxes totalled MEUR 3.7 (28.1) and after taxes MEUR 2.7 (20.9).
- Parent company equity holders' share of profit was MEUR 2.6 (15.3), and earnings per share based on it were 3.3 (19.7) cents.

### Main events after the review period:

- Capital under management grew in the first half of the year by some 37% to MEUR 3,005.8 (MEUR 2,189.7 at 31.12.2007), through the establishment of a new private equity fund focusing on hotel real estate, CapMan Hotels RE Ky, in January. Capital under management on 30 June 2007 amounted to MEUR 2,233.3.
- In line with its strategy, CapMan expanded its operations in Russia through the acquisition of Norum that was announced on 26 May 2008 and after the review period, in July, CapMan established a new equity fund, CapMan Public Market, investing in Nordic public companies.
- On 25 July 2008 CapMan Plc announced the sale of its 35% holding in Access Capital Partners. The transaction price is at maximum MEUR 23.3, and the impact on CapMan's result for 2008 is MEUR 18.0. The impact on cash flow for 2008 is MEUR 16.5, and the taxes payable for 2008 are estimated at MEUR 2.2. The transaction is expected to be closed in the fourth quarter after the relevant regulatory approvals, i.a., are received.

### CEO Heikki Westerlund comments on the events and result of the review period and on future prospects:

"After long preparation we have now taken two important steps forward in implementing our strategy. Geographical expansion into Russia and the establishment of a fund investing in public markets broaden our business portfolio and offer new growth opportunities in the future. With the proceeds we receive from the sale of our minority holding in Access Capital Partners, once the transaction is closed, we will finance growth while still retaining carried interest potential from Access's existing funds and mandates."

"Over the short-term the exit market will be fairly weak as a result of a general slowdown in economic growth and the nervousness of debt markets. Our current portfolio, however, contains several well-developed companies. With the sale of Access the earnings per share for 2008 is estimated to be at the same level as in the previous year."

### Business operations

CapMan is an alternative asset manager with two business areas: CapMan Private Equity (manages funds that invest in portfolio companies) and CapMan Real Estate (manages funds that invest in real estate and also provides real estate consulting). The guiding principle for funds' investment activities is to directly and actively work towards increasing the value of investments. Information about each business area is reported in a separate segment in the company's interim reports.

CapMan Plc's income is derived from management fees paid by funds, from carried interest received from funds, from returns on fund investments made from CapMan Plc's own balance sheet, and from income generated by real estate consulting. There can be considerable quarterly fluctuation in carried interest as well as in the fair value of fund investments. For this reason CapMan's financial performance should be analysed over a longer time span than the quarterly cycle.

### Turnover and profit for January-June 2008

CapMan's turnover for the review period was MEUR 19.5 (MEUR 35.6 for Jan-Jun 2007). The main factors affecting turnover and profit are described in more detail in their own sections of this Interim Report.

The Group's operating profit totalled MEUR 3.7 (26.5). Profit before taxes amounted to MEUR 3.7 (28.1) and the profit after taxes to MEUR 2.7 (20.9).

The parent company equity holders' share of the profits was MEUR 2.6 (15.3), and earnings per share based on it were 3.3 (19.7) cents.

The quarterly breakdown of turnover and profit as well as turnover and profit by segment are presented in the tables section of this Interim Report.

#### **Management fees, real estate consulting income and operating expenses**

The amount of management fees grew during the review period to MEUR 13.6 (12.5). Growth in management fees was largely due to establishment of the new CapMan Hotels RE real estate fund during the review period.

Income from real estate consulting totalled MEUR 1.3 (1.1). The aggregate total of management fees and income from real estate consulting was MEUR 14.9 (13.6), and it covered the operating expenses of MEUR 14.6 (13.8).

#### **Carried interest**

CapMan receives carried interest income from funds that have already repaid paid-in capital to their investors and paid an annual preferential return on the capital. As a result of the exit from Staffpoint implemented during the review period, carried interest totalled MEUR 4.1. Carried interest for the comparison period amounted MEUR 21.4, which accrued primarily through the sale of CapMan Real Estate I fund's real estate portfolio.

The status of funds managed by CapMan is presented in more detail in Appendix 1.

#### **Income from CapMan's own fund investments and investment commitments**

Fair value changes related to fund investments were MEUR -1.3 (4.6). The changes were affected by the general market development in the first half of the year and by the funds' costs.

The multiples used in fair value calculations decreased as a result of the declining multiples of portfolio companies' listed peers. Funds' portfolios also saw positive value adjustments for individual companies, and portfolios are overall in sound condition.

The change in fair value during the comparable period was exceptionally large and broadly attributable to a value adjustment in CapMan Equity VII funds' portfolio company Moventas, from which there was a partial exit during the comparison period. Realised returns from fund investments amounted to MEUR 0.2 (0.3). Fund investments made from CapMan's own balance sheet had an overall impact of MEUR -1.1 (4.9) on profit for the period. CapMan Plc's financial target is a 15% annual return to fund investors.

CapMan made new investments in its funds during the review period amounting to MEUR 14.6 (10.7). Most of these investments were made in the CapMan Buyout VIII and CapMan Hotels RE funds. The aggregate fair value of CapMan's fund investments from its own balance sheet was MEUR 54.7 on 30 June 2008 (MEUR 40.8 on 30 June 2007).

CapMan will invest in its future funds 2-10% of their original capital depending on the fund's demand and CapMan's own investment capacity. CapMan made a MEUR 5 investment commitment to the CapMan Hotels RE fund during the review period. The amount of remaining investment commitments at the end of the review period was MEUR 47.0 (60.1). The aggregate fair value of existing investments and remaining investment commitments on 30 June 2008 was MEUR 101.8 (MEUR 100.9 on 30 June 2007).

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), and real estate assets are valued in accordance with the value appraisements of external experts, as detailed in Appendix 1.

