

finvest

Annual Report 2001



## Key Figures

EUR 1 000

Net asset value .....	0.22/share
Balance sheet total .....	18 500
Shareholders' equity .....	18 415
Investments in private equity funds .....	10 495
Investment commitments .....	25 121

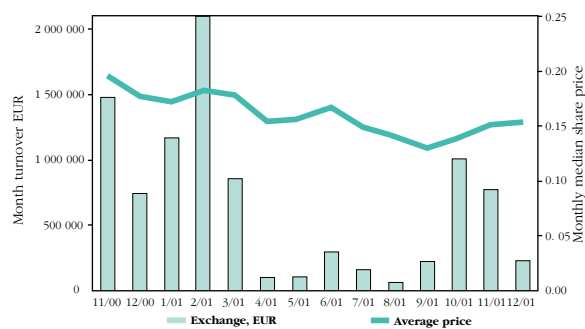
%

Equity to assets ratio .....	99.5
Total commitments to equity ratio .....	143.6
Total private equity investments to equity ratio .....	62.1

### Development of Finvest's share price vs. HEX



### Finvest share price development and turnover



Finvest is the only listed private equity fund-of-funds in Scandinavia. Finvest offers the opportunity to invest in a portfolio of international private equity funds. Private equity funds further invest in unlisted companies operating in different sectors world-wide. The aim of a private equity funds is to develop companies and increase their value. Finvest Plc gives private persons and more and more institutional investors opportunity to participate in this interesting and rapidly growing industry that has a high expected return.



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Private equity investments are made in unlisted companies with excellent value creation potential. Private equity can be used to develop new products and technologies, to expand working capital, to make acquisitions, or to strengthen a company's balance sheet. It can also resolve ownership and management issues in generation shifts of family companies and in buy-out situations.

## Private Equity

Private equity investments are made in unlisted companies with excellent value creation potential. A listed company can also become a target investment, if its stock exchange listing is terminated. The aim of the private equity investor is to contribute to the increase in the value of the investee company and thus create a sufficient return on the capital invested. The value increase is usually realised within 3 to 7 years, at which point the private equity investor divests its ownership in the company through a trade sale or stock exchange listing.

Private equity's general subsets are venture capital and buy-out investments. Financing of growth companies that are of great importance in developing and commercialising innovations is

channelled through venture capital funds. Participation in company acquisitions and industry arrangements is of special interest to buy-out investors, as they enable the development and value creation of the target companies.

The knowledge and participation of an experienced investor at, e.g. board meetings brings added value and promotes value creation. Furthermore, the international and domestic contact network of the private equity investor is available for the investee company.

The private equity market functions through designated pools of investment capital. Private equity funds typically are structured as private limited partnerships. The individual managers of a fund make up the management

company and the general partner. The providers of capital are the limited partners. The management company is responsible for advising or managing the fund and making the investments in companies.

A private equity fund-of-funds invests in private equity funds. The fund-of-funds manager co-mingles the investments of many investors into a single pool, then uses it to assemble a portfolio of private equity funds. Especially for retail investors, a fund-of-funds is the only way of getting access to private equity investments, due to relatively high investment minimums that private equity funds generally require.



Finvest Plc specialises in private equity investments. The company diversifies its investments through several private equity funds. The selection process of the best funds is an essential part of Finvest's core expertise. The aim has been to create a company that concentrates on demanding private equity investment operations and has in its employment and co-operation network experts with a versatile knowledge and experience background.

## Managing Director's Review

The strength of Finvest lies in its versatile expertise, systematic investment process and an international co-operation network, which creates the best possible preconditions for successful investment operations. This can be seen in the fact that the net asset value of the company remained stable and fell only a little in 2001 despite the considerable weakening of world economy and the results of companies.

The economic recession, as well as the fall in the valuation level of the securities market had several impacts on the operations of private equity funds. Finvest felt these impacts mainly through its investment objects, i.e. private equity funds. In private equity investment companies these impacts range from the establishment of new funds and investment operations to the divestments of investment objects.

As a whole, the process of fund raising to private equity funds has become slower and more difficult. These difficulties are felt above all by young private equity investment companies with no record of successful investment operations. The target group of Finvest, successful and experienced private equity investment companies, are still able to establish new funds.

The market situation has, however, also had positive impacts, as private equity

funds now can make private equity investments at a more reasonable price level. There is proof that the private equity funds that made investments during the recession at the beginning of the 90s have given a higher return than the average.

The exit of private equity funds from the investment objects has slowed down due to the unwillingness of large companies to make investments and the weakness of the IPO market. The IPO market in the United States shows, however, already some signs of recovery. The willingness of large companies to make investments and corporate acquisitions is also expected to improve, as they have lately been forced to cut down their own product development investments.

The market situation has not had any major impact on Finvest's investments in private equity funds, and the return expectations from the investments remain good. The investment degree of private equity funds established in 2000 to 2001 is still low, the cash funds are good, and investments can be made even at the present lower valuation level. Besides, the investments of Finvest's private equity funds were mostly made before the considerable rise in the valuation levels and, on the other hand, after the bursting of the technology bubble.

Finvest will continue to build a portfolio of private equity funds according to its strategy. The company has chosen buy-out funds as its major investment object. The returns of these funds specialising in corporate acquisitions have been more solid than those of venture capital funds. Even though private equity is by nature considered as long-term illiquid investment, Finvest also operates in the secondary market. At the moment, the number of such investment alternatives is larger than before. Geographically, the emphasis of Finvest's investment operations lies in Europe. The strong growth of the past few years shows that private equity investments are gaining ground as an alternative to traditional bond and equity investments.

The financial market strongly believes that the interest rate cuts and fiscal stimulation will have the desired impact and turn world economy up from the recession. Europe is facing major challenges and a restructuring process. It needs more companies and entrepreneurs in order to improve its economy and increase its international competitive edge. As private equity investor, Finvest is part of this restructuring process, and on a longer term the shareholders of the company can reap the harvest.

I wish to thank all shareholders of Finvest as well as our professional staff for the year 2001.

**Topi Piela**



Finvest Plc is the only listed private equity fund-of-funds in Scandinavia. The company's share is quoted on the NM list of Helsinki Exchanges. Finvest invests in primarily private equity funds, but it may also make direct investments in unlisted companies. Through the company share private persons and more and more institutional investors get access to the private equity investment market with a smaller amount of investment.

## Finvest's Investment Strategy and Process

The objective of Finvest is to create a well-diversified portfolio of top-quartile private equity funds and thereby achieve a higher return than in stock markets on the average. Finvest diversifies its investments geographically and according to the private equity fund vintage, also observing the development stages and business sectors of the target companies.

### Finvest offers to investors

As a listed company, Finvest is a liquid investment, where the investors can increase or decrease their ownership at any chosen point of time. Finvest efficiently decreases the overall risk of the investor's investment portfolio, as the correlation between bond and equities markets and private equity investments is low. One of the reasons for the low correlation is that private equity funds can operate in both equities and corporate acquisition markets and thereby take advantage of the best possible price in both acquisitions and sales of companies.

