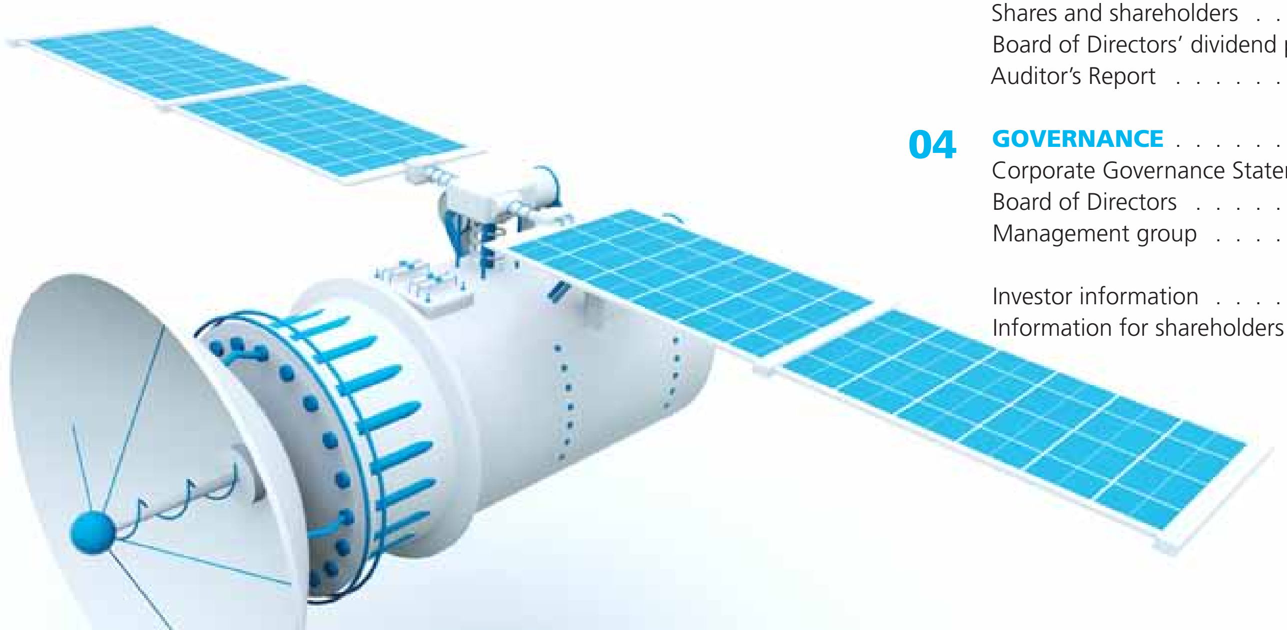
Etteplan

ETTEPLAN OYJ ANNUAL REPORT 2013

best service solutions anywhere at any time

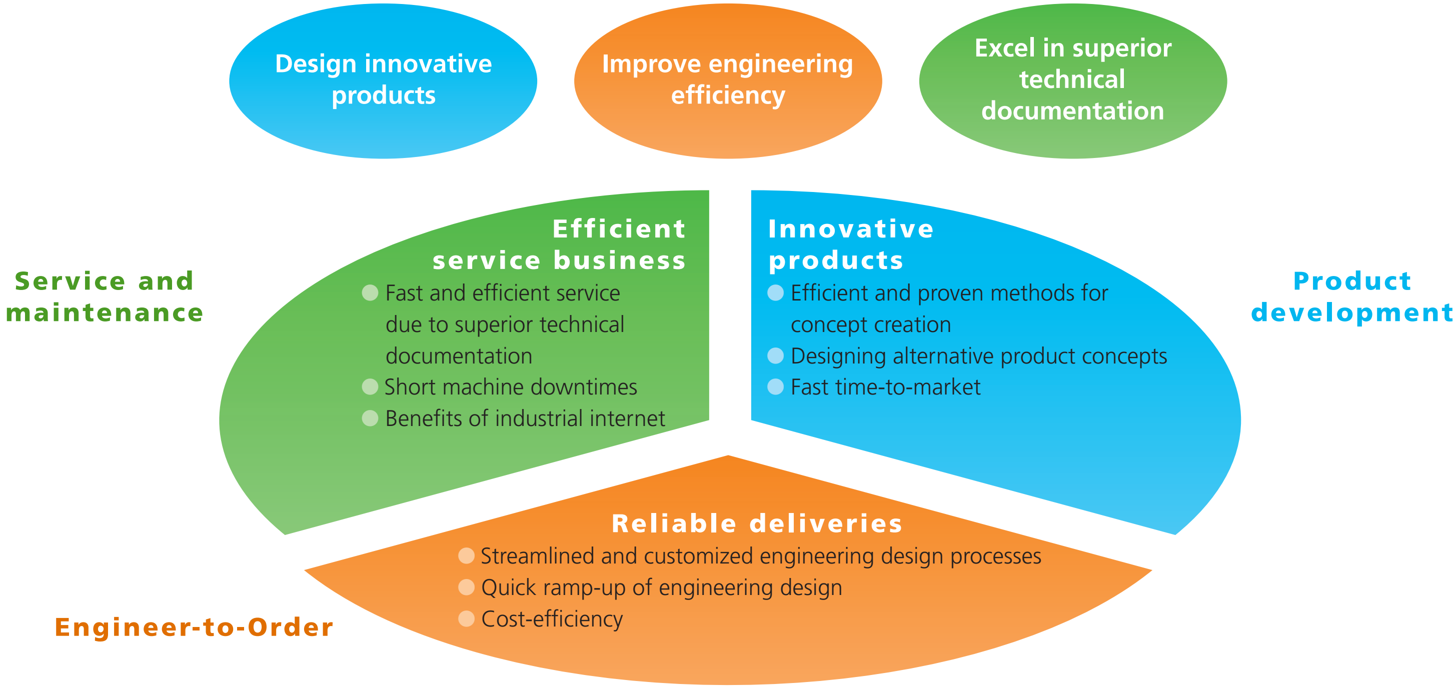
Etteplan is a forerunner in improving the efficiency of engineering design.



Etteplan in brief

Etteplan provides engineering design services and technical product information solutions to the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products and engineering processes throughout the product life cycle.

With us you can:



We have extensive industry expertise including:

Aerospace and defense	Industrial machinery and components	Mining and materials handling
Energy and power transmission	Lifting and hoisting	Steel
Forest and paper	Medical technology	Transportation and vehicle