#### **Balance sheet and financial position on 30 June 2008**

There were no significant changes in CapMan's balance sheet in January-June 2008, and the balance sheet amounted to MEUR 107.1 at the end of the review period (MEUR 102.8 on 30 June 2007). Non-current assets increased during the review period to MEUR 90.3 (68.4), mainly due to investments made in funds and to growth in receivables. Long-term receivables amounted to MEUR 21.6 (17.4), of which MEUR 17.2 (14.5) was loan receivables from the Maneq funds. Current assets declined in the first half of the year to MEUR 16.8 (34.5) owing to dividends paid out and investments made in funds. Liquid assets (cash and bank plus other financial assets at

fair value through profit and loss) amounted to MEUR 6.8 (25.5). In the comparison period liquid assets were exceptionally high due to the carried interest income received from CapMan Real Estate I fund as a result of its real estate portfolio sale.

CapMan Plc signed a MEUR 50 loan agreement on 7 May 2008. Interest-bearing liabilities increased to MEUR 32.0 (10.0), as CapMan pursued its strategy of using debt financing to finance some of its investments in funds. The amount of trade and other payables was MEUR 12.9 (15.3). The Group's interest-bearing net debts amounted to MEUR 25.2 (-15.5).

### Key figures

CapMan's equity ratio on 30 June 2008 was 54.5% (67.1% on 30 June 2007). Return on equity was 4.3% (33.3%) and return on investment was 5.3% (38.6%). The target level for the equity ratio is at least 50% and for return on equity at least 25%.

	30 Jun 2008	30 Jun 2007	31 Dec 2007
Earnings per share, cents	3.3	19.7	23.8
Diluted, cents	3.3	19.6	23.7
Shareholders' equity / share, cents	72.0	89.0	86.4
Share issue adjusted number of shares	79,977,875	77,479,731	78,142,867
Number of shares at the end of period	80,007,632	78,314,418	79,968,819
Number of shares outstanding	80,007,632	78,314,418	79,968,819
Return on equity, %	4.3	33.3	38.9
Return on investment, %	5.3	38.6	44.2
Equity ratio, %	54.5	67.1	57.6
Net gearing, %	43.8	-28.1	-27.5

### Expansion into Russia

On 26 May 2008 CapMan Plc signed an agreement to acquire the management companies of Norum Russia Fund III ("Norum") from the company's senior management, DnB NOR Bank ASA and Sitra Management Ltd. The closing of the transaction requires that necessary regulatory approvals are obtained in Guernsey. Expanding operations into Russia is a significant strategic step for CapMan.

In the first phase of the transaction 51% of Norum Russia Fund III's management company's and 100% of the advisory company's share capital and voting rights will be transferred to CapMan Plc's ownership against the payment of a purchase price of approx. EUR 3.4 million, whereupon the Norum Russia III fund will be placed under CapMan's management. The size of the fund is MEUR 88, including CapMan's commitment of MEUR 13.5, and fundraising is continuing under the CapMan Russia name. The purchase price of the companies will be adjusted according to the final size of the fund. CapMan Plc is financing the acquisition with cash and a directed share issue to the sellers.

CapMan Plc will have the right to buy the remaining 49% of Norum shares and voting rights when the investment period for CapMan Russia Fund ends, that is at the latest in July 2012. The sellers have the right to sell their remaining Norum shares to CapMan at any time. Depending on the final size of the CapMan Russia Fund, the transaction price for the remaining shares will be approx. MEUR 3.3-4.4. The payable transaction price per share will however be the same as the fundraising adjusted transaction price in the first phase of the transaction.

Norum has operated in the Russian private equity market since 1995 and is one of the most experienced investors in this market. CapMan Russia will form a separate investment area, which will be headed by CapMan's senior partner Mr Petri Saavalainen. Mr Hans Christian Dall Nygård, the former Managing Director of Norum and now a partner in CapMan, will be responsible for all the investment activities of CapMan Russia. CapMan Russia will be included in the CapMan Private Equity business area in CapMan Plc's future financial reporting.

### CapMan Hotels RE fund

On 18 January 2008 CapMan Plc established a new private equity fund focusing on hotel real estate, CapMan Hotels RE Ky. The size of the hotel fund at present is MEUR 844.9, and the maximum fund size is MEUR 1,100. The fund acquired a MEUR 805 hotel portfolio of 39 properties from Northern European Properties Ltd (NEPR) in conjunction with its establishment. Seven professionals in the hotel business transferred to CapMan Group through the transaction.

The management company of CapMan Hotels RE Ky is CapMan Hotels RE Oy, of which CapMan Plc owns 80%. The establishment of the fund is estimated to have a slightly positive impact on CapMan's result for 2008 as a consequence of the management fees paid by the fund.

### **Fundraising**

In addition to fundraising for the CapMan Hotels RE, CapMan Russia and CapMan Public Market funds, preparations were made during the review period for fundraising for the next buyout fund, CapMan Buyout IX.

### **Capital under management on 30 June 2008**

Capital under management refers to funds' remaining investment capacity and capital already invested at acquisition cost. As a result of the establishment of the CapMan Hotels RE fund, the capital under management grew by some 37% in January-June from MEUR 2,189.7 on 31 December 2007 to MEUR 3,005.8 on 30 June 2008 (MEUR 2,233.3 on 30 June 2007). At the end of June MEUR 1,365.3 (1,437.5) was in funds making investments in portfolio companies and MEUR 1,640.5 (795.6) in real estate funds. Capital was raised during the review period as follows:

<b>Fund</b>	<b>Established</b>	<b>Capital 31 Dec 2007 MEUR</b>	<b>Capital 30 Jun 2008 MEUR</b>	<b>CapMan Group's commitment MEUR</b>	<b>CapMan Group's carried interest (net*)</b>
CapMan Technology 2007	9 Feb 2007	140.3	142.3	15.0	10%
CapMan Hotels RE Ky	18 Jan 2008	0.0	844.9	5.0	12%

\* Taking into account carried interest due to management companies' other owners and investment teams after the fund has started generating carried interest. Carried interest = share of the fund's cash flows after it has transferred into carry.