### Access to private equity investments

– Finvest offers investor access to a portfolio of international private equity funds. In practice, these

private equity funds have previously been available only to selected large institutional investors, as they require significant investment commitments, typically with a minimum investment of approximately EUR 5 million. By investing in Finvest, all investors can have access to the private equity market.

**High expected return** – Top-quartile private equity funds have historically attained a higher long-term return than the stock markets on the average. Illiquidity premium, gearing, corporate governance and incentives could be mentioned as main reasons for this. The historical returns of private equity funds have been positive, in the aggregate, also during periods of negative return in the stock market.

### Balanced investment portfolio

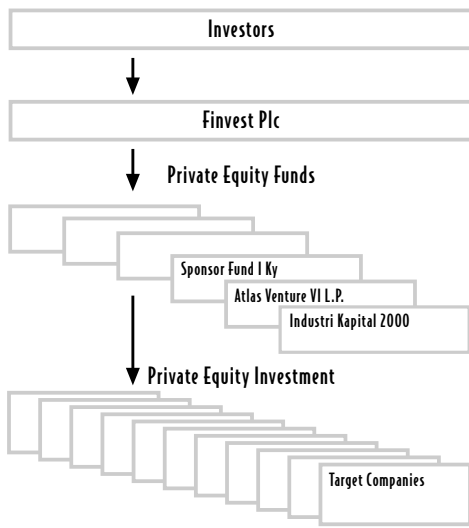
– The objective of Finvest is to build an investment portfolio diversified according to different geographical areas and various industries, which decreases the investment risk and aims at a more stable return than could be obtained through single private equity investments. The investment portfolio will consist of approximately 30 private equity funds, which make

investments in over 300 target companies. If the company invests in prospective secondary positions, the number of the underlying private equity funds or companies may be much higher at a certain point in time. Finvest has the possibility to invest globally, but the focus is clearly in Europe. Major part of investments will be made in buy-out funds.

**Diversified risk** – Finvest diversifies its investments according to the private equity fund vintage also observing the development stages of the target companies. Thereby, Finvest aims at a more even cash flow during different periods of time and a diversified risk. In order to reach a full investment degree faster, Finvest also aims to purchase private equity fund units from the secondary market.

### Liquid private equity investment

– As the investment in Finvest is made through its listed shares, the investors can increase or decrease their ownership at any chosen point of time. Private equity funds are typically established for approximately ten years, after which the fund is wound up or dissolved. This means that a



*Investing through a private equity fund-of-funds.*

private equity investment requires a long investment horizon and is therefore illiquid.

**Professional managers** – The investment portfolio of Finvest is managed by highly regarded investment professionals, who have long experience and an excellent track record in the international private equity investment business. Co-operation with the Swiss company LGT Capital Partners AG offers Fininvest an opportunity to make investments in top-quartile funds.

### Fininvest's investment process

The investment process of Fininvest aims to ensure that all investments are based on due care and consideration and the investments are made according to the company's investment strategy. Fininvest has outsourced the management and selection of private equity funds to Linna Advisors Oy. The outsourcing of the management operations is typical of the international private equity industry. It increases efficiency, improves the transparency of the operations and administration and creates the preconditions for building the compensation system so

that the asset managers and shareholders interests align.

Through their contact network, Linna Advisors and LGT Capital Partners receive hundreds of investment inquiries annually from private equity funds. In addition to the inquiries, they will actively search investment targets to widen the deal-flow of the company. Although all inquiries are considered, most of them are turned down without further actions.

If a fund or a company is considered to be a potential investment target, Linna Advisors and LGT Capital Partners will study the target initially. It is estimated that approximately one hundred funds or companies are studied annually, of which approximately half will be rejected without any further measures.

If the results of the initial study give grounds for further investigation, the investment committee of Fininvest makes a due diligence investigation of the target. The due diligence investigation is always carried out prior to the actual investment in order to receive thorough understanding of the target, its

business idea and operations. The due diligence investigation supports the investment proposal of the investment committee and the actual investment decision of Fininvest's Board. Some tens of due diligence studies are carried out annually. The Board of Directors of the company makes all final investment decisions based on proposals by the investment committee.

### Reporting and net asset value

An on-going follow-up and reporting of the investments is essential in the investment process of Fininvest. The most important items that will be reported of the investment portfolio include a breakdown by geography, industry sector, development stage as well as the total investment degree.

Fininvest publishes the net asset value of the investment portfolio on a monthly basis with a Stock Exchange release in order to give the investors a better understanding of the company's value on the basis of the latest reports published by private equity funds and the latest market information on listed targets. The company's auditors check the net asset value calculations annually.



The investment portfolio of Finvest is managed by highly regarded investment professionals, who have long experience and an excellent track record in the international private equity investment business.

## Experienced Asset Managers

### Parties to the management

Finvest has outsourced its administration and portfolio management to a management company, Linna Advisors Oy, which is typical of the international private equity industry. Together with its Swiss partner LGT Capital Partners it takes care of Finvest's investment operations.

6 The management company structure is typical of the private equity industry, as it ensures the motivation of the investment team. This kind of a management structure enables a pre-agreed and clear cost structure, which is based on a management fee of 1.25% per annum paid by Finvest to Linna Advisors and calculated on the sum of the total private equity investments and remaining private equity commitments, and a success fee of 10% of the annual value increase of the company. The value increase is defined on the basis of either Finvest's net asset value (NAV) or the development of the share price, whichever is lower.

### Investment Committee and Board of Directors

The Investment Committee, which selects the investment targets, consists of Topi Piela, Managing Director of Fininvest, Roberto Paganoni, member of the Executive Board of LGT Capital Partners, and Ivan Vercoutère, head of LGT Capital Partners' private equity investment team. The investment committee pre-selects the best investment targets to be introduced to the Board of Fininvest, which makes the financial investment decision.

According to the Articles of Association, the Board of Directors shall have a minimum of five and a maximum of seven members elected by Fininvest's Annual General Meeting of Shareholders. The term of office of the members continues up to the following Annual General Meeting. The members of the Board are:

**Björn Mattsson** (born 1941),  
Chairman

**Georg Ebrnrooth** (born 1966)

**Antti Heikinheimo** (born 1954),  
Managing Director, Hannes Snellman  
Attorneys at Law Ltd

**Kari Joutsa** (born 1948) Managing  
Director, Apteekkien Eläkekassa  
**Erkki Myllärniemi** (born 1949)  
Managing Director, Thomeko Oy

### LGT Capital Partners AG as a partner

The Swiss LGT Capital Partners AG is a well-known and experienced management company in the international private equity investment market. The company has made investments in more than 130 private equity funds, and it manages an investment portfolio worth more than EUR 2.7 billion. The private equity investment team of LGT Capital Partners has long-term relations with the top-quartile private equity funds. A sufficient amount of capital to be managed and good relations enable access to the private equity funds in the market with the highest return.