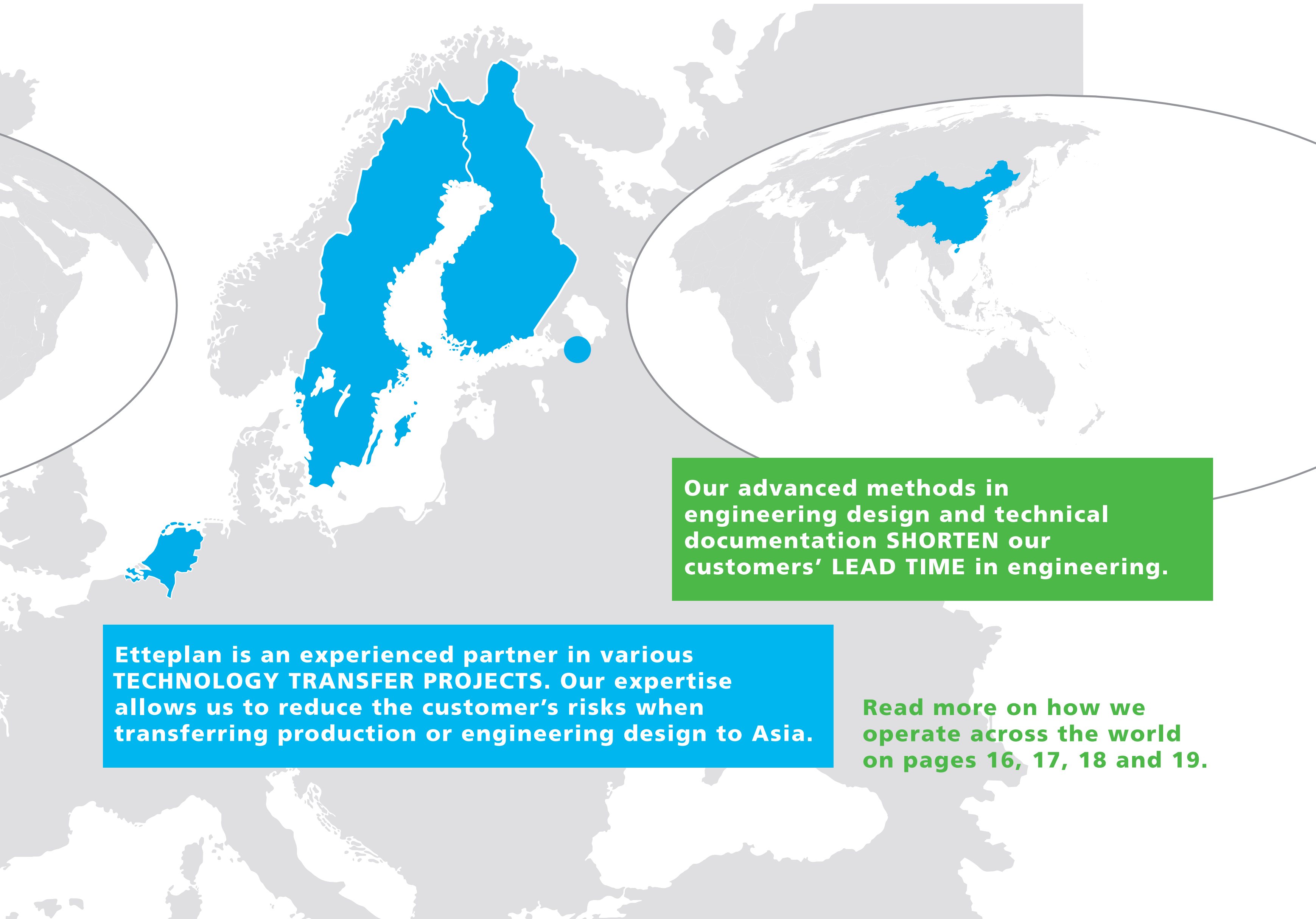
Etteplan's vision: Our customers get the best service solutions anywhere at any time

According to Etteplan's new vision published in 2013, Etteplan aims to provide the best service solutions to its customers regardless of their location. Our service solutions offer our customers concrete benefits, such as cost-efficiency and high quality in engineering design and technical documentation.

We produce the same services IN DIFFERENT TIME ZONES, which allows our customers to make effective use of time.

Our service solutions give our customers more time to FOCUS ON THEIR CORE BUSINESS.

Our offshoring services help our customers IMPROVE THE COMPETITIVENESS of their products.



Our advanced methods in engineering design and technical documentation SHORTEN our customers' LEAD TIME in engineering.

Etteplan is an experienced partner in various TECHNOLOGY TRANSFER PROJECTS. Our expertise allows us to reduce the customer's risks when transferring production or engineering design to Asia.

Read more on how we operate across the world on pages 16, 17, 18 and 19.

Focus areas in business operations

Since 2009, the cornerstones of Etteplan's strategy have been:

Customer focus: Focus on selling Etteplan's entire service offering to increase customer share.

Service solutions: Industry forerunner in the development of innovative service products and solutions.

One Etteplan: Leverage synergies and provide our employees with development opportunities.

Engineering methods (included since 2012): Market leader in advanced engineering methods and practices.

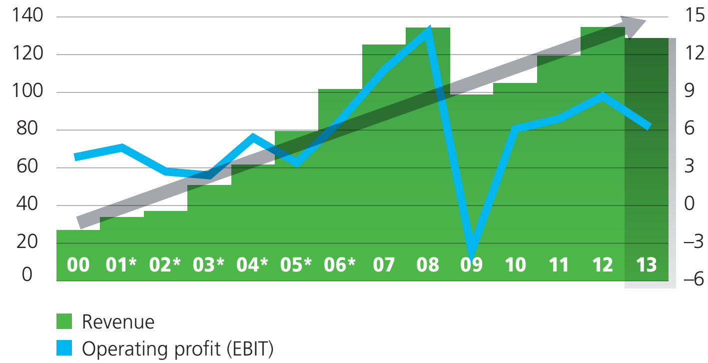
The focus areas in Etteplan's business operations are derived from the company's business strategy. They are aimed at achieving organic growth and profitability. Development in the focus areas is monitored and reported.

Focus areas in business operations

Inorganic growth

is pursued through business acquisitions focused on increasing the company's competence capital.

Development of Etteplan's growth 2000–2013 (EUR million)



* includes continuing and discontinued operations

Results in 2013

Declined by 6.5%

Exceeded 25%

Significant new accounts

Grew faster than in other countries

Etteplan's goal is to increase the proportion of revenue represented by high value-added services. High value-added services refer to Managed Services in which Etteplan, according to the service agreement, assumes responsibility for a specified customer process or part thereof.

Examples of Managed Services include comprehensive project deliveries, continued services and service products. In addition, Etteplan offers its customers temporary staffing solutions and consulting services.

Etteplan in 2013

- Etteplan celebrated a milestone in 2013: The company has now operated for 30 years.
- Productized services developed in line with strategy: The proportion of revenue represented by Managed Services exceeded 25 per cent. Etteplan announced a new service product, Etteplan SIS.
- Business operations in China grew: Etteplan won significant new accounts and assignments in China. The new accounts include large Chinese manufacturing companies. For the first time in the company's history, Finnish engineering expertise was exported to China for a Chinese customer.
- Ingman Group Oy Ab increased its holding: Ingman Group has been a shareholder in Etteplan since IPO in 2000. In fall 2013, the holding increased to 66.85 per cent.

Q4 / 2013

DECEMBER

- Etteplan has received a new order from WYEC in China
- Etteplan's global services successful in China
- Etteplan involved in designing shopping mall to be constructed by SRV in Russia

NOVEMBER

- Etteplan announces closer cooperation with the future Valmet Corporation
- Etteplan releases service product to support service and maintenance business: Etteplan SIS

OCTOBER

- Etteplan designed next-generation virtual training device for surgical operations

Q3 / 2013

SEPTEMBER

- Etteplan supports Metso Paper Sweden in the design of an energy efficient tissue machine

AUGUST

- Etteplan to design new generation engine testing system for China
- Etteplan to design wave energy testing facility for AW-Energy

Q2 / 2013

JUNE

- Fortum Värme outsources technical documentation to Etteplan
- Etteplan and Sulzer Pumps strengthen cooperation in Sweden

Q1 / 2013

MARCH

- Etteplan selected as Ensto's main partner

FEBRUARY

- Etteplan and Volvo Car Corporation to deepen cooperation in testing of future proof air condition systems

JANUARY

- Etteplan developing a control system for Chalmers' biogas reactor

Quick facts

Etteplan is the market leader in Finland and among the largest engineering design companies in the Nordics.

Personnel **1,728**, of whom 1,097 are in Finland, 413 in Sweden, 83 in the Netherlands and 135 in China.

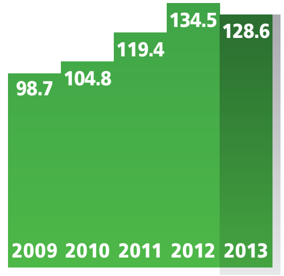
Places of business: **23** sites in Finland, **13** in Sweden, **1** in the Netherlands, **2** in China, sales office in the US and representation in Russia.

Etteplan's shares are listed in NASDAQ OMX Helsinki under the ETT1V ticker.

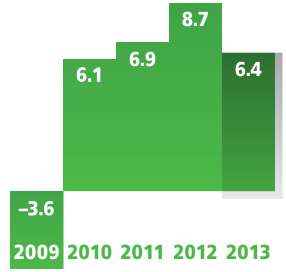
Key figures

- The Group's revenue declined by 4.3% and was EUR **128.6** million (1–12/2012: EUR 134.5 million).
- The operating profit decreased by 27.0% and was EUR **6.4** million (EUR 8.7 million).
- The profit for the financial year was EUR **4.4** million (EUR 5.6 million).
- Operating cash flow decreased and was EUR **1.8** million (EUR 11.3 million).
- Earnings per share were EUR **0.22** (EUR 0.29).
- The Board of Directors proposes a dividend of EUR **0.11** per share.