Exits made during the review period reduced the amount of capital under management. The Nordic Private Equity Partners II fund is no longer included in managed funds owing to the exit at the end of the review period June from its last remaining investment.

Capital under management has increased after the review period by MEUR 178 as a result of the CapMan Russia and CapMan Public Market funds.

More detailed information about managed funds and their investment activities is presented in Appendices 1 and 2.

### **Personnel**

On 30 June 2008 CapMan employed altogether 126 people (100 people on 30 June 2007), of whom 100 (76) worked in Finland and the remainder worked in other Nordic countries. The establishment of the new hotel fund in particular contributed to growth in the number of personnel. A breakdown of personnel by country and by team is presented in the tables section of this Interim Report.

### **Shares and share capital**

There were no changes in CapMan Plc's share capital during the review period. Share capital on 30 June 2008 was EUR 771,586.98 (EUR 771,586.98 on 30 June 2007). The number of listed B shares rose by 38,813 when 2003A options to subscribe for shares were exercised. The number of B shares on 30 June 2008 was 74,007,632 and the number of unlisted A shares 6,000,000. The company's B shares have one vote per share and A shares 10 votes per share.

No shares were subscribed for by exercising 2003B options during the review period. Another 536,759 B shares can still be subscribed for with 2003A options and 625,000 B shares with 2003B options. The subscription period for 2003A options expires on 31 October 2008, and for 2003B options on 31 October 2009. The subscription prices of the shares will be entered in the invested unrestricted equity account.

### **Shareholders**

CapMan Plc had 4,467 shareholders on 30 June 2008 (4,695 on 30 June 2007). There were no significant changes in the ownership of the company during the review period and no flagging notices were issued. Neither CapMan Plc nor any of its subsidiaries held the company's own shares.

### **Market capitalisation and trading**

CapMan Plc's B shares had a closing price of EUR 2.50 on 30 June 2008 (EUR 4.03 on 30 June 2007). The average price during the review period was EUR 2.69 (3.39). The highest price was EUR 3.40 (4.07) and the lowest EUR 2.30 (2.86). The trading of the company's shares, in terms of volume and value, declined appreciably with respect to the comparable period. Altogether 6.3 million (19.3 million) CapMan Plc B shares were traded during the review period for a total of MEUR 16.9 (65.2).

The market capitalisation of CapMan Plc B shares on 30 June 2008 was MEUR 185.0 (291.4). The market capitalisation of all shares, in which the A shares are valued at the closing price for the review period of B shares, was MEUR 200.0 (315.6).

### **Board authorisations**

By decision of the Annual General Meeting, CapMan Plc's Board of Directors is authorised to decide on a share issue as well as to issue stock options and other entitlements to shares, and is also authorised to purchase the Company's own shares and to accept them as a pledge. The authorisations are valid until 30 June 2009, and the terms and conditions attached to them were specified in more detail in the Stock Exchange release issued on 27 March 2008.

### **Events after the review period**

#### **CapMan Public Market fund**

On 11 July 2008 CapMan Plc established a new equity fund, CapMan Public Market, investing in Nordic public companies. Altogether EUR 90 million in investment commitments had been raised by the fund's first closing, of which CapMan Plc's share is EUR 15 million. The CapMan Public Market fund will invest in Nordic public companies that have a market capitalisation of EUR 100-1,000 million, and it will utilise private equity style value creation methods in public markets. The fund's fundraising continues.

The establishment of the fund is the start of CapMan's sixth investment area, CapMan Public Market, which will be headed by Jukka Ruuska, LL.M., MBA. The establishment of the fund will not have a substantial impact on CapMan Plc's result for 2008. CapMan Public Market will be included in the CapMan Private Equity business area in CapMan Plc's future financial reporting.

#### **The sale of Access Capital Partners shares**

On 25 July 2008 CapMan Plc and N+1 Group signed an agreement for the sale of CapMan's 35 per cent stake in Access Capital Partners to N+1 Group, a Spanish corporation. The transaction price for Access shares is at maximum EUR 23.3 million, and the transaction will have an impact of EUR 18.0 million on CapMan Plc's result for 2008. N+1 Group will pay EUR 16.5 million of the transaction price at the closing of the transaction and the remaining share in 2012. A portion of the remaining transaction price is linked to Access' development over the next few years. The taxes payable in 2008 are estimated to be approximately EUR 2.2 million. CapMan will still retain return potential from Access's current products as CapMan's right to any carried interest income accrued from funds and private equity mandates currently managed by Access will remain unchanged after the transaction, excluding the Access Capital Fund IV Growth Buy-out fund. Access Capital Partners is a leading European manager and advisor of private equity funds of funds and mandates, with assets totalling approx. EUR 2.5 billion. CapMan was a co-founder of Access in 1999 together with the current Access managing partners.

The closing of the transaction requires i.a. the approval of the relevant regulatory authorities and is expected to be closed in the fourth quarter of the year.

The funds and mandates managed by Access Capital Partners are presented in Appendix 3.

### **Business environment**

The demand for alternative assets has continued its growth, and an increasing number of institutional investors are allocating a growing proportion of their investments to this asset class. Private equity investment has consolidated its position in financing M&A and growth, and its growth in the Nordic countries is further accelerated by consolidation in various sectors, family successions, privatisation of public services and functions, the strong contribution of R&D in the technology and life science sectors and increasing entrepreneurial activity. Real estate market growth is speeded up by accelerated structural change, in which particularly pension companies transfer real estate investments from their balance sheets into funds.