LGT Capital Partners also manages the first European private equity fund-of-funds listed in Switzerland – Castle Private Equity. The development of Castle Private Equity's net asset value is an excellent proof of the ability of LGT Capital Partners to make investments in successful private equity funds.





Finvest controls the risk through diversification and aims at a more stable cash flow than achieved by individual investments.

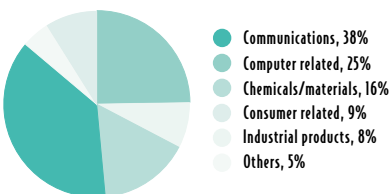
## Diversification of Investments

### Current portfolio

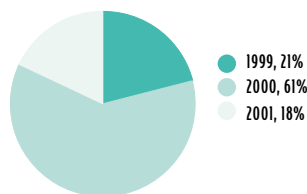
Finvest's aim is an investment portfolio of about 30 private equity funds that altogether invest in over 300 privately owned companies. At the end of 2001, the company had committed to seven funds, which had investments in nearly a

hundred investee companies. The geographical, vintage, stage and sector diversification of these investments is presented in the pictures below. In the long run, the majority of the investments in the Fininvest portfolio is expected to be European buy-out transactions.

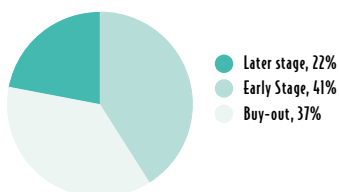
### Industry sector



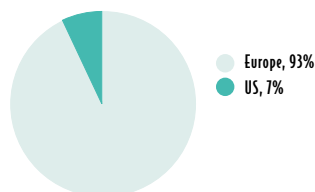
### Vintage year



### Stage



### Geographic



## Current Investments in Private Equity Funds

**Atlas Venture** was founded in 1980, and Finvest has invested in Atlas Venture's sixth venture capital fund. Atlas manages altogether over USD 2.5 billion of committed capital. The company has successfully invested in and divested from growth companies in the communications, information technology and life science sectors. For example in 2000, the portfolio of Atlas completed 14 IPOs and 11 acquisitions. The company has offices in Amsterdam, Boston, London, Menlo Park, Munich, Paris and Seattle. Atlas Venture's investments are split evenly between the United States and Europe. The investment team members have been deeply involved in the formation and development of more than 300 companies worldwide.

**Benchmark Capital** is a leading US venture capital firm, which was founded in 1995. The Private equity fund will focus on many of the areas, in which Benchmark has demonstrated success. Benchmark Europe I is the fifth fund of Benchmark Capital. The fund closing was in May 2000. The fund invests in European early stage technology and internet companies. According to the investment strategy, the fund invests in companies in the internet, wireless infrastructure services and equipment, e-commerce, application services, semiconductors, software and consumer devices industries. The fund seeks to be an active partner to the management of the target company.

**Industri Kapital** is a private equity investment company that has four funds under its management, which funds invest mainly in the Scandinavian region. Industri Kapital 2000 fund ("IK 2000") is the fourth fund of the group and it aims to invest also in other European countries. The investments are made primarily as buy-out funding, but IK 2000 also invests in the financing of growth, portfolio restructuring and in companies in various change processes. The investments are made primarily as majority investments alone or with other investors and the management of the target company is also expected to invest in the company along with the fund. Industri Kapital

takes an active role in business decisions through board memberships. Industri Kapital has 28 investment professionals covering Europe from its five offices across Europe.

**Innovacom** is a private equity fund that invests in early stage telecommunications and information technology start-ups in Europe and North America. The relationship with France Telecom is strategically important. Innovacom is part of France Telecom's development branch. The number of investments is typically around 40 and the investments are made as minority investments. The investments are geographically diversified into

### Private Equity Funds held in the Portfolio as of December 31, 2001

	<b>Sponsor Fund I KY</b>	<b>Atlas Venture VI L.P.</b>
<b>Vintage Year</b>	1997	2001
<b>Company name/ Private Equity Manager</b>	Sponsor Capital Oy	Atlas Venture
<b>Total size of the fund, MEUR</b>	100	USD 967 million
<b>Initial commitment, TEUR</b>	4,205	USD 3 million
<b>Financing stage</b>	Buy-out	Venture Capital
<b>Geographical focus</b>	Finland	U.S. and Europe
<b>Industry focus</b>	Finnish middle-sized companies	Information technology and life sciences
<b>Internet page</b>	<a href="http://www.sponsor.fi">www.sponsor.fi</a>	<a href="http://www.atlasventure.com">www.atlasventure.com</a>

France, the rest of Europe and into the United States. The exit is made through an IPO or a trade sale. The fund has contributed to the creation and expansion of over 250 companies in software, publishing, electronic components and hardware and services related to public or private telecommunication networks.

**Menire Corporation** is an investment company with a focus on small, unlisted Nordic growth companies representing various fields of information technology. The shares of Menire Corporation are publicly traded on the Helsinki Exchanges. The Menire shares are to be divested in favourable market conditions. As venture capital fund, however, the Menire share can be seen to fit the Company's investment strategy. Finvest currently holds 2 040 042 shares of Menire.

**Nexit Ventures** is a Finnish management company for Nexit Infocom 2000 Fund Limited

Partnerships that invests in the Nordic and US region mainly to the early stage and start-up Infocom companies, which operate in the areas of applications/services (e-commerce, e-content, e-tainment, user applications) wired and wireless information transfer (Java, Bluetooth, MPE4G, MP3, XML) as well as data and telecommunication. The investments will be geographically diversified mainly into Finland and Sweden, but also into other European countries and USA. The exits will be made through an IPO or a trade sale.

**Sponsor Fund** was founded in 1997 and has today three investments: Indoor Group Ltd (Asko-Sotka), BPA AB and Saunatec Oyj. The company has made three very successful exits, Teleste Corporation, Ensto Oy and Exel Oyj. The fund invests primarily in majority holdings in Finnish mid-cap unlisted companies, while the acquired companies operate

independently. Sponsor Fund invests primarily in Finland. The management incentive programs are based on creating shareholder value in acquired companies. Sponsor Fund aims at investments with an equity portion of 7–25 million EUR. However, co-investments with fund investors make larger investments possible.

<b>Nexit Infocom 2000</b>	<b>Innovacom 4</b>	<b>Benchmark Europe I L.P.</b>	<b>Menire Corporation</b>	<b>Industri Kapital 2000</b>
1999	2000	2000	1999	1999
Nexit Ventures	Innovacom s.a.	Benchmark Capital, Delaware, DE	Menire Advisors Ltd.	Industri Kapital Ltd
100	200	USD 569 million	38	2,100
4,793	5,000	USD 3 million	2,754	5,000
Venture Capital	Venture Capital	Venture Capital	Venture Capital	Buy-out
Nordic countries and U.S.	France, Germany, U.S., United Kingdom	Europe	Nordic countries	Europe
Mobile, wireless internet infrastructure, mobile internet	Communications, computer related, computer software, electronic related	High-tech, information technology and infrastructure, internet, media and telecom	Online and wireless communication	Manufacturing, retailing business, food and chemical industry and services
<a href="http://www.nexitventures.com">www.nexitventures.com</a>	<a href="http://www.innovacom.com">www.innovacom.com</a>	<a href="http://www.benchmark.com">www.benchmark.com</a>	<a href="http://www.menire.com">www.menire.com</a>	<a href="http://www.industrikapital.com">www.industrikapital.com</a>

## Board of Directors' Report

### Finvest's financial situation and investments in private equity funds

The financial period of Finvest Plc developed according to expectations because no major returns of capital or profit shares are expected of private equity funds at this stage of their life cycle. Private equity funds typically divest their investment targets 3 to 4 years after the investment, at which point Fininvest will also receive capital returns and profit shares.