Revenue (EUR million) 2009–2013*

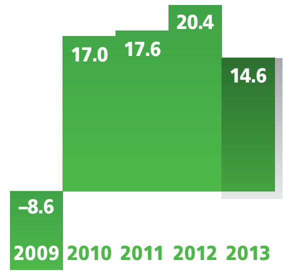


Operating profit (EUR million) 2009–2013*

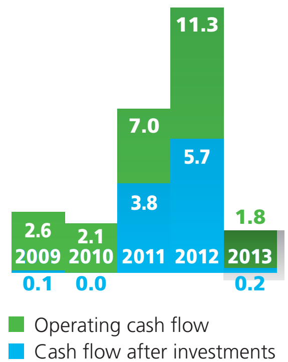


Earnings per share (EUR) **and dividend** (EUR/share) 2009–2013*

Return on capital employed (ROCE) 2009–2013 (%)*

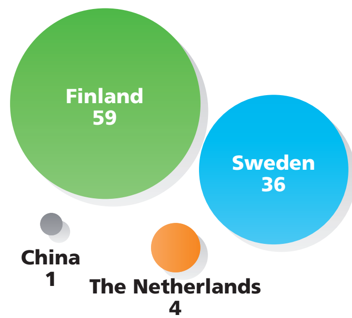


Cash flow (EUR million) 2009–2013*



* continuing operations

Revenue by geographical area 2013 (%)



Business operations in China were successful

The year 2013 was more difficult than expected for Etteplan. Demand was at a low level from the beginning of the year, and continued to decline during the autumn. The weak demand had a significant effect on revenue and profitability. The decrease in operating profit was larger than the fall in revenue due to the utilization rate of engineering design capacity being lower than the previous year on average.

In 2013, the development of our industry was affected by research and product development operations moving partially outside Finland, the number of outsourcing assignments growing as part of customers' cost-reduction programs, and the level of investment in Finland being low. I expect this development to continue in 2014.

Our service offering and business strategy, which are geared towards higher value-added service solutions, have proved to be effective even in the weak market situation. In the early years of the 2000s, Etteplan grew quickly as engineering companies outsourced their engineering design functions. At the time, outsourcing was a fairly undeveloped transfer of risk to a service provider without operational added value for the customer. This involved the personnel of the company that outsourced its operations being transferred to the service provider. Outsourcing logic has changed significantly over the past few years. In 2013 we received confirmation of the effectiveness of our Managed Service model as customers sought to increase the efficiency of their operations. The operating model involves the customer outsourcing engineering design or technical documentation to Etteplan, which will produce the service more efficiently than before.

In 2013, we published Etteplan's new vision: Our customers get the best service solutions anywhere at any time. As the vision states, our goal is to serve our customers across all time zones. We are already very well prepared for this. During the last year, we participated in several customer projects around the world. We carried out product development and Engineer-to-Order projects in China for Western customers and received our first assignments involving companies operating in China buying top-level Nordic engineering expertise. Substantial differences in wage levels appear not to constitute a significant obstacle to exporting top-level expertise to lower-cost countries at present and also going forward. We also began several cooperation projects in which we helped our customers move their engineering design work to Asia.

Etteplan maintained its market-leading position in Finland. In the Swedish market, Etteplan faced a tight competitive situation and our operations continued to be burdened by the high rate of attrition in the industry and the intense competition for skilled personnel. Etteplan's position in the Chinese market strengthened and the volume of work sold to China increased substantially. Although the business operations in China do not yet account for a large share of revenue, the Chinese operations are growing faster than the Group's business operations as a whole. At the current rate of growth in Chinese operations, they will represent a significant proportion of the Group's business in the coming years. From the perspective of implementing the business strategy, China already plays a very significant role.

The beginning of 2014 has not brought significant changes to the uncertain market situation. Our goal is not only to grow our Nordic accounts and market share, but also to have a strong focus on new customer acquisition, particularly in China. In addition to China, we consider the best opportunities for growth to lie in technical documentation, an area in which our offering is the most advanced in Europe. The role of technical documentation will be highlighted as our customers increase the efficiency of and grow their service and maintenance business.

In Sweden, our goal for 2014 is to improve our position in a challenging competitive situation. In January we made a small but important acquisition by buying the aerospace and defense industry service provider ProAvia. Demand in the industry is good. The Swedish aerospace and defense industry received the most significant orders in its history in late 2013.

The past year has been hard for our personnel. Faced with a weak market situation, we were forced to implement adjustment measures. I would like to thank our personnel for their commitment to the Company at this challenging time.

I also wish to thank our customers for their trust and confidence in the Company and their long-term cooperation with Etteplan. In some cases, this cooperation has continued throughout the Company's entire 30-year existence.

The change in Etteplan's ownership structure that took place in autumn 2013 was significant. I thank our owners for their commitment to the Company and its development.

Juha Näkki
President and CEO

Our goal is to serve our customers across all time zones.

Annual management review

Business strategy was effective

The most significant individual events in 2013 were the new ownership structure and the publication of the Company's new vision. A strong and committed key owner provides Etteplan with strong opportunities for growth, and the new vision elevates the Company's goal to serving customers everywhere in the world.

Ownership structure

There was a significant change in Etteplan's ownership structure in fall 2013. Following trades completed on August 16, 2013, Ingman Group Oy Ab's holding of Etteplan's share capital and voting rights increased to 30.52 per cent. As a consequence, Ingman Group was obligated to launch a mandatory takeover bid for the remaining shares in Etteplan pursuant to the Finnish Securities Markets Act, Chapter 11, Section 19. Following the completion of the mandatory public takeover bid, Ingman Group's holding of shares and votes increased to 66.85 per cent. Ingman Group has been a shareholder in Etteplan since IPO. A strong and committed key owner is important for Etteplan and provides the Company with strong opportunities for growth and development.

The Managed Service business model provides Etteplan with the opportunity to differentiate itself from its competitors.

Operating environment and competitive situation

The operating environment remained challenging throughout the entire year. Industrial customers initiated substantial cost saving programs in Europe during the review period, and investments were postponed for the second year running. The deflationary price spiral in investment goods weighed on the entire engineering sector and its subcontractors. Growth in the Chinese market was slower than in 2012, but there was positive development in the market opening up to service business in a new way. This was partly attributable to tightening Chinese labor market legislation and a shortage of skilled personnel in growth centers, which led to companies recruiting fewer employees of their own for engineering design work.

Etteplan maintained its market leadership in Finland. In Sweden, however, Etteplan faced a challenging competitive situation. The shift in the business model towards higher value-added services has been slower in Sweden than in Finland. In comparisons related to the service business, Finland has been ahead of Sweden with regard to the volume of outsourcing. In Sweden, the business model in the engineering design industry is still traditionally based on temporary staffing.

Vision and strategy

In fall 2013, Etteplan announced its new vision: "Our customers get the best service solutions anywhere at any time." By redefining its vision, the Company raised its goal: we want to offer our customers the expertise of the entire Group as productized service solutions, regardless of time and place. For our customers, this means an even easier way of buying Etteplan's services in any country, and for our personnel it means opportunities for professional development as their duties become increasingly diverse. Productized services refer to the Managed Service business, in which the capacity utilization rate can be maintained at a good level, which improves the profitability of operations.

The business strategy has proved to be effective and remains unchanged.

Focus areas of business operations

The focus areas of Etteplan's business operations in 2013 were growth in key accounts, increasing the share of revenue accounted by high value-added services (Managed Services), growth in sales of technical documentation service solutions and growth in business operations in China. These will also be the focus areas of business operations in 2014.

Customer focus

Customer focus refers to selling Etteplan's entire service offering to increase customer share. The market situation was challenging, particularly for large engineering industry companies in the Nordic countries, and this was reflected throughout the outsourcing chain. While Etteplan's market position remained strong, the growth in accounts was even weaker than the overall growth.

Etteplan received its first assignments in which technically demanding engineering design work for Chinese customers was performed in Finland.

Managed Services

The Managed Service business model refers to an operating method in which recurrent engineering design or technical documentation tasks are outsourced to an external service provider. The customer outsources the project, engineering design process or a part thereof without taking a stance on what human resources are used and what country the service is produced in. The traditional business model in the engineering design industry is temporary staffing. The Managed Service business model provides Etteplan with the opportunity to differentiate itself from its competitors: it offers customers more cost-efficient engineering design services and the opportunity to focus on their core business. It is also a more profitable business for Etteplan.