CapMan will continue to implement its investment strategy in the Nordic countries and Russia as far as the funds investing in portfolio companies are concerned. The nervousness of debt markets has been reflected in CapMan's operating area also. Nordic banks are still offering

financing for middle-market buyouts and real estate transactions, but more moderate debt ratios are being offered and the price of money has risen appreciably during the first half of the year. The number of new potential portfolio companies has remained at a good level and our private equity teams are in a good position for making new investments. However, the nervousness of debt markets is reflected in the exit market through lower prices and longer times to exit.

The slowdown in growth of the real economy has been seen in our investment targets, especially in those sectors that are linked, for instance, to US consumer demand. Overall, our portfolio companies' development has been favourable. A steep decline in listed market valuations was reflected in the fair value of our investment targets.

Instability in debt markets has weakened the liquidity of the real estate market during the first quarter of 2008. Higher interest rates and tighter bank credit will continue to affect both competition and the valuation levels in the real estate sector. Consequently, we expect to see increased use of equity for the financing of real estate transactions. Good core assets will continue to command high prices, but requirements for returns on more opportunistic investments are expected to rise. On the leasing market, the occupancy rate and demand for office and retail are in a good level. Numerous new construction projects are in progress this year, which will in time affect the supply of office premises in particular.

All CapMan's investment teams are in a good position and have adequate resources to implement their investment strategies in the Nordic countries and Russia. The funds investing in portfolio companies have some MEUR 800 for making new and follow-on investments, while the real estate funds have roughly a MEUR 330 investment capacity for identifying new investment targets and developing existing portfolio.

#### **Short-term risks and uncertainties**

Should the crisis in the debt market deepen, the consequent credit squeeze could result in both a slowdown in investment activity and a postponement of exits. The effect of turbulence in the credit market on growth of the real economy may weaken the business operations of funds' portfolio companies.

#### **Future outlook**

CapMan's strategy is to exploit growth opportunities within the alternative asset class. CapMan's projects for expanding operations geographically in Russia and for establishing a fund investing in public markets based on CapMan's value creation expertise have been implemented, and fundraising for these funds continues in the autumn. The fundraising preparations for a new buyout fund have also started. Depending on the funds' demand and CapMan's own investment capacity CapMan will invest in its future funds 2-10% of the funds' total commitments.

Management fees and income from real estate consulting cover CapMan's fixed expenses in 2008. Carried interest income in 2008 will be clearly lower than in 2007. The funds have several exit processes underway, and we expect CapMan Equity VII A, B and Sweden funds, Finnventure Fund IV fund and Finnmezzanine III A and B funds to start generating carried interest by the end of 2009.

We expect our portfolio companies and real estate assets to continue to develop favourably in 2008. However the prevailing instability in financial markets may be reflected in the fair value of CapMan Plc's fund investments also in the second half of 2008.

The Group's full-year result for 2008 will depend on how many new exits are made by funds already generating carried interest, on whether new funds start generating carried interest, and on how the value of investments develops in those funds in which CapMan is a substantial investor. With the sale of Access earnings per share for 2008 is estimated to be at the same level as in the previous year.

CapMan Plc's Interim Report for 1 January - 30 September 2008 will be published on Thursday 30 October 2008.

Helsinki, Finland  
8 August 2008  
CAPMAN PLC  
Board of Directors

**Press conference:**

A press conference for analysts and the media will be held today at 12 noon in CapMan's offices at Korkeavuorenkatu 32, Helsinki, Finland. CapMan's CEO Heikki Westerlund will present the result for the first half of the year and review the market situation. A light lunch will be served at the event.

Presentation material for the press conference will be published in Finnish and English on CapMan Plc Group's internet website once the conference has started.

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**Distribution:**

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Principle media

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**Appendices (after the tables section):**

Appendix 1: CapMan Plc Group's funds under management at 30 June 2008, MEUR

Appendix 2: Operations of CapMan's funds under management, 1 Jan - 30 Jun 2008

Appendix 3: Capital and mandates under management of associated company Access Capital Partners on 30 June 2008

**GROUP BALANCE SHEET (IFRS)**

TEUR **30.6.08** **30.6.07** **31.12.07**

**ASSETS**

**Non-current assets**

Tangible assets	<b>1,000</b>	893	819
Goodwill	<b>5,338</b>	4,845	4,845
Other intangible assets	<b>1,300</b>	759	1,001
Investments in associated companies	<b>1,827</b>	2,580	3,407
Investments at fair value through profit and loss			
Investments in funds	<b>54,734</b>	40,770	44,230
Other financial assets	<b>973</b>	868	878
Receivables	<b>21,607</b>	17,388	16,191
Deferred income tax assets	<b>3,547</b>	270	3,547
Tangible assets	<b>90,326</b>	68,373	74,918

**Current assets**

Trade and other receivables	<b>8,933</b>	8,931	7,837
Other financial assets at fair value through profit and loss	<b>378</b>	9,774	14,857
Cash and bank	<b>6,387</b>	15,760	19,741
	<b>15,698</b>	34,465	42,435

**Non-current assets for sale** **1,087** **0** **0**

**Total assets** **107,111** **102,838** **117,353**

**EQUITY AND LIABILITIES**

**Capital attributable to the Company's equity holders**

Share capital	<b>772</b>	772	772
Share premium account	<b>38,968</b>	38,968	38,968
Other reserves	<b>3,010</b>	1,929	2,961
Translation difference	<b>161</b>	258	133
Retained earnings	<b>14,519</b>	21,237	24,676
	<b>57,430</b>	63,164	67,510
<b>Minority interest</b>	<b>123</b>	5,768	34
<b>Total equity</b>	<b>57,553</b>	68,932	67,544

**Non-current liabilities**

Deferred income tax liabilities	<b>3,375</b>	3,377	3,734
Interest-bearing loans	<b>22,000</b>	10,000	16,000
Other liabilities	<b>1,246</b>	550	701
	<b>26,621</b>	13,927	20,435

**Current liabilities**

Trade and other payables	<b>12,937</b>	15,268	21,356
Interest-bearing loans and borrowings	<b>10,000</b>	0	0
Current income tax liabilities	<b>0</b>	4,711	8,018
	<b>22,937</b>	19,979	29,374