The net asset value of the company has remained relatively stable during the financial period. The net asset value per share was EUR 0.24 at the beginning of the year and EUR 0.22 at the end of the period under review. The net asset value varied a little due to the value changes of listed shares that are not part of the company's core business.

The net sales of the Fininvest Group during the period 1.1.–31.12.2001 totalled EUR 3 640 thousand (EUR 97 thousand, 11–12/2000, 2 months). The net sales of Fininvest mainly consist of profit shares and dividends from the investment operations of private equity funds and, on the other hand, sales of private equity fund units. During the year, Fininvest sold its private equity fund units in Access Capital L.P. and the shares of eQ Online Oyj that it owned.

The result of the period was EUR -2 007 thousand (EUR -1 905 thousand, 11–12/2000). The result was brought down especially by the value change of Menire shares (EUR -1 550 thousand). Fininvest operates with an almost fixed cost structure, which means that profit is generated first when net sales increase. The net sales of Fininvest will

start to grow, when the investments of the private equity funds in the portfolio will mature to the exit stage and are divested.

The balance sheet total of the Fininvest Group was EUR 18.5 million. The shareholders' equity of the Group totalled EUR 18.4 million. According to Fininvest's investment policy, almost the entire balance sheet consists of shareholders' equity, which means that the equity to assets ratio is high, 99.5%. More than half of the balance sheet has already been invested in private equity funds and the remaining part mainly consists of liquid assets, and only 3.5% of other assets. The other assets of Fininvest comprise a land area in Espoo, Kilo in Finland and shares of HEX Oyj.

At the beginning of the year, Fininvest made a new investment commitment to Atlas Venture VI private equity fund in the amount of USD 3 million. Atlas Venture is one of the most successful management companies of private equity funds in Europe and the United States. It invests in information technology and life sciences companies in both the US and Europe. In the autumn, the company sold its share in the Access Capital private equity fund. Fininvest's investment commitment in the fund was EUR 5 million.

At the end of the financial period, the company had investments in seven private equity funds: Atlas Venture VI L.P. (atlasventure.com), Benchmark Europe I L.P. (benchmark.com), Industri Kapital 2000 (industrikapital.com), Innovacom 4 (innovacom.com), Menire Oyj (menire.com), Next Infocom 2000 Ltd (nextinvestures.com) and Sponsor Fund I Ky (sponsor.fi).

### Other major events during the financial period

According to its strategy, the aim of Fininvest is to expand the company balance sheet, make new investments and further diversify its investment portfolio. The company Board cancelled, however, the share issue that was to take place early in 2001. There was demand for the company share, but the company did not consider it to be sufficient in order to guarantee good secondary market development in the extremely unfavourable conditions prevailing in the securities market.

The Fininvest Group consists of the parent company Fininvest and a real estate company, which is its subsidiary. The subsidiary owns a land area in Espoo, Kilo in Finland. Except for the real estate holdings, the subsidiary has no other actual business operations. The Board of Fininvest has decided that the real estate company will be sold. During the financial period, the Dutch holding company with no business operations was dissolved.

The management of Fininvest's investment operations has been outsourced to the management company Linna Advisors Oy. Fininvest has no actual staff of its own. During the year, the management company had three employees. The ownership structure of the management company Linna Advisors Oy changed at the end of the year. The share majority was transferred to Geveles Ab, which is a Finnish limited company controlled by Henrik, Georg and Carl-Gustaf Ehrnrooth.

### Fininvest's Board of Directors, Auditors and Managing Director

Fininvest's Board of Directors consisted of five members during the period 1.1.–9.2.2001: Björn Mattsson, Chairman, Antti Heikinheimo, Jaakko Pöyry, Georg Ehrnrooth and Erkki Myllärmiemi. The Annual General Meeting of Shareholders held on 9.2.2001 elected the following five persons to the Board of Directors: Björn Mattsson, Chairman, Georg Ehrnrooth, Antti

Heikinheimo, Kari Joutsa and Erkki Myllärniemi.

The company auditor was the Authorised Public Accountants firm SVH Pricewaterhouse Coopers Oy with Ms Ulla Holmström, Authorised Public Accountant, as auditor in charge.

The Managing Director of Finvest Plc was Mr Topi Piela, M.Sc. (Econ.), CEFA.

### **Company shares and repurchase of own shares**

On 31.12.2001, the share capital of the company amounted to EUR 4 334 000, and the number of shares was 86 685 509. The company Board has a valid authorisation to repurchase company shares. At the Annual General Meeting held on 9.2.2001, The Board of Directors was authorised to decide within one year from the Annual General Meeting on the repurchase of the company's own shares so that a maximum of 4 300 000 shares can be acquired. During the period 1.9.–31.12.2001, the company repurchased a total of 3 219 000 shares at Helsinki Exchanges. The total purchasing price was EUR 471 660.89, which means an average price of EUR 0.15 per share. The trades have been presented in more detail in the Notes to the Financial Statements. The authorisation also covers possible transfer and use of the own shares acquired by the company in a manner and at a price separately decided by the Board.

### **Dividend policy and proposal for the distribution of profits**

Finvest's Board of Directors has adopted a dividend policy that aims at recommending to the Annual General Meeting payment of dividends amounting to at least 30% of the result of the Finvest Group for the financial period. The result of the company in 2001 does not give rise to any payment of dividend. Therefore, the Board of Directors proposes that no dividend be paid for the financial period that ended on 31 December 2001. Instead, the company has acquired during both

2001 and 2002 company shares the annulment of which the Board proposes.

### **Events after the end of the financial period and outlook**

The company has continued with the repurchase of its own shares within the frames of the valid authorisation. The company has acquired a total of 93 000 company shares during the period 1.1.–7.1.2002. The total purchasing price was EUR 15 300, which means an average price of EUR 0.16 per share.

Finvest has signed a letter of intent on the acquisition of units in the EQT-Finland fund. The total value of the investment commitment is EUR 8 400 000. The EQT-Finland fund makes MBO investments in Finland.