China

Etteplan has set two goals for its Chinese business operations: to produce offshoring services for Etteplan's Western customers and to offer new business opportunities in a rapidly growing market area. Etteplan's Chinese offices have participated in nearly all of Etteplan's Managed Service projects. In these projects, recurrent engineering design or technical product information tasks are transferred to China in order to improve cost-efficiency.

Thanks to the opening up of the Chinese market, Etteplan has won significant new local accounts that, faced with rising labor costs and tightening labor legislation, are finding it more difficult to keep engineering design resources in-house. In 2013, Etteplan received its first assignments in which technically demanding engineering design work for Chinese customers was performed in Finland. These new accounts included large Chinese manufacturing companies.

Technical documentation

Technical documentation offers Etteplan significant opportunities for organic growth. In terms of its size, Etteplan is currently one of Europe's largest providers of technical documentation services. The service solutions productized by the Company represent the top of the industry both methodologically and technologically. Several large engineering companies implemented Etteplan's technical documentation methods during the year. Sales developed positively towards the end of the year.

Sustainable development

The development of industrial equipment follows the development of the industrial internet and environmentally friendly technologies, which are aimed at low emissions and environmentally friendly materials. All of these goals are taken into consideration in the design phase for a machine or piece of equipment. After the design phase, there are only marginal opportunities for influencing sustainable development solutions. For this reason, engineering design solutions have an impact on the environmental load of a machine or piece of equipment throughout its entire life cycle. Etteplan's engineering design solutions are based on the principles of sustainable development. In 2014, the Company's goal is to increase awareness of the personnel of the significance of sustainable development in engineering design work.

Technical documentation offers Etteplan significant opportunities for organic growth.

Growth, profitability and cash flow

The Company's growth, profitability and cash flow weakened in 2013. The weak market situation and the resulting decline in the demand for engineering design services was reflected in Etteplan's business, with the exception of Chinese operations. Revenue was EUR 128.6 million (2012: EUR 134.5 million), operating profit EUR 6.4 million (EUR 8.7 million) and operating cash flow EUR 1.8 million (EUR 11.3million). The reduced business volume and lower capacity utilization rate had an effect on the Company's profitability. A key goal for 2014 is to grow organically as well as through acquisitions. The new ownership structure provides an even stronger foundation for growth.

Business review

Demand for engineering design services was on a low level in 2013

In 2013, Etteplan focused on four focus areas in its business operations: growth in key accounts, the share of revenue accounted for by high value-added services, growth in sales of technical documentation service solutions and growth in business operations in China. Due to the weak demand situation in 2013, the results achieved in respect of these objectives were varied.

The demand for engineering design services among Etteplan's key accounts weakened in the difficult market situation. Sales to key accounts did not grow in line with targets, instead declining by 6,5 per cent from the previous year. The demand for engineering design services is primarily affected by the development of the order books, new orders and revenue of the export industry. In Finland and Sweden, these declined by approximately 6-10 per cent according to different estimates.

The number of working hours sold in the Chinese market grew by nearly 80 per cent.

The proportion of revenue represented by high value-added Managed Services grew and exceeded a quarter of revenue. In 2013, we published a new target, whereby Managed Services shall account for 50 per cent of revenue by the end of 2016.

The development in the demand for technical documentation corresponded with the development in the demand for engineering design services and remained at a low level on average. We acquired several new significant accounts in the area of technical documentation and, according to our estimate, our market share grew. On the whole, however, sales did not develop in line with our expectations.

The development of business operations in China was positive, with operations in China growing significantly faster than operations in other countries. The objective of our units in China was to increase the number of local accounts in addition to offshoring operations. This objective was achieved in 2013: The number of working hours sold in the Chinese market grew by nearly 80 per cent and accounted for approximately half of invoiced working hours.

Operating environment

The operating environment was challenging. In 2008, the year before the financial crisis, the combined revenue of technology industry companies amounted to EUR 81 billion. In 2012, their revenue was EUR 67 billion, and the revenue for 2013 has been estimated to have decreased by approximately 10 per cent from the 2012 level. The demand for engineering design and technical documentation services was low in early 2013 and continued to decline further in the autumn. There were some country-specific differences: the demand situation in Finland and the Netherlands was weaker than in other countries. The demand in Sweden was slightly better than in Finland, and the Chinese market grew, with the emphasis of the growth being on the domestic market.

In Etteplan's most important customer industries, the demand for engineering design services was, on average, at a lower level than in 2012. The exception to this was the demand for engineering design services among lifting and hoisting equipment manufacturers, which remained good on average throughout the year. Demand among customers in the energy and power transmission industry declined slightly. Demand for engineering design services among customers in the forest industry equipment sector was at a low level for the third consecutive year, with the exception of certain individual projects of significant size. Demand among mining equipment manufacturers weakened clearly in 2013. The development of demand in the transportation and vehicle industry was inconsistent. Demand among truck manufacturers was at a good level due to exports to the European market. Demand in the rest of the transportation and vehicle industry did not improve significantly during the year. Demand in the aerospace and defense industry developed inconsistently and was, on average, at a satisfactory level. The Swedish aerospace industry received significant new orders at the end of 2013, which is expected to improve the demand for engineering design services in 2014.

Revenue, operating profit and cash flow

Revenue decreased by 4.3 per cent, amounting to EUR 128.6 (2012: 134.5) million. The most significant factor in the decline in revenue was the decrease in several key accounts in the weak economic situation. Etteplan's key accounts include several engineering companies that were successful despite the market situation. The growth in these accounts was also significant to Etteplan. No acquisitions were made in 2013. The organic growth was –5.2 per cent.

Operating profit declined by 27.0 per cent and amounted to EUR 6.4 (2012: 8.7) million. The operating profit percentage was 4.9 (2012: 6.5). The most significant factor in the decrease in operating profit was the decline in the utilization rate of engineering design capacity.

Business review by market

Finland

In Etteplan's business operations in Finland, lifting and hoisting

case

__Mika Oijennus__, Regional Director at Etteplan, is in charge of the Vaasa and Kokkola offices. He is also responsible for bringing Finnish engineering work to a plant project in China for Etteplan's customer Wärtsilä Yuchai Engine Co. Ltd.

World-class engineering know-how from Finland to China

Chinese engine manufacturer Wärtsilä Yuchai Engine Co. Ltd (WYEC) is building a new plant in Zhuhai City, Guangdong Province. The facility, which will be completed in 2014, will feature state-of-the-art technology: testing of several engine types covering a wide power range will now be possible within a single testing unit.

Etteplan proved to have the right solutions for this project, which was challenging in terms of both technology and project management. Etteplan has been entrusted with ensuring the functionality of the plant's testing unit, the engineering of electrical, automation and pipework systems, and project management.

Etteplan's Finnish and Chinese expert teams in place in several locations are in charge of the engineering work and the transfer of technology to China. The transfer of world-class engineering know-how from Finland to China is made possible by Etteplan's functional processes and virtual operations: the solutions delivered to the customer are in line with the local engineering requirements, even though the work is carried out in Finland.

equipment manufacturers maintained a good demand for engineering design services, while the demand among other customer industries was below the 2012 level. Despite the weak demand situation, Etteplan continued to supply engineering design services and technical product information services even to those of its customers that had substantial cost-saving programs underway in 2013. Part of the customers' cost-saving programs involved employees being transferred to Etteplan. An example of this was the transfer of employees from Valmet to Etteplan. Etteplan acquired strong new accounts in the segment of medium-sized technology companies, such as Ensto, Rocla and Flowrox.

Etteplan's market position in Finland remained strong. Etteplan's market position was strengthened in 2013 particularly in electrical and electronics engineering design.

Investment projects were slow to take off in 2013. An exception to this low level was constituted by shopping centre and factory projects carried out in Russia. In 2013, Etteplan received several significant projects from Finnish construction and industrial companies that invest in the Russian market.

In Finland, Etteplan's significant accounts included, among others, Sandvik, Valmet, KONE, Konecranes, ABB, Cargotec, Outotec and SRV.

Etteplan participated in several product development projects in Finland in 2013. AW-Energy placed an order with Etteplan for the engineering design for a testing facility for its patented WaveRoller technology, which utilizes wave energy. The WaveRoller converts the wave surge phenomenon that takes place on the shoreline into electrical energy.