**Total liabilities**

**49,558** 33,906 49,809

**Total equity and liabilities**

**107,111** 102,838 117,353

**GROUP INCOME STATEMENT (IFRS)**

TEUR	<b>1-6/08</b>	<b>1-6/07</b>	<b>1-12/07</b>
<b>Turnover</b>	<b>19,528</b>	35,582	51,572
Other operating income	<b>4</b>	59	236
Personnel expenses	<b>-8,255</b>	-7,231	-15,381
Depreciation and amortisation	<b>-263</b>	-285	-581
Other operating expenses	<b>-6,044</b>	-6,262	-11,783
Fair value gains / losses of investments	<b>-1,308</b>	4,595	5,696
<b>Operating profit</b>	<b>3,662</b>	26,458	29,759
Financial income and expenses	<b>156</b>	516	1,070
Share of associated companies' result	<b>-79</b>	1,093	1,915
<b>Profit before taxes</b>	<b>3,739</b>	28,067	32,744
Income taxes	<b>-1,047</b>	-7,128	-8,509



30.6.2008 772 38,968 3,010 161 14,519 57,430 123 57,553

## GROUP'S CASH FLOW (IFRS)

TEUR	1-6/08	1-6/07	1-12/07
<b>Cash flow from operations</b>			
Profit for the financial period	2,692	20,939	24,235
Adjustments	2,742	1,153	239
<b>Cash flow before change in working capital</b>	<b>5,434</b>	22,092	24,474
Change in working capital	-3,460	3,177	5,662
Financing items and taxes	-8,762	-192	-1,111
<b>Cash flow from operations</b>	<b>-6,788</b>	25,077	29,025
<b>Cash flow from investments</b>	<b>-13,149</b>	-3,575	-6,823
<b>Cash flow before financing</b>	<b>-19,937</b>	21,502	22,202
Dividends paid (incl. minority share)	-18,589	-9,687	-9,687
Other net cash flow	25,172	-10,192	-6,911
<b>Financial cash flow</b>	<b>6,583</b>	-19,879	-16,598
<b>Change in cash funds</b>	<b>-13,354</b>	1,623	5,604
Cash funds at start of the period	19,741	14,137	14,137
<b>Cash funds at end of the period</b>	<b>6,387</b>	15,760	19,741

### Accounting principles

The company's Interim Report has been prepared in accordance with the IAS 34 standard on interim financial reporting. The same accounting principles have been applied in the Interim Report as in the 2007 financial statements. The Interim Report has not been audited.

### Segment information

TEUR	1-6/08	1-6/07	1-12/07
<b>Turnover</b>			
CapMan Private Equity	15,850	12,053	25,840
CapMan Real Estate	3,678	23,529	25,732
Total	19,528	35,582	51,572
<b>Operating profit</b>			
CapMan Private Equity	3,727	5,374	9,484
CapMan Real Estate	-65	21,084	20,275
Total	3,662	26,458	29,759

### Income taxes

The Group's income taxes during the review period are calculated on the basis of the estimated average tax rate during the fiscal year. Deferred taxes are calculated on the basis of all temporary differences between book value and fiscal value.

### Dividends

A dividend of EUR 0.16 per share was paid for financial year 2007, representing a total of MEUR 12.8. (2006: EUR 0.12 representing a total of MEUR 9.3).

### Non-current assets

TEUR	30.6.08	30.6.07	31.12.07
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**Investments in funds at fair value through**

<b>profit and loss at Jan 1</b>	<b>44,230</b>	33,122	33,122
Additions	<b>14,635</b>	10,746	15,384
Disposals	<b>-2,823</b>	-7,693	-9,972
Fair value gains/losses on investments	<b>-1,308</b>	4,595	5,696
Investments in funds at fair value through profit and loss at end of the period	<b>54,734</b>	40,770	44,230

**Additions and investments in funds by area:**

	<b>1-6/08</b>	<b>1-6/07</b>	<b>1-12/07</b>
Additions			
Private equity	<b>9,542</b>	10,373	14,500
Real Estate	<b>4,837</b>	87	598
Access Capital Partners	<b>256</b>	286	286
Total	<b>14,635</b>	10,746	15,384

**Investments in funds at fair value through**

<b>profit and loss at the end of period</b>	<b>30.6.08</b>	<b>30.6.07</b>	<b>31.12.07</b>
Private equity	<b>41,635</b>	33,402	36,010
Real Estate	<b>5,578</b>	155	526
Access Capital Partners	<b>7,521</b>	7,213	7,694
Total	<b>54,734</b>	40,770	44,230

**Transactions with related parties (associated companies)**

TEUR	<b>30.6.08</b>	<b>30.6.07</b>	<b>31.12.07</b>
Receivables - non-current at end of review period	<b>17,606</b>	13,511	12,497
Receivables - current at end of review period	<b>2,497</b>	125	879

**Non-current liabilities**

TEUR	<b>30.6.08</b>	<b>30.6.07</b>	<b>31.12.07</b>
Interest-bearing loans at end of review period	<b>22,000</b>	10,000	16,000

**Seasonal nature of business**

Carried interest income is accrued on an irregular schedule depending on the timing of exits. One exit may have an appreciable impact on CapMan Plc's result for the full financial year.