The market conditions have had no major impact on Finvest's investments in private equity funds, and the return expectation of the investments remained good. The investment degree of the private equity funds is still low, the cash funds are good, and investments can still be made at a present lower valuation level. No exits from the investments in the funds will necessarily take place on a short term, but the value of the funds is expected to develop favourably in the long run. This means that no major cash flow is expected from Finvest's investments on a short term. The company will continue to build a private equity fund portfolio according to its strategy. Finvest's aim is to build a well diversified portfolio that will in the long run consist of at least thirty private equity funds. Investments will mainly be made in European buy-out funds. The company's aim is to sell the balance sheet items that are not part of the core business and the listed shares in favourable market conditions.

In the medium-long run, private equity investment operations and corporate acquisitions are expected to remain at a high level in Europe. This will be promoted, e.g. by the restructuring of business sectors, the concentration of

large companies on their core operations, generation shifts as well as tax incentives in some European countries. The fall in the valuation level of the securities market also offers private equity funds the opportunity to make private equity investments at a more reasonable price level.

### **Proposals of the Board of Directors to the Annual General Meeting**

The Board of Directors proposes that the Company's share capital shall be increased by maximum EUR 1 666 650 through a directed issue by offering for subscription in deviation from the shareholders pre-emptive subscription right maximum 33 333 000 new shares at a subscription price of EUR 0.18 per share. The Board of Directors proposes the new issue subject to the condition that EUR 8.4 million in the private equity fund EQT Finland acquisition will be approved by the General Meeting.

The Board of Directors of Finvest proposes to the Annual General Meeting an authorisation to repurchase company shares in order to enhance liquidity and correct pricing. Finvest could thus acquire its own shares from the market, if the share price is below the net asset value and the company has extra capital.

The Board of Directors of Finvest further proposes to the Annual General Meeting an increase of the share capital through a directed share issue. The aim of the share issue is to increase the company share capital by 20% at the most in one or several instalments. The means gathered through the share issue will be further invested in private equity funds according to Finvest's investment strategy.

The Board of Directors proposes that the company decreases share capital by annulling the repurchased own shares before the Annual General Meeting.

Helsinki, 22 January 2002

FINVEST PLC  
Board of Directors

## Group Net Assets Value Calculation

EUR 1 000	MARKET VALUE 31 Dec. 2001	MARKET VALUE 31 Dec. 2000
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Tangible assets		
Land	561	561
Machinery and equipment	27	44
<b>CURRENT ASSETS</b>		
Inventories		
Private equity investments		
Sponsor Fund I Ky	1 517	1 897
Nexit Infocom 2000	1 258	828
Access Capital L.P.	<sup>1)</sup>	1 370
Innovacom 4	2 606	750
Benchmark Europe I L.P.	398	161
Industri Kapital 2000	3 452	2 577
Atlas Venture VI L.P.	100	
Others		39
Shares		
eQ Online Corporation	<sup>1)</sup>	737
Menire Corporation	1 204	2 754
Others	319	312
Non-current receivables		
Loan receivables	17	17
Current receivables		
Other receivables	3	12
Prepayments and accrued income	9	
Current investments		
Other securities	6 578	10 234
Cash in hand and at bank	369	384
<b>TOTAL ASSETS</b>	<b>18 418</b>	<b>22 677</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Trade payables	6	32
Other current liabilities	79	1 517
Accrued liabilities and deferred income		49
<b>TOTAL LIABILITIES</b>	<b>85</b>	<b>1 598</b>
NET ASSET VALUE BEFORE HIDDEN TAX LIABILITY	18 333	21 079
Hidden tax liability	<sup>2)</sup>	-191
NET ASSET VALUE AFTER HIDDEN TAX LIABILITY	18 333	20 888
Net asset value per share before hidden tax liability (EUR)	0.22	0.24
Net asset value per share after hidden tax liability (EUR)	0.22	0.24
Number of shares	83 466 509	86 685 509

<sup>1)</sup> Shares/share has been sold.

<sup>2)</sup> The company has losses from previous years, which have been confirmed by tax authorities.

### Calculation principles

Publicly quoted securities included in current assets have been evaluated according to the last trading price on 28 December 2001. Private equity funds have been valued according to the latest valuations made by private equity managers or at book value. Other items have been valued according to the book value with the exception of Hex Oyj, which is valued at EUR 13.50 per share (EUR 12.50 per share on 31 December 2000). The repurchased own shares have been deducted from the company's NAV and number of shares.

## Group Assets

31. Dec. 2001	NUMBER OF SHARES	BOOK VALUE EUR 1 000	MARKET VALUE EUR 1 000	SHARE OF MARKET VALUE, %
<b>FIXED ASSETS</b>				
Real estate company Kilon KB/39, land area		561	561	3.0
Others		27	27	0.1
<b>FIXED ASSETS, TOTAL</b>		<b>588</b>	<b>588</b>	<b>3.2</b>
<b>CURRENT ASSETS</b>				
Inventories				
Private equity investments				
Sponsor Fund I Ky		1 517	1 517	8.2
Nexit Infocom 2000		1 258	1 258	6.8
Innovacom 4		2 606	2 606	14.1
Benchmark Europe I L.P.		398	398	2.2
Industri Kapital 2000		3 412	3 452	18.7
Atlas Venture VI L.P.		100	100	0.5
Listed companies				
Menire Corporation	2 040 042	1 204	1 204	6.5
Other shares and securities				
Hex Oyj	23 400	24	316	1.7
Suomen Asiakastieto Oy	12	0	0	0.0
OKR Issuers		3	3	0.0
		10 522	10 854	58.9
Non-current receivables		17	17	0.1
Current receivables				
Other receivables		3	3	0.0
Prepayments and accrued income		9	9	0.0
		12	12	0.1
Current investments				
Mutual funds				
Seligson & Co Money market fund		6 519	6 578	35.7
Cash in hand and at bank		369	369	2.0
<b>CURRENT ASSETS, TOTAL</b>		<b>17 439</b>	<b>17 830</b>	<b>96.8</b>
<b>GROUP ASSETS, TOTAL</b>		<b>18 028</b>	<b>18 418</b>	<b>100.0</b>

The repurchased own shares have not been included in Group assets.