Etteplan continued to produce technical product information services using the Managed Service model, involving part of the work being performed in China. New customers for whom technical product information services are produced using the Managed Service model included, among others, Rocla and Maillefer.

Sweden

The demand for engineering design services and technical product information solutions in Sweden was at a lower level than in 2012. Swedish export companies did, however, receive several significant orders at the end of the year. For example, SAAB AB received the most significant orders in Sweden's industrial history from Airbus and Boeing, as well as an order for Gripen from the Brazilian government. As a whole, demand for engineering design services in Sweden was at a better level than in Finland. At the same time, Etteplan's competitive situation in Sweden is more challenging than in Finland. The consolidation of the engineering design industry in Sweden continued in 2013, and this development significantly tightened the competitive situation.

Business operations in Sweden did not develop as expected in 2013. The tightened competitive situation, along with attrition and the resulting decrease in the number of employees, burdened revenue and profitability.

case

***Jessica Gejskog** is working as Department Manager responsible for Technical Documentation at Etteplan in Linköping, Sweden. Jessica has been managing the spare parts catalogue projects to Siemens Industrial Turbomachinery.*

Fast and efficient services enabled by global expert teams

Siemens Industrial Turbomachinery AB in Sweden is a long standing customer of Etteplan. Etteplan's service solutions to Siemens include mechanical and electrical engineering, production of spare parts catalogs and of installation drawings for the company's gas turbines.

The technical documentation services to Siemens are provided by Etteplan's teams in the Netherlands and Sweden. Thanks to Etteplan's expertise and advanced tools in creating technical product information, the teams are able to produce spare parts catalogs in the shortest possible time, often in just a few weeks.

The installation drawings of Siemens' turbines are produced in Etteplan's engineering unit in China. Quick turnaround time combined with cost efficiency and superior quality ensures Siemens' satisfaction towards Etteplan's global service solutions.

These were partly compensated for by good success in expert services in air conditioning technology and engine testing and optimization, new accounts in technical documentation and the strengthening of the Company's position in engineering design for the mining industry. Etteplan's engine testing services operated at full capacity throughout the year, and testing services were also provided for new customers. A five-year contract was signed with Volvo Cars Corporation regarding the set up and maintenance of a HVAC testing facility.

In 2013, Etteplan's accounts in Sweden included, among others, Sandvik, ABB, Bombardier, FMV, SAAB AB, Siemens Industrial Turbomachinery, Fortum Värme, NEVS and Volvo AB.

The sales of service solutions took a positive turn in Sweden in 2013. Etteplan signed several new contracts for technical product information services. The largest of these was the outsourcing agreement concluded with Fortum Värme, according to which Fortum Värme's department responsible for technical documentation was transferred to Etteplan. This was Etteplan's first outsourcing agreement in Sweden. New agreements for global item management using the Etteplan ITEM service solution were signed with home appliance manufacturers. Part of the work related to these services is performed in China.

The Netherlands

In technical product information services in the Netherlands, there was a strong focus in 2013 on product development, training and sales development. The aim was to improve the entire organization's ability to sell technical product information services to all Etteplan customers.

As a result of the product development, the Etteplan SIS service product was launched in the autumn to help customers improve the efficiency of their service and maintenance business. The Etteplan SIS (Service Information System) service for content production and distribution, and the HyperSIS software solution are intended for all service and maintenance organizations aiming to ensure high quality and efficiency in product use and maintenance. The HyperSIS application received an innovation prize in the spring from NVSM (De Nederlandse Vereniging voor Service Management), a Dutch organization promoting the service and maintenance business.

In the Netherlands, the sales of technical product information services were primarily targeted at established long-term partners, among which the largest accounts include Philips, Atlas Copco, NXP and Boeing.

China

The demand for engineering design services and technical product information solutions in China was at a good level due to the growth of the domestic market. The growth in Etteplan's operations in China is affected more by the development of the service market than macroeconomic growth. Etteplan's major competition in China comes from customer

case

***Winni Liu** works as Project Manager in Etteplan's office in Kunshan, China. She is responsible for providing the best service solutions in technical documentation to Sandvik Mining and Construction in Australia.*

High-quality technical writing from China to Australia

Sandvik Mining and Construction in Brisbane, Australia, designs and manufactures the world's leading drill rigs to customers all around the world. In order to focus on product development and deliveries, Sandvik has decided to outsource the production of technical documentation to a reliable partner.

Since 2012, Etteplan supports Sandvik's unit in Australia in producing technical manuals based on Simplified Technical English (STE). The service is provided from Etteplan's engineering unit in China.

Sandvik holds the competence and service attitude of Etteplan's team in China in high regard. Thanks to Etteplan's advanced methods and tools, Sandvik can rest assured to get high-quality technical documentation which complies with the existing Machinery Directives.

organizations. The development of the demand for engineering design services in China is mainly determined by customers' decisions on whether to keep engineering design functions within their own organizations or to buy them as outsourced services. As labour legislation becomes stricter and the competition for skilled workers increases, machinery and equipment manufacturers are increasingly deciding to subcontract engineering design services. Compared to previous years, large Chinese engineering companies and home appliance manufacturers were also more interested in Western expertise.

Etteplan continued to operate as the established offshoring partner for several Nordic engineering companies in 2013. During the year, the Company acquired a substantial number of new accounts that are either international companies operating in China, or large local Chinese companies. In 2013, Etteplan's accounts in China included, among others, WYEC, Konecranes, Valmet, KONE and Lei Shing Hong Machinery.

The units in China operated as the established offshoring partners for technical product information services for Etteplan's customers in 2013.

Year 2014

The year 2014 began in an uncertain market situation. The order books of Etteplan's key customers have not, on average, improved significantly from the level seen in the second half of 2013. Tendering activity in the early part of 2014 has been higher than in the latter part of 2013.

Outlook 2014

Market outlook

The most important factor in the development of Etteplan's business operations is the development of business operations in the machinery and metal industry. At the beginning of 2014, the new orders and order books of the machinery and metal industry were at a lower level than in the corresponding period in 2013. In the last quarter of 2013, new orders turned to slight growth. The development of the demand situation for engineering design services in the first quarter of 2014 is uncertain despite the slightly improved market situation.

Financial guidance

We expect the revenue and operating profit for the year 2014 to grow compared to 2013.

case

Eero Alenius *is responsible for plant engineering services at Etteplan. He is Regional Manager at the Kouvola office. Eero has been part of numerous plant projects in different countries, and is also in charge of the detail engineering for Okhta Mall being built by SRV.*

Finnish engineering exported to Russia

SRV Group Plc is a real estate developer and construction company that operates in Finland, Russia and the Baltic countries. Among SRV's most significant construction projects is the Okhta Mall being built in St. Petersburg, Russia. The shopping center, one of the largest to be built in the area, is expected to be completed in spring 2016.

Etteplan's Finnish experts are responsible for the mall's building technology, such as HVAC, electrical, telecommunications and security systems. Etteplan has engineering and installation supervision permits covering all of Russia, as well as decades of experience of local operating procedures and engineering requirements.

For SRV, it is important to minimize the potential risks associated with the construction project, as well as the operating costs of the building once in use. Etteplan's engineers employ state-of-the-art building technology. Their use of 3D tools ensures, already in the planning stage, the best possible functionality and compatibility of the building's equipment and pipework systems.

Corporate responsibility guides our operations

We consider corporate responsibility to be one of the most important preconditions for successful business operations. By operating responsibly and observing the principles of sustainable development, we can generate financial value for our owners, secure continued employment for our personnel, and ensure the competitiveness of our customers' products.

Financial responsibility

Financial responsibility creates the foundation for profitable long-term business operations. This is the way to secure jobs and to ensure that the company has the best possible development opportunities well into the future.

In 2013, Ingman Group increased its ownership in Etteplan to 66.85 per cent. This development reflects the long-term owner's commitment to the Company and its development.

Social responsibility

Etteplan is a major employer in Finland and Sweden. In 2013, Etteplan employed on average 1,736 experts, 1,094 of whom were employed in Finland, 421 in Sweden, 85 in the Netherlands and 136 in China.