**Personnel**

<b>By country</b>	<b>30.6.08</b>	<b>30.6.07</b>	<b>31.12.07</b>
Finland	<b>100</b>	76	86
Denmark	<b>3</b>	3	4
Sweden	<b>18</b>	16	15
Norway	<b>5</b>	5	5
In total	<b>126</b>	100	110

**By team**

CapMan Private Equity	<b>36</b>	35	37
CapMan Real Estate	<b>45</b>	25	30
Investor Services	<b>26</b>	22	25
Internal Services	<b>19</b>	18	18
In total	<b>126</b>	100	110

**Contingent liabilities**

TEUR	<b>30.6.08</b>	<b>30.6.07</b>	<b>31.12.07</b>
Leasing contracts and other contingent liabilities	<b>11,363</b>	10,104	11,797
Commitments to funds	<b>47,041</b>	60,108	55,994

**Commitments to funds by area**

Private Equity	<b>42,716</b>	55,244	51,577
Real Estate	<b>2,338</b>	2,621	2,174
Access Capital Partners	<b>1,987</b>	2,243	2,243
Total	<b>47,041</b>	60,108	55,994

Of the remaining investment commitments, MEUR 17.5 were given to the CapMan Buyout VIII fund, MEUR 11.8 to the CapMan Technology 2007 fund, and the remainder mainly to the CapMan Life Science IV, CapMan Mezzanine IV, CapMan Equity VII and Access Capital Fund II funds.

**Turnover and profit quarterly****2008**

MEUR	<b>1-3/08</b>	<b>4-6/08</b>	<b>1-6/08</b>
Turnover	7.2	12.3	<b>19.5</b>
Management fees	6.4	7.2	<b>13.6</b>
Carried interest	0.0	4.1	<b>4.1</b>
Income of investments in funds	0.0	0.2	<b>0.2</b>
Real estate consulting	0.7	0.6	<b>1.3</b>
Other income	0.2	0.1	0.3
Other operating income	0.0	0.0	<b>0.0</b>
Operating expenses	-6.7	-7.9	<b>-14.6</b>
Fair value gains / losses of investments	-0.1	-1.2	<b>-1.3</b>
Operating profit	0.4	3.3	<b>3.7</b>
Financial income and expenses	0.3	-0.1	<b>0.2</b>
Share of associated companies' result	0.1	-0.2	<b>-0.1</b>
Profit before taxes	0.7	3.0	<b>3.7</b>
Profit for the period	0.5	2.2	<b>2.7</b>

**2007**

MEUR	1-3/07	4-6/07	1-6/07	7-9/07	10-12/07	1-12/07
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Turnover	28.1	7.5	35.6	8.0	8.0	51.6
Management fees	5.9	6.6	12.5	6.3	6.2	25.0
Carried interest	21.2	0.2	21.4	1.0	1.2	23.6
Income of investments in funds	0.3	0.0	0.3	0.1	0.1	0.5
Real Estate consulting	0.6	0.5	1.1	0.5	0.5	2.1
Other income	0.1	0.2	0.3	0.1	0.0	0.4
Other operating income	0.0	0.1	0.1	0.0	0.1	0.2
Operating expenses	-6.8	-7.0	-13.8	-6.0	-7.9	-27.7
Fair value gains / losses on investments	4.1	0.5	4.6	2.9	-1.8	5.7
Operating profit	25.4	1.1	26.5	4.9	-1.6	29.8
Financial income and expenses	0.3	0.2	0.5	0.2	0.4	1.1
Share of associated companies' result	0.9	0.2	1.1	0.8	0.0	1.9
Profit after financial items	26.7	1.4	28.1	5.9	-1.3	32.7
Profit for the period	19.9	1.0	20.9	4.6	-1.3	24.2

#### APPENDIX 1: CAPMAN PLC GROUP'S FUNDS UNDER MANAGEMENT AT 30 JUNE 2008, MEUR

The tables below show the status of funds managed by CapMan at the end of the review period. When analysing the schedule for funds to start generating carried interest, the relationship between distributed cash flows to investors to paid-in capital should be compared. When a fund starts generating carried interest the capital must be returned and an annual preferential return paid on it. The fair value of a portfolio, including any of the fund's net cash assets, represents the capital distributable to investors at the end of the review period.

When assessing the cash flow a fund needs in order to start generating carried interest, it should be noted that the capital of some funds has not yet been called and paid-in. The percentage figure in the last column on the right shows CapMan's share of cash flows if the fund is generating carried interest. After the previous distribution of profits, any new capital paid-in, as well as the preferred annual return on it, must however be returned to investors before further carried interest income is paid. Of the funds already generating carried interest, the CapMan Real Estate I fund is still in the active investment phase, and the Finnventure V fund can still make follow-on investments in its current portfolio companies.

The definitions for column headings are presented below the tables.

#### FUNDS INVESTING DIRECTLY IN PORTFOLIO COMPANIES

	Size	Paid-in capital	Fund's current portfolio at cost	Fund's current portfolio at fair value	Net cash assets	Distributed cash flow to investors	Distributed cash flow to management company (carried interest)	CapMan's share of cash flow if fund generates carried interest
<b>Funds generating carried interest</b>								
FV II, FV III <sup>1)</sup> and FM II B in total	58.6	57.4	3.1	2.6	0.4	179.9	44.2	20-35%
FV V	169.9	163.5	47.8	34.6	3.2	237.7	5.3	20%
Fenno Program in total								
2)	59.0	59.0	10.8	11.7	0.3	123.0	8.6	10-12%
Total	287.5	279.9	61.7	48.9	3.9	540.6	58.1	

**Funds that are expected to start generating carried interest by the end of 2009**

FV IV	59.5	59.5	10.3	13.8	1.1	65.7	20%
CME VII A	156.7	131.4	85.5	158.7	0.4	90.8	20%
CME VII B	56.5	52.2	34.0	75.7	0.3	41.9	20%
CME SWE	67.0	56.3	36.6	68.0	1.0	39.2	20%
FM III A	101.4	98.8	31.1	38.0	2.9	102.0	20%
FM III B	20.2	19.8	8.1	11.0	0.5	18.2	20%
Total	461.3	418.0	205.6	365.2	6.2	357.8	