## Income Statement

EUR 1 000	GROUP	GROUP	PARENT COMPANY	PARENT COMPANY
	1-12/2001	11-12/2000	1-12/2001	11-12/2000
<b>1. NET TURNOVER</b>	3 640	97	3 640	97
Other operating income		42		11
Expenses				
Cost of investments	-4 808	-2 754	-4 808	-2 754
<b>2. Incr. (+) or decr. (-) in investments</b>	-502	1 138	-502	1 138
<b>3. Personnel expenses</b>	-39	-29	-39	-29
<b>4. Depreciation</b>	-14	-2	-14	-2
<b>5. Other operating expenses</b>	-1 020	-248	-1 080	-241
	-6 383	-1 895	-6 443	-1 888
<b>OPERATING LOSS</b>	-2 743	-1 756	-2 803	-1 780
<b>6. Financial income and expenses</b>	559	-149	553	-138
<b>LOSS BEFORE APPROPRIATIONS AND TAXES</b>	-2 184	-1 905	-2 250	-1 918
<b>7. Direct taxes</b>	177		177	
<b>LOSS FOR THE PERIOD</b>	-2 007	-1 905	-2 073	-1 918

## Balance Sheet

EUR 1 000	GROUP	GROUP	PARENT COMPANY	PARENT COMPANY
	31 Dec. 2001	31 Dec. 2000	31 Dec. 2001	31 Dec. 2000
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
<b>1. Tangible assets</b>				
Land	561	561		
Machinery and equipment	27	44	27	44
	588	605	27	44
<b>2-3. Investments</b>				
Shares in subsidiaries			529	1 612
Own shares	472		472	
	472		1 001	1 612
<b>CURRENT ASSETS</b>				
<b>Inventories</b>	10 523	11 025	10 523	11 025
<b>Non-current receivables</b>				
Loan receivables	17	17	17	17
<b>4. Current receivables</b>				
Other receivables	3	12	29	36
Prepayments and accrued income	9		9	
	12	12	38	36
<b>5. Current investments</b>				
Other securities	6 519	9 976	6 519	9 976
<b>Cash in hand and at bank</b>	369	384	369	382
	18 500	22 020	18 494	23 092
<b>EQUITY AND LIABILITIES</b>				
<b>6. SHAREHOLDERS' EQUITY</b>				
Share capital	4 334	4 334	4 334	4 334
Reserve for own shares	472		472	
Legal reserve	10 688	10 688	10 688	10 688
Retained earnings	4 928	7 305	4 988	7 378
Loss for the period	-2 007	-1 905	-2 073	-1 918
	18 415	20 422	18 409	20 482
<b>LIABILITIES</b>				
<b>7. Non-current liabilities</b>				1 018
<b>8. Current liabilities</b>	85	1 598	85	1 592
	18 500	22 020	18 494	23 092



## Cash Flow

EUR 1 000	GROUP	GROUP	PARENT COMPANY	PARENT COMPANY
	1-12/2001	11-12/2000	1-12/2001	11-12/2000
<b>Operations</b>				
Operating loss	-2 743	-1 756	-2 803	-1 780
Depreciation	14	2	14	2
Non cash income and expenses			66	
Change in working capital				
Incr. (-) or decr. (+) in current receivables		2 436	-3	1 275
Incr. (+) or decr. (-) in current liabilities	-1 513	-4 431	-1 507	-965
Incr. (-) or decr. (+) in investments	502	-1 137	502	-1 137
Change in working capital, total	-1 011	-3 132	-1 008	-827
Financial income and expenses	559	-149	553	-138
Taxes	177		177	
Cash flow from operations	-3 004	-5 035	-3 001	-2 743
<b>Cash flow from investments</b>				
Sales of intangible and tangible assets	3		3	
<b>Financing</b>				
Purchase of own shares	-472		-472	
Incr. (-) or decr. (+) in loan receivables		7 185		6 199
Incr. (+) or decr. (-) in non-current loans				-957
Financing total	-472	7 185	-472	5 242
Increase/decrease in liquid assets	-3 473	2 150	-3 470	2 499
Liquid assets, 1 Jan./1 Nov.	10 360	8 210	10 358	7 859
Liquid assets, 31 Dec.	6 888	10 360	6 888	10 358

The liquid assets contain cash in hand and at bank as well as securities.

## Group Key Figures

EUR 1 000	1-12/2001	11-12/2000
<b>INCOME STATEMENT</b>		
Net turnover	3 640	97
Operating loss/profit	-2 743	-1 756
% of net turnover	-	-
Financial income and expenses	559	-149
% of net turnover	-	-
Loss before appropriations and taxes	-2 184	-1 905
% of net turnover	-	-
Direct taxes	177	0
Group result for the period	-2 007	-1 905
<b>BALANCE SHEET</b>		
Intangible and tangible assets	588	605
Own shares	472	
Inventories	10 523	11 025
Non-current receivables	17	17
Current receivables	12	12
Current investments and cash in hand and at bank	6 888	10 360
<b>TOTAL ASSETS</b>	<b>18 500</b>	<b>22 020</b>
Shareholders' equity	18 415	20 422
Non-interest bearing liabilities	85	1 598
<b>TOTAL LIABILITIES</b>	<b>18 500</b>	<b>22 020</b>

Dec. 31, 2001

Dec. 31, 2000

**PROFITABILITY AND OTHER KEY FIGURES**

Return on investment, % p.a.	-11.3	-44.8
Return on equity, % p.a.	-10.5	-49.5
Equity to assets ratio, %	99.5	92.7
Gearing, %	-38.4	-50.7
Total private equity investments to equity ratio, %	62.1	49.9
Total commitments to equity ratio, %	143.6	146.4
Net asset value before hidden tax liability per share, EUR 1 000	18 331	21 079
Net asset value after hidden tax liability per share, EUR 1 000	18 331	20 888
Average number of personnel in Group companies	0	2

1-12/2001

11-12/2000

**SHARE-RELATED KEY FIGURES**

Earnings per share, EUR	-0.02	-0.02
Shareholders' equity per share, EUR	0.21	0.24
Dividend paid, EUR 1 000 <sup>1)</sup>	0	0
Dividend per share, EUR	-	-
Dividend per result, %	-	-
Price/earnings ratio (P/E)	-6.4	-7,7
Net asset value before hidden tax liability per share, EUR	0.22	0.24
Net asset value after hidden tax liability per share, EUR	0.22	0.24
Adjusted share price development, EUR		
Average price	0.16	0.19
Highest price	0.20	0.25
Lowest price	0.12	0.15
Market capitalisation, EUR 1 000	12 520	14 737
Turnover, 1 000 shs.	39 833	11 750
Turnover, % of total number	47.7	13.6
Adjusted number of shares, 1 000 shs.		
Average for the year	86 066	86 686
At year-end	83 467	86 686

<sup>1)</sup> Proposal by the Board of Directors

The number and value of the own shares acquired are eliminated when calculating the key figures.

## Calculation of Key Figures

Return on investment, ROI (%)	100 x	$\frac{\text{profit before extraordinary items} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest bearing}}$
Return on equity, ROE (%)	100 x	$\frac{\text{profit before extraordinary items} - \text{taxes}}{\text{shareholders' equity} + \text{minority interest (average)}}$
Equity to assets ratio (%)	100 x	$\frac{\text{shareholders' equity} + \text{minority interest}}{\text{balance sheet total} - \text{advances received}}$
Gearing (%)	100 x	$\frac{\text{interest-bearing liabilities} - \text{current investments} - \text{cash in hand and at bank}}{\text{shareholders' equity} + \text{minority interest}}$
Earnings per share, EPS		$\frac{\text{profit before extraordinary items} - \text{taxes} - \text{minority interest}}{\text{adjusted average number of shares during the financial period}}$
Shareholders' equity per share		$\frac{\text{shareholders' equity}}{\text{adjusted number of shares at the end of the financial period}}$
Dividend per share		$\frac{\text{dividend}}{\text{adjusted number of shares at the end of the financial period}}$
Dividend per result (%)	100 x	$\frac{\text{dividend per share paid for the financial period}}{\text{earnings per share}}$
Effective dividend yield (%)	100 x	$\frac{\text{dividend per share}}{\text{adjusted share price at the end of the financial period}}$
Price/earnings ratio, (P/E)		$\frac{\text{share price at the end of the financial period}}{\text{earnings per share}}$
Market capitalisation		$\text{number of shares at the end of the financial period} \times \text{last trading price of the financial period}$
Turnover (%)		$\frac{\text{number of shares traded during the financial period}}{\text{average number of shares during the financial period}}$
Total private equity investments to equity ratio (%)		$\frac{\text{private equity investments}}{\text{shareholders' equity}}$
Total private equity commitments to equity ratio (%)		$\frac{\text{private equity investments} + \text{remaining commitments}}{\text{shareholders' equity}}$