In Finland, Etteplan has an extensive network of 23 offices, with a further 13 offices in Sweden, allowing us to provide our customers with the local service they value.

Etteplan is committed to implementing a responsible human resource policy and supporting the professional development of personnel. One of the goals for human resource management in 2013 was to increase the transparency of internal job opportunities in the Company for current employees. The Company also aimed to promote job satisfaction by adopting a consistent career model, which was implemented in Finland and Sweden in 2013. Etteplan's personnel and human resource management is discussed in more detail in the Personnel section on pages 23-24.

Environmental responsibility

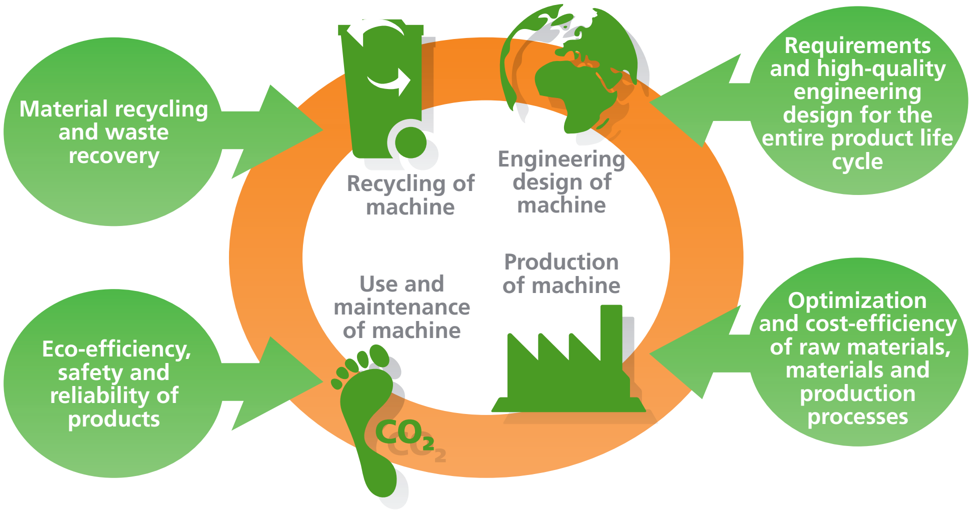
The carbon footprint caused by Etteplan's operations is limited to normal office work and moderate business travel. In internal meetings, we aim to utilize electronic meeting technology whenever possible. Environmental responsibility plays an important role in our business operations, as we have a significant effect on the safety and environmental friendliness of our customers' products.

Our engineering design solutions and services promote the realization of our customers' principles of sustainable development.

Sustainable and high-quality design allows us to minimize the costs related to the development, manufacture and use of the product. Our regulatory expertise related to our customers' products is part of our core competence and the starting point of our design work.

Etteplan's technical documentation services also have a significant effect on the implementation of environmental responsibility in customer organizations. Our unique methods of producing and distributing technical documentation to serve the needs of our customers' maintenance operations promote the realization of the principles of sustainable development: the reusability and shortened content of technical images and text lead to lower material volumes and related production costs for customers.

Etteplan's operations meet the requirements of the ISO 9001 quality management standard and the ISO 14001 environmental management standard.



With our engineering design solutions, we can influence the environmental load of the customer's machinery or equipment throughout their entire life cycle. Sustainable product design reduces the environmental impacts of products and machines and ensures their compliance with requirements.

Examples of Etteplan's environmental acts in 2013

Expertise in environmental technology is an important competitive advantage for Etteplan, which regularly leads to the company receiving significant engineering design assignments. Many of the assignments we received in 2013 were related to the development of cleantech products or increasing the environmental and energy efficiency of the customer's product.

Etteplan received an assignment from Finland-based AW-Energy for the engineering design for a wave energy testing facility. The facility enables long-term testing and is a significant step in the industrialization of wave power.

Etteplan participated in the engineering design for an energy efficient tissue machine for Metso Paper Sweden.

Personnel

Rapid market changes reflected on personnel

The year 2013 was challenging also for Etteplan's personnel. There were several rapid changes in the market environment that affected employees.

In 2013, responding to some of the market changes required flexibility and quick reactions in commencing new assignments across organizational and country borders. At the same time, adjustments to the number of personnel were necessary in several locations as customers' order backlogs contracted.

Etteplan's customers cut down number of personnel particularly in Finland, but reductions in personnel were not avoided in Sweden either. As a consequence of certain adjustment measures, customer employees were transferred to Etteplan. In several accounts, the focus of engineering design operations was shifted outside Finland. Etteplan received several assignments in 2013 involving engineering design expertise being transferred to Asia, while more demanding work continued to be performed in Finland and Sweden. Etteplan's experts were offered opportunities during the year to participate in overseas assignments, and there was considerable interest in these opportunities. Thanks to Etteplan's virtual operating models and tools, the Company increased the number of engineering design assignments in which work could be divided between different countries and offices to maximize customer benefit and cost-efficiency. For the first time in the Company's history, Finnish engineering expertise was exported to China for a Chinese customer.

Human resource management

The visibility of the internal job market was developed to ensure that the right people and expertise are identified for assignments. Positive feedback was received from personnel regarding the open internal job market. The goal for 2014 is to offer even more work and development opportunities within the Company for current experts.

The implementation of personnel processes was continued. Etteplan's career model defines all expert positions, complete with job descriptions and requirements. The career model was introduced to all experts in Finland and Sweden in conjunction with the annual personal development discussions, providing information to each employee on their expert position and its requirements. The aim is to also implement the model in China and the Netherlands in 2014. The career model is used as one tool for personnel development. As in previous years, Etteplan uses a competence management tool, the content of which is updated in conjunction with annual personal development discussions and the preparation of individual development plans. The progress of the personal development discussions is monitored in the Company on a monthly basis. The development target for 2014 will be to further enhance the harmonization of personnel processes and make them established practices. The results of the personnel survey were analyzed and development plans were prepared in all units based on the survey results. The implementation of development plans was monitored as in previous years.

One of the focus areas in 2013 was to develop cooperation with personnel. The goal of Etteplan's Working Committee is to increase cooperation between the employer and personnel groups. Cooperation with personnel representatives was increased: among other things, the number of meetings with local personnel representatives and industrial safety delegates was increased and the matters discussed at these meetings were monitored on a centralized basis. In Sweden, the Company has engaged in close cooperation with personnel for longer due to reasons including local agreement practices being different and more flexible than in Finland. Cooperation with personnel in the Netherlands is also well-established, and in 2013 Etteplan's personnel in China also became unionized.

Personnel structure and staff costs

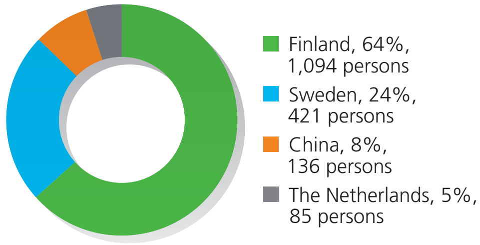
At the end of 2013, Etteplan had a total of 1,728 employees, of whom 1,097 worked in Finland, 413 in Sweden, 83 in the Netherlands and 135 in China. 61.6 per cent of the personnel held a Bachelor-level engineering degree and 21.2 per cent a Master's degree. There were no significant changes to the personnel age structure, which remained balanced.

Etteplan paid a total of EUR 90.2 million in salaries and other staff costs in 2013. Staff costs are the largest single expenditure. The Company reached local salary agreements during the year in both Finland and Sweden. In Sweden, the agreements are practically purely local agreements, with the labor market parties concluding national agreements only on recommended levels of wage increases. In Finland, a local salary agreement was last reached in 2008.

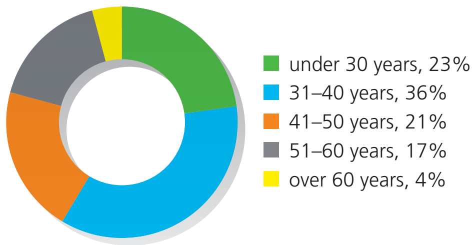
Personnel risks

In the professional service business, personnel risks include the availability of labor and the required expertise. In Finland, Etteplan's market-leading position ensured that the availability of labor continued to be quite good. The recruitment situation was more challenging in the Swedish and Chinese markets. The attrition that is typical of the industry burdened Swedish operations in particular, with the number of personnel in Sweden declining by nearly 10 per cent due to attrition. The competition for competent personnel also increased in China. Personnel risks are discussed in more detail on pages 28–29 of this Annual Report.