**Other funds not yet in carry**

CME VII C	23.1	15.9	10.2	9.6	0.2	6.4	20%
CMB VIII A	360.0	192.7	157.4	154.3	12.7		14%
CMB VIII B	80.0	43.0	35.0	34.2	5.4		14%
CM LS IV	54.1	20.8	16.0	12.2	1.2		10%
CMT 2007 <sup>1)</sup>	142.3	25.6	18.9	18.9	2.7		10%
FM III C	13.9	13.9	3.7	3.8	1.9	12.9	20%
CMM IV <sup>4)</sup>	240.0	120.0	93.6	104.6	6.2	24.9	15%
Total	913.4	431.9	334.8	337.6	30.3	44.2	

**Funds with limited carried interest potential to CapMan**

FV V ET, SWE LS <sup>3)</sup> SWE Tech <sup>1), 3)</sup> and FM II A, C, D <sup>1)</sup>							
Total	234.9	215.7	78.5	67.0	5.6	110.0	

**Funds that invest in companies, total**

1,897.1	1,345.5	680.6	818.7	46.0	1,052.6	58.1
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**REAL ESTATE FUNDS**

Invest-Paid-in Fund's current ment capital portfolio capacity at cost at fair value	Net cash assets	Distributed cash flow to in- vest- ors company (carried interest)	CapMan's share of cash flow if fund generates carried interest
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**Funds generating carried interest**

<b>CMRE I <sup>5)</sup></b>								
equity and bonds	200.0	151.7	28.3	30.8		184.8	27.4	26%
debt financing	300.0	215.1	65.1	65.1				
<b>Total</b>	<b>500.0</b>	<b>366.8</b>	<b>93.4</b>	<b>95.9</b>	<b>12.4</b>	<b>184.8</b>	<b>27.4</b>	
<b>Other funds not yet in carry</b>								
<b>CMRE II</b>								
equity	150.0	43.7	42.1	43.6				12%
debt financing	450.0	135.9	135.9	135.9				
<b>Total</b>	<b>600.0</b>	<b>179.6</b>	<b>178.0</b>	<b>179.5</b>	<b>0.0</b>			
<b>CMHRE <sup>6)</sup></b>								
equity	304.9	269.1	252.5	247.2				12%
debt financing	540.0	526.0	551.8	551.8				
<b>Total</b>	<b>844.9</b>	<b>795.1</b>	<b>804.3</b>	<b>799.0</b>	<b>43.8</b>			
<b>Real estate funds, total</b>	<b>1,944.9</b>	<b>1,341.5</b>	<b>1,075.7</b>	<b>1,074.4</b>	<b>56.2</b>	<b>184.8</b>	<b>27.4</b>	
<b>All funds in total</b>	<b>3,842.0</b>	<b>2,687.0</b>	<b>1,756.3</b>	<b>1,893.1</b>	<b>102.2</b>	<b>1,237.4</b>	<b>85.5</b>	

**Abbreviations used to refer to funds:**

CMB	= CapMan Buyout Fund	CMT 2007	= CapMan Technology 2007
CME	= CapMan Equity	FM	= Finnmezzanine Fund
CMLS	= CapMan Life Science Fund	FV	= Finnventure Fund
CMM	= CapMan Mezzanine	SWE LS	= Swedestart Life Science
CMHRE	= CapMan Hotels RE	SWE Tech	= Swedestart Tech
CMRE	= CapMan Real Estate		

**Size / investment capacity:**

Total capital committed to the fund by investors, i.e. the original size of the fund. For real estate funds, investment capacity also includes the share of debt financing used by the fund.

Capital under management by associated company Access Capital Partners is presented separately in Appendix 3.

**Paid-in capital:**

Total capital paid into the fund by investors at the end of the review period.

**Fair value of fund's current portfolio:**

The funds' investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) and investments in real estate assets are valued in accordance with the value appraisements of external experts. The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Due to the nature of private equity investment activities, the funds' portfolios contain investment targets with a fair value that exceeds their acquisition cost as well as investment targets with a fair value less than the acquisition cost. In defining the fair value of portfolio companies, investment targets are valued at acquisition cost from the time of investment for a 12-month period, after which they are valued at fair value. According to the IPEVG's policy of prudence, technology and life science targets are typically valued at acquisition cost or a lower figure up until exit.

**Net cash assets:**

When calculating the investors' share, the fund's net cash assets must be taken into account in addition to the portfolio at fair value. Net cash assets in the CapMan Mezzanine IV fund may be negative, due to the senior debt used in the fund. In real estate funds the net cash assets do not include senior debt because it is presented separately.

**CapMan's share of cash flow if fund generates carried interest:**

When a fund has produced for investors the cumulative preferential return specified in the fund agreements, the management company is entitled to an agreed share of future cash flows from the fund (carried interest). Cash flow, in this context, includes both profit distributed by the fund and repayments of capital. After the previous distribution of profits, any new capital called in, as well as any annual preferential returns on it, must however be returned to investors before the new distribution of profits can be paid.

**Footnotes to table**

- 1) The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).
- 2) The Fenno Rahasto, Skandia I and Skandia II funds together comprise the Fenno Program, which is managed jointly with Fenno Management Oy.
- 3) Currency items are valued at the average exchange rates quoted at 30 June 2008.
- 4) CapMan Mezzanine IV: The paid-in commitment includes a MEUR 96 bond issued by Leverator Plc. The fund's net cash assets include a loan facility, with which investments are financed up to the next bond issue. Distributed cash flow includes payments to both bond subscribers and to the fund's partners.
- 5) CapMan Real Estate I: Distributed cash flow includes repayment of the bonds and cash flow to the fund's partners.
- 6) CapMan Hotels RE: The portfolio has been financed with a MEUR 25.8 short-term loan in addition to a senior loan of MEUR 526.

**APPENDIX 2: OPERATIONS OF CAPMAN'S FUNDS UNDER MANAGEMENT 1 JANUARY - 30 JUNE 2008**

The operations of private equity funds managed by CapMan in the review period comprised investments in portfolio companies mainly in the Nordic countries as well as real estate investments in Finland. The investment activities of funds making direct investments in portfolio companies include buyouts, technology investments and investments in the life science sector. Buyouts are made in the mid-market class in manufacturing, service and retail industries. Technology investments focus on growth-stage technology companies. Life science investments focus on companies specialising in medical technology and healthcare services.