# Accounting Principles

Finvest Plc was formed when the old Finvest Plc was demerged into four new companies. The demerger was entered in the Trade Register on 1 November 2000. The comparison data shown in the financial statements is from the first financial period. The length of the first financial period was two months.

## Principles of consolidation

The consolidated accounts include the parent company Finvest Plc and those companies in which the parent company holds directly or indirectly more than 50% of the voting power. Intra group transactions have been eliminated in the consolidated financial statements. Intra group shareholdings have been eliminated by using the acquisition method.

## Changes in Group structure

The changes in the Group structure have been presented in the report of the Board of Directors.

## Net turnover

The net turnover includes the sales proceeds from securities trading, the sales of participations in private equity funds and the proceeds from private equity funds and the dividend yield.

## Valuation of real estate

The real estate has been valued at acquisition cost or at a lower probable market price.

## Long-term expenses

The long-term expenses mainly consist of purchases of computer software.

## Valuation of Inventories

Investments are stated according to the FIFO principle and at lower of cost or market value.

Investments in Private Equity Funds are valued at lower of acquisition cost or current value. Publicly traded securities are valued at lower of acquisition cost or the price of the last trade at the end of the financial period. Other securities and holdings are valued at no more than acquisition cost or either at a likely sales price or a likely repurchase price, whichever is lower.

## Valuation of current investments

The securities included in liquid assets have been valued at acquisition cost or at a lower market price.

## Depreciation principles

A depreciation plan drawn up in advance has been used when defining the depreciation according to plan for the fixed assets. The depreciation according to plan is calculated as straight-line depreciation based on the original acquisition cost. Long-term expenses are depreciated over 3 to 10 years. Machinery and equipment is depreciated over 4 to 10 years.

## Foreign currency items

The receivables and debts of the Group companies in foreign currencies have been translated to euros according to the rate prevailing on the balance sheet day.

# Notes to the Financial Statements

EUR 1 000	GROUP 1–12/2001	GROUP 11–12/2000	PARENT COMPANY 1–12/2001	PARENT COMPANY 11–12/2000
<b>NOTES TO THE INCOME STATEMENT</b>				
<b>1. NET TURNOVER</b>				
Dividends	427		427	
Return of capital from private equity funds	391		391	
Sales of private equity shares	1 868		1 868	
Sales of securities	954	97	954	97
Total	3 640	97	3 640	97
<b>2. INCR. (-) OR DECR. (+) IN INVESTMENTS</b>				
Private equity investments	1 828	2 718	1 828	2 718
Shares of Menire Corporation	-1 550	-1 469	-1 550	-1 469
Other shares	-780	-111	-780	-111
Total	-502	1 138	-502	1 138
<b>3. PERSONNEL EXPENSES</b>				
Salaries and remunerations	44	25	44	25
Pension costs	-3	3	-3	3
Other indirect employee costs	-2	1	-2	1
Total	39	29	39	29
Salaries and remunerations are remunerations to The Board of Directors.				
Other employee costs are related to the previous year's salaries.				
Average number of personnel during the financial period				
	0	2	0	2
<b>4. DEPRECIATION</b>				
Depreciation on intangible and tangible assets	14	2	14	2
Depreciation specification according to balance sheet item is included under intangible and tangible assets				
<b>5. OTHER OPERATING EXPENSES</b>				
Management fees to Linna Advisors	421		421	
Fees for advisory services	201	81	201	81
Other operating expenses	398	167	459	159
Total	1 020	248	1 081	240
<b>6. FINANCIAL INCOME AND EXPENSES</b>				
Interest and other financial income				
Interest income from non-current investments				
From Group companies				11
Interest income from current investments				
External	23	13	23	13
Other financial income				
External	543	16	543	16
Interest and other financial expenses				
Value adjustment of current investments				
		-89		-89
Interest expenses				
External		-83		-83
To Group companies			-6	
		-83	-6	-83
Other financial expenses				
External	-1		-1	
Exchange rate losses	-6	-6	-6	-6
Financial income and expenses, total	559	-149	553	-138
<b>7. DIRECT TAXES</b>				
Taxes from previous years	177		177	

EUR 1 000	GROUP		PARENT COMPANY	
	1-12/2001	11-12/2000	1-12/2001	11-12/2000

## NOTES TO THE BALANCE SHEET

### 1. INTANGIBLE AND TANGIBLE ASSETS

Land				
Acquisition cost, 1 Jan./1 Nov.	561	561		
Increases				
Decreases				
Acquisition cost, 31 Dec.	561	561		
Book value, 31 Dec.	561	561		
Machinery and equipment				
Acquisition cost, 1 Jan./1 Nov.	46	46	46	46
Increases				
Decreases	-3		-3	
Acquisition cost, 31 Dec.	43	46	43	46
Accumulated depreciation and value adjustments, 1 Jan./1 Nov.				
Depreciation for the period	-2		-2	
Depreciation for the period	-14	-2	-14	-2
Accumulated depreciation and value adjustments, 31 Dec.	-16	-2	-16	-2
Book value, 31 Dec.	27	44	27	44

### 2. INVESTMENTS

Shares in subsidiaries				
Acquisition cost, 1 Jan./1 Nov.			1 612	1 612
Increases				
Decreases			-1 083	
Acquisition cost, 31 Dec.			529	1 612
Book value, 31 Dec.			529	1 612

#### Own shares

The parent company has own shares on 31 December:

Number of shares	Nominal value, EUR	Per cent of shares and voting rights
3 219 000	160 950.00	3.71 %

The parent company has repurchased its own shares during the fiscal year as follows, EUR:

Date	Number of shares	Nominal value, EUR	Acquisition price average/share	Acquisition price range/share	Acquisition price total
1.9.-30.9.	234 000	11 700.00	0.14	0.13-0.15	21 660.00
1.10.-31.10.	1 191 000	59 550.00	0.14	0.12-0.15	151 650.00
1.11.-30.11.	1 128 000	56 400.00	0.16	0.15-0.16	152 040.89
1.12.-31.12.	666 000	33 300.00	0.16	0.15-0.16	146 310.00
Total	3 219 000	160 950.00			471 660.89

The repurchase of shares has not significantly changed the ownership structure of the shares or the voting rights of the parent company.