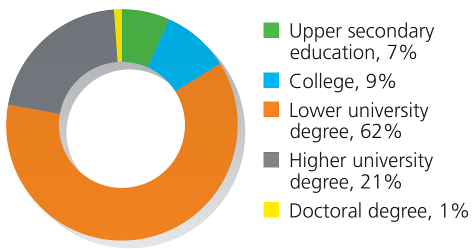
Geographical distribution and average number of personnel 2013



Age distribution 2013



Educational background 2013



The purpose of risk management is to ensure that Etteplan is able to effectively execute its strategy and to ensure business continuity. Etteplan's global operations require comprehensive risk management in order to identify risks related to the Group's business operations and to manage risks adequately.

Risk management

Global operations require comprehensive risk management

Risk management is an integral part of Etteplan's business management and internal control framework. The objective of Etteplan's internal control and risk management is to ensure that the Company's operations are efficient and profitable, its information is reliable, and it complies with appropriate regulations and operating principles. Well managed risk management ensures continuity of our operations.

Etteplan conducted a thorough risk assessment covering the entire business operations in 2011 and a new system for risk management was created. Our focus is on proactive measures and securing our operations, and on limiting adverse impacts and utilizing opportunities in business operations. We systematically map and assess risks and adjust our operations when needed.

The uncertainty caused by the general economic development increased in 2013 and business risks were on elevated level especially during the latter part of the year. During the year we focused to follow changes in the risks discovered in previous years and to identify new business risks as well as to develop proactive risk management.

Risk management principles

Procedures and instructions

Management and mitigation of the impact of risks is one of the Group's principles of operation. The Board of Directors and the Management Group monitor the development of risks. The Group's financial administration monitors and assesses operational and financial risks and takes measures to avert them in cooperation with the Board of Directors, the Management Group and the management responsible for engineering operations.

Organization

The President and CEO of the Company leads the risk management process of the Group with the assistance of the Management Group and a member of the Management Group in charge of risk management. The Management Group follows the major risks of the business units, and oversees the development of risk management system and practices of the Group.

The primary responsibility for risk management rests with the business managers. The managers are responsible for risk management in their business area by following the Group's risk management guidelines. The managers report the major risks and overall risk status of the business area to the Management Group as part of the monthly business reporting.

The Board of Directors oversees risk management and approves the risk management principles of the Group. The risk management actions and most relevant Group level risks are reported regularly to the Board of Directors.

Practices

Etteplan's risk management consists of a co-ordinated set of activities to identify, evaluate, treat and control all major risk areas of the Group in a systematic and proactive manner. Risks related to Etteplan Group's business operations are divided into five categories, and the risks are monitored according to this classification. These risks include both internal and external risks.

A uniform Group-wide risk management assessment is conducted annually in connection with the strategy process.

Description of risks

Etteplan Group's risks have been grouped in five risk categories: strategic risks, operational risks, personnel risks, IT & security risks and financial risks.

According to the estimate of the Company management the greatest risks in the Company's business operations are related to the general economic development, and on the unpredictable changes in customers' business. Since the Company's business is dependent on professional personnel the availability of competent professionals creates a significant operational risk.

Typical risks of Etteplan's business operations are described in the following section. However, the Company's operations may be subject also to other risks. The most significant risks and uncertainties identified during the financial year are described in the Board of Directors report in the Annual Report 2013 on page 35.

Strategic risks

Etteplan's strategic risks are related to business development, business environment, markets and mergers and acquisitions.

Economic downturn can have a negative effect on investments and hence also on Etteplan's business and profitability. The Group aims to reduce its vulnerability to market risks and business cycles by a balanced portfolio of assignments by customers in different industries, market and geographical areas. The engineering design business is characterised by keen global competition. The economic downturn leads to overcapacity and, as a result, to intensified competition.

Etteplan's most significant strategic risks relate to the development of business operations and acquisitions. The Company aims to manage these risks by following its acquisitions policy and applying procedures and models that have been prepared on the basis of this policy. In addition to acquisitions, organic growth is an important part of the growth objectives for Etteplan's business. The key risk in achieving the goal for organic growth is the potential lack of the skilful professionals required.

In 2013 the implementation of Etteplan's strategy continued to proceed well and the share of services yielding a higher value-added grew clearly in business operations.

Etteplan's risk map 2013

Category	Risk scale	Examples of risks	Examples of preventive actions	Responsible organ
	Low … Extreme			
Strategic risks		Business development, business environment, market and M&A related risks	Strategy and business plans, diversified customer base, balanced personnel structure, compliance with M&A procedures, corporate governance, code of conduct and risk management policy	CEO, Management Group, Finance, Human Resources and Communications functions
Operational risks		Organization and management, sales, assingment and customer relationship related risks	Compliance with management systems, sales process, quality policy and KAM and service delivery processes, Group insurances	Business management, Quality, Human Resources and Finance functions
Personnel risks		Competence management, resources and management, attrition, recruitment, staffing assignments, occupational health and well-being related risks	Use of competence management system, employee surveys, internal training, good HR management, introduction process, compliance with code of conduct	Human Resources function, Business management, entire personnel
IT & Security risks		Information security, network and system downtimes, computer viruses and customer IT connections related risks	Compliance with IT policies and IT security regulations, supplier SLA's	IT Director, Business management, entire personnel
Financial risks		Currency, interest, financing and liquidity, counterparty and credit risks	Compliance with payment & credit policies and Group treasury policy, internal control	CFO, Finance function, Business management

Etteplan's strategic risks were as a whole on a slightly lower level compared to previous year. The risk was clearly diminished since the Company's strategy corresponds well to market demands. However, increase in economic uncertainty and weakened demand respectively increased the risk. The competitive situation in the Swedish market was challenging. This affected invoicing rate in business operations and lowered profitability in Sweden.

Operational risks

The Company's operational risks are related to organization and management, sales, assignment and customer cooperation.

Etteplan's greatest operational risks are related to assignments and personnel. The Company's assignments involve risk of services or performances including a professional error, omissions, or other negligence that could cause significant financial or other damage. In order to contain operating risks, the Company applies the following procedures: application of management systems, codes of practice, and acceptance procedures, training of personnel and compliance with instructions on management of quotes and contracts, particularly in delimitation of contractual liability.

Etteplan aims to restrict inherent liability risks by using standard contract terms and insurances. The assignments are carried out on a fixed-price, ceiling-fee or hourly-rated basis. Fixed-price and ceiling-fee assignments contain the risk of involving more professional work or time than estimated as a result of inaccurate time and cost estimates, performance delays, disputes about compensation for additional or changed services, human error or other unexpected circumstances. Quality management systems and project review processes are in use throughout the Group to avoid and mitigate such risks. Regular project reviews are conducted in major assignments and in assignments which are evaluated to include risks. The work in progress, changed and additional work and receivables are assessed and recorded in the accounting and risk management system.

The project manager plays a key role in assignment risk management. The project manager is responsible for managing and controlling the assignment from tender preparation to final acceptance. Training is provided to project managers in all of their essential areas of activity. Supervision mechanisms are in place both in large and risky assignments. Support functions have dedicated resources supporting project managers in their tasks.

Professional services provided to customers involve liability risks. To mitigate such risks, quality management methods are followed in assignments and professional liability has been limited in contracts.

The Company has a liability insurance program that encompasses the entire Group. However, the insurance does not cover all liability risks.

In 2013 Etteplan's operational risks were on previous year's level. The investments in the development of project business have reduced financial risk.

Personnel risks

The Company's business is dependent on professional personnel. Availability of competent professionals is an important factor in ensuring profitability and business operations. Group maintains personnel's job satisfaction and work related well-being by developing Group-wide HR processes as well as by investing in development of personnel.

The most significant personnel risks at Etteplan are related to personnel competence management, attrition and appropriate staffing of assignments. The realization of these risks are prevented among others with the help of regular PDP discussions, a personnel data system covering the entire Group personnel, systematic follow up on occupational health and work related well-being as well as internal procedures and guidelines.

The focus areas in HR management in 2013 are presented in the Annual Report 2013 on pages 23–24.

In 2013 the personnel risks grew compared to the previous year. Increased difficulties in obtaining professional staff in Sweden was an elevated business risk that materialized and burdened the revenue and operating profit.

IT & security risks

Etteplan's business operations are dependent on information and communication systems. Malfunctioning or limited access to the systems can negatively affect the operations of the Group. IT & security risks are related among other things to information security, network and system downtimes, computer viruses and customer IT connections.

Etteplan prevents the realization of information security related risks with the help of internal procedures and guidelines as well as internal control. Measures limiting the effects of external influences on the systems include backup copies, firewalls, system monitoring, virus scanners and managing access rights.

IT & security risks remained in 2013 on previous year's low level.

The purpose of risk management is to ensure business continuity.

Financial risks

Etteplan Group's most significant financial risks are related to business financing as well as currency and translation risks. The financial risks are managed in accordance with the treasury policy approved by Etteplan's Board of Directors. The aim is to hedge against significant financial risks, balance the cash flow and give the business time to adjust their operations to changing conditions.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2013 on pages 47–50.

Etteplan prevents the realization of these risks with the help of internal procedures and guidelines as well as internal control.

Financial risks remained in 2013 on previous year's moderate level. Successful implementation of the new ERP system decreased the monetary value of financial risks.

Financial Statements 2013

Review by the Board of Directors January 1–December 31, 2013

Operating environment

At the beginning of 2013, the demand for engineering design services was at a lower level than the average demand in 2012. The anticipated improvement in demand in the second half of the year 2013 did not materialize, with demand instead weakening further during the autumn compared to the first half of the year. The demand for engineering design services is primarily affected by the development of the order books, new orders and revenue of the export industry. In Finland and Sweden, these declined by approximately 6–10 per cent according to different estimates. The decline was quite evenly divided between nearly all of Etteplan's customer industries, with the demand for engineering design services in Sweden being at a slightly better level than in Finland.

In the Netherlands, the demand for technical documentation services was weaker throughout 2013 than in the previous year.

Demand for offshoring services in China grew during the review period as Western customers sought new operating methods to improve cost-efficiency. The local Chinese market opened up gradually as new legislation promoted the purchasing of engineering design services. The demand for services produced in China strengthened at a steady pace throughout the review period. Demand improved both locally in the Chinese market and in offshoring services.

The decline in the demand for engineering design services from mining equipment manufacturers continued throughout the review period, with a slight recovery at the end of the year. The demand for engineering design services from lifting and hoisting equipment manufacturers weakened slightly compared to the previous year, but remained at a good level on average. The demand for engineering design services in the energy and power transmission industries was at a good level in the first half of the year, but weakened towards the end of the year. The demand for engineering design services from forest industry equipment manufacturers was at a low level throughout the review period. The demand for engineering design services from aerospace and defense equipment manufacturers grew in Sweden and was at a low level in Finland, particularly in the latter part of the year. The demand for engineering design services in the transportation and vehicle industry improved and was at a satisfactory level. The demand for testing and analysis services requiring special expertise was at a good level throughout the review period.

New investment projects were started at a slow pace in 2013. Quotation activity for Russian investment projects was brisk throughout the year and new projects were launched at a steady pace. According to our estimate, the number of new projects did not exceed the level seen in 2012.

Internal competition in the engineering design industry was increased by engineering design companies from low-cost countries operating in the Nordic region as well as the prevailing tight market situation.

Business review

In 2013, the focus areas of Etteplan's business operations were growth in key accounts, growth in the share of revenue accounted for by high added-value services, sales of technical documentation service solutions and growth in business operations in China.

The demand for engineering design services among Etteplan's key accounts weakened in the difficult market situation. Sales to key accounts did not grow in line with targets, instead declining by 6.5 per cent from the previous year. Nevertheless, the Company's market position in key accounts remained strong during the review period.

The proportion of revenue represented by high added-value Managed Services grew and exceeded a quarter of revenue. In 2013 we published a new target, whereby Managed Services must account for 50 per cent of revenue by the end of 2016.

The development in the demand for technical documentation corresponded with the development in the demand for engineering design services and remained at a low level on average. However, in 2013 revenue of technical product information remained on previous year's level. We acquired several new significant accounts in the area of technical documentation and, according to our estimate, our market share grew. On the whole, however, sales did not develop in line with our expectations. Etteplan's largest technical product information unit is located in the Netherlands.

The development of business operations in China was positive, with business in China growing significantly faster than business in other countries. The objective of our units in China was to increase local accounts in addition to offshoring operations. This objective was achieved in 2013: The number of working hours sold in the Chinese market grew by nearly 80 per cent and accounted for approximately half of the total working hours of the Chinese units.

The difficult market environment that burdened Finnish operations was reflected as a contraction in revenue and operating profit. The Company's market position in Finland remained strong. Etteplan's market position in Finland was strengthened in 2013 particularly in electrical and electronics engineering design.

In Sweden, attrition and a tight competitive situation burdened the development of revenue and operating profit throughout the review period.

Etteplan's Russian business operations were at a good level throughout 2013. Etteplan's Russian design permits helped the Company secure several assignments related to investment projects in the review period, in spite of the overall investment activity in Europe being at a low level.

Revenue

Etteplan's revenue decreased by 4.3 per cent and was EUR 128.6 million (1–12/2012: EUR 134.5 million). Organic growth was –5.2 per cent. The factors contributing to the decrease in revenue were reduced order books and a lower volume of new orders for customers and the resulting weaker demand for engineering design services and technical product information solutions. The development of Etteplan's revenue is significantly affected by the revenue development of technology companies listed on the NASDAQ OMX Helsinki Ltd. The combined revenue of these companies fell by approximately six per cent in 2013.

Etteplan's business is subject to periodic fluctuation. The periodic fluctuation is affected by holiday seasons and the timing of product development and investment projects in customer companies, mainly at the beginning of the year as well as in the fall. The revenue in the third quarter is typically lower than that of other quarters.

Result

Operating profit decreased by 27.0 per cent and was EUR 6.4 million (1–12/2012: EUR 8.7 million). The operating profit was affected by negative development in demand, lower revenue and a decrease in the engineering design capacity utilization rate.

The operating profit includes non-recurring expenses related to adjustments made to business operations and the mandatory public takeover bid by Ingman Group Oy Ab, which amounted to approximately EUR 0.6 million in total. Adjustment measures were implemented steadily throughout 2013. In the third quarter, the additional acquisition price debt related to the Tedopres acquisition was reassessed and adjusted to match the current management estimate. This item had a non-recurring positive impact on the result of EUR 0.8 million.

The operational costs decreased by 2.5 per cent as a result of the contraction in operations. The operating profit percentage decreased year-on-year and was 4.9 per cent (6.5 per cent). EBITDA declined and was EUR 9.1 million (EUR 11.2 million). EBITDA decreased less than the operating profit due to the amortization of intangible assets related to the acquisition of Tedopres International B.V.

Financial expenses were EUR 0.9 million (1–12/2012: EUR 1.2 million).

Taxes in the income statement amounted to 22.6 per cent (1–12/2012: 25.9 per cent) calculated of the result before taxes. The amount of taxes was EUR 1.3 million (EUR 2.0 million).

Profit before taxes for the review period was EUR 5.7 million (1–12/2012: EUR 7.5 million). Earnings per share were EUR 0.22 (EUR 0.29). Equity per share was EUR 1.31 (1.27). Return on capital employed (ROCE) before taxes was 14.6 per cent (20.4 per cent).

The profit for the review period was EUR 4.4 million (1–12/2012: EUR 5.6 million).

Financial position and cash flow

Total assets on December 31, 2013 were EUR 74.5 million (December 31, 2012: EUR 76.4 million). Goodwill on the balance sheet was EUR 39.1 million (December 31, 2012: EUR 39.9 million). The decrease in goodwill results from changes in currency rates.

The Group's cash and cash equivalents stood at EUR 1.0 million (December 31, 2012: EUR 5.4 million). The Group's financial liabilities at the end of the review period amounted to EUR 19.7 million (December 31, 2012: EUR 20.9 million). The total of unused short-term credit facilities stood at EUR 10.6 million (December 31, 2012: EUR 12.3 million).

The equity ratio increased and was 35.9 per cent (December 31, 2