**CAPMAN PRIVATE EQUITY****Investments in portfolio companies January-June 2008**

The CapMan funds made three new investments as well as follow-on investments worth altogether MEUR 67.9 in January-June. The new investment targets were Barnebygg Gruppen, The New Black Oy (Varesvuo Partners Oy) and CargoPartner Group. In the comparable period of 2007 the funds made three new investments as well as follow-on investments amounting to MEUR 120.7.

**Exits from portfolio companies January-June 2008**

Final exits from Solid Information Technology Oy and Staffpoint Oy were implemented during the review period. The CapMan Equity VII fund's portfolio company LUMENE Group split into the LUMENE Group and Farnos Oy, which returned some of the original investment to investors in the fund. Final and partial exits at acquisition cost by the funds during the review period totalled MEUR 23.5. During the comparable period in 2007 the funds exited finally from two companies and partially from a number of other companies. The exits at acquisition cost during the comparable period, including repayments of mezzanine loans, amounted to MEUR 44.2.

**Events after the review period**

In early July the funds exited from Spintop Netsolution AB and Reima Holding, and announced a large follow-on investment in Curato AS. The investment in the technology company Crayon announced in June was implemented in July also. The investment in Cederroth International AB announced in May was implemented in late July.

**CAPMAN REAL ESTATE**

## Investments in and commitments to real estate acquisitions and projects January-June 2008

The CapMan Hotels RE Ky fund in January acquired 39 hotel properties from Northern European Properties Ltd in conjunction with the establishment of the fund. Investments in retail properties located at Yliopistonkatu 22 and Kristiinankatu 8 in Turku were also finalised in January. In addition, an investment commitment made earlier was used during the review period for financing the Skanssi Kauppakeskus shopping mall project and for purchasing a land area located in the Kivistö district of Vantaa.

Investments amounting to MEUR 915.7 were made during the review period, in addition to which the funds had made commitments as at 30 June 2008 to finance real estate acquisitions and projects over the next few years amounting to MEUR 227.8. In the comparable period in 2007 a decision was made to invest in three new targets and the investments implemented totalled MEUR 41.2.

### Exits from real estate investments January-June 2008

The funds did not exit from any real estate investments during the review period. In the comparable period in 2007 the CapMan Real Estate I fund sold its portfolio of 22 office properties to Samson Properties Ltd, The Royal Bank of Scotland (RBS) and Ajanta Oy for MEUR 377.5.

### FUND'S INVESTMENT ACTIVITIES IN FIGURES

#### Funds' investments and exits at acquisition cost, MEUR

	1-6/2008	1-6/2007	1-12/2007
New and follow-on investments			
Funds investing in portfolio companies	67.9	120.7	164.7
Buyout	62.1	101.7	126.7
Technology	3.9	17.0	28.6
Life Science	1.9	2.0	9.4
Real estate funds	915.7	41.2	160.0
Total	983.6	161.9	324.7
Exits*			
Funds investing in portfolio companies	23.5	44.1	93.2
Buyout	17.9	36.2	74.1
Technology	5.6	7.9	19.1
Life Science	-	-	-
Real estate funds	-	304.4	304.4
Total	23.5	348.5	397.6

\* Including partial exits and repayments of mezzanine loans.

In addition, the real estate funds had made commitments to finance real estate acquisitions and projects with MEUR 227.8.

#### Funds' aggregate combined portfolio\* 30 June 2008, MEUR

	Portfolio at acquisition price	Portfolio at fair value	Share of portfolio (fair value) %
Funds investing in portfolio companies	680.6	818.7	43.2
Real estate funds	1,075.7	1,074.4	56.8
Total	1,756.3	1,893.1	100.0
Funds investing in portfolio companies			
Buyout	523.4	682.1	83.3

Technology	113.0	100.8	12.3
Life Science	44.2	35.8	4.4
Total	680.6	818.7	100.0

\*Aggregated entity formed of all investment targets of funds under management.

#### **Remaining investment capacity**

After deduction of actual and estimated expenses, on 30 June 2008 the funds that invest in portfolio companies had some MEUR 610 remaining for new and follow-on investments. Of the remaining capital, some MEUR 400 was earmarked for buyout investments (incl. mezzanine investments), MEUR 170 for technology investments and MEUR 40 for life science investments. The real estate funds have remaining investment capacity amounting to MEUR 340.

### **APPENDIX 3: CAPITAL UNDER MANAGEMENT OF ASSOCIATED COMPANY ACCESS CAPITAL PARTNERS ON 30 JUNE 2008**

On 25 July 2008 CapMan Plc sold its 35% holding in Access Capital Partners, which manages four funds of funds and private equity mandates. At the end of June Access had altogether EUR 2.5 billion of capital under management.

<b>Fund/mandates</b>	<b>Size, MEUR</b>
Access Capital Fund <sup>1)</sup>	250.3
Access Capital Fund II Mid-market buy-out <sup>1)</sup>	153.4
Access Capital Fund II Technology <sup>1)</sup>	123.5
Access Capital Fund III Mid-market buy-out <sup>1)</sup>	307.4
Access Capital Fund III Technology <sup>1)</sup>	88.9
Access Capital Fund IV Growth buy-out <sup>1)</sup>	416.0
Private Equity Mandates	1,162.0
Total	2,501.5

<sup>1)</sup> The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).

CapMan Plc Group's share of the carried interest from the Access funds on completion of the transaction announced on 25 July 2008 is: Access Capital Fund: 47.5%, Access Capital Fund II: 45%, Access Capital Fund III: 45%, Access Capital Fund IV: 25%, Access/Private Equity Mandates: 25%.

Further information about the operations of Access Capital Partners is available on the internet: [www.access-capital-partners.com](http://www.access-capital-partners.com).