### 3. SHARE HOLDINGS

Group companies:	Group holding, %		Parent company holding, %	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Real estate company Kilon KB/39, Espoo	100.0	100.0	100.0	100.0
Le Pecq Estates B.V., Holland	0.0	100.0	0.0	100.0

EUR 1 000	GROUP		PARENT COMPANY	
	1-12/2001	11-12/2000	1-12/2001	11-12/2000
<b>4. CURRENT RECEIVABLES FROM GROUP COMPANIES</b>				
Other receivables			27	24
<b>5. CURRENT INVESTMENTS</b>				
Replacement price, 31 Dec.	6 578	10 234	6 578	10 234
Book value, 31 Dec.	6 519	9 976	6 519	9 976
Difference	59	258	59	258
The securities comprise shares in mutual funds.				
<b>6. SHAREHOLDERS' EQUITY</b>				
Share capital, 1 Jan./1 Nov.	4 334	4 334	4 334	4 334
Share capital, 31 Dec.	4 334	4 334	4 334	4 334
Reserve for own shares, 1 Jan./1 Nov.				
Increase	472		472	
Reserve for own shares, 31 Dec.	472		472	
Reserve fund, 1 Jan./1 Nov.	10 688	10 688	10 688	10 688
Reserve fund, 31 Dec.	10 688	10 688	10 688	10 688
Retained earnings, 1 Jan./1 Nov.				
Acquisition of own shares	-472		-472	
Translation difference		-27		
Retained earnings, 31 Dec.	4 928	7 305	4 988	7 378
Loss for the period	-2 007	-1 905	-2 073	-1 918
Shareholders' equity, 31 Dec.	18 415	20 422	18 409	20 482
Calculation of distributable earnings, 31 Dec.				
Retained earnings	4 928	7 305	4 988	7 378
Profit for the period	-2 007	-1 905	-2 073	-1 918
Distributable retained profit	2 921	5 400	2 915	5 460
The share capital of the parent company consists of 86 685 509 shares. All shares carry one vote. The nominal value of the share is EUR 0.05. Finvest Plc has in its possession 3 219 000 own shares representing a nominal value of EUR 160 950.00 acquisition cost EUR 471 660.89.				
<b>7. NON-CURRENT LIABILITIES</b>				
Loans from Group companies				1 018
<b>8. CURRENT LIABILITIES</b>				
Trade payables	6	32	6	32
Other current liabilities	79	1 517	79	1 517
Accrued liabilities and deferred income		49		43
	85	1 598	85	1 592

#### OTHER NOTES

##### 1. PLEDGES, MORTGAGES AND OBLIGATIONS

Finvest Plc's remaining commitments to Private Equity funds

Remaining commitments  
31 Dec. 2001    31 Dec. 2000

Sponsor Fund I Ky	1 338	1 402
Access Capital I L.P.		3 750
Nexit Infocom 2000	3 249	3 965
Innovacom 4	2 250	4 250
Benchmark Europe I L.P.	2 908	3 063
Industri Kapital 2000	1 588	2 423
Atlas Venture VI L.P.	3 293	



# Shares and Shareholders

## Major shareholders

	Share of shares and votes, %
Fennogens Investments S.A.	31.2
Veikko Laine Oy	6.8
Procurator Oy	6.1
E.A.T.-Invest Oy	3.5
The State Pension Fund	3.5
Foundation for Economic Education	3.2
Thomeko Oy	2.3
Nokia Corporation	1.8
Odin Finland	1.7
Stadigh Kari	1.5
Others	38.4
<b>Total</b>	<b>100.0</b>

The information is based on the situation in the shareholder register kept by Finnish Central Securities Depository on 28 December 2001.

## Shareholders by type

	Shareholders, no.	Share of share- holders, %	Share of shares and votes, %
Corporations	300	6.6	30.0
Financial and insurance institutions	3	0.1	1.3
Households	4 187	92.0	22.6
Foreign and nominee-registered	28	0.6	37.5
Others <sup>1)</sup>	31	0.7	8.6
<b>Total</b>	<b>4 549</b>	<b>100.0</b>	<b>100.0</b>

<sup>1)</sup> The others comprise public organisations, foundations and non-profit organisations and shares not transferred to the book-entry securities system.

## Ownership structure according to number of shares held

Shares, no.	Shareholders, no.	Share of share- holders, %	Share of shares and votes, %
1 - 100	513	11.3	0.0
101 - 500	996	21.9	0.4
501 - 1 000	647	14.2	0.7
1 001 - 5 000	1 579	34.7	4.6
5 001 - 10 000	419	9.2	3.7
10 001 - 50 000	305	6.7	7.6
50 001 - 100 000	42	0.9	3.6
100 001 -	48	1.1	79.4
<b>Total</b>	<b>4 549</b>	<b>100.0</b>	<b>100.0</b>

### Share ownership of the management

The members of the Board of Directors and the companies under their authority owned on 31 December 2001 2 764 175 shares, i.e. a total of 3.2 per cent of the votes and shares. Georg Ehrnrooth, member of the Board of Directors, has together with his brothers Henrik Ehrnrooth and Carl-Gustaf Ehrnrooth authority in Fennogens Investments S.A.

### Nominee-registered shares

Of the company shares, 2 587 894 are nominee-registered representing 3.0 per cent of the shares and votes.

### Shares and share capital

The share capital of Finvest Plc is EUR 4 334 275.45. The share capital is divided into 86 685 509 shares. The nominal value of the share is EUR 0.05. All shares carry one vote. The parent company has in its possession 3 219 000 shares representing 3.7 per cent of the votes and shares.

## Proposal for the Distribution of Profits

The distributable earnings according to the consolidated Balance Sheet of 31 December 2001 total 2 921 000.00 euros.

The distributable earnings in the parent company are

Retained earnings	EUR	4 988 073.41
Loss for the period	EUR	-2 073 245.61
	EUR	2 914 827.80

The Board of Directors proposes that the loss for the period is carried forward and that no dividend is paid.

Helsinki, 22 January 2002

FINVEST PLC  
Board of Directors

Björn Mattsson

Georg Ehrnrooth

Antti Heikinheimo

Kari Joutsa

Erkki Myllärniemi

Topi Piela  
Managing Director

## Auditors' Report

### To the shareholders of Finvest Plc

We have audited the accounting, the financial statements and the corporate governance of Finvest Plc for the financial period 1.1.–31.12.2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence

supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements, showing a loss of EUR 2 073 245.61 in the parent company and a loss of EUR 2 007 000.00 euros in the group, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the

Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies Act.

Helsinki, January 22, 2002

SVH Pricewaterhouse Coopers Oy  
Authorised Public Accountants

Ulla Holmström  
Authorised Public Accountant



*Responsible persons for investment operations and investor relations in Finvest are:  
Peter Borg, Anna-Mari Patrakka and Managing Director Topi Piela.*

finvest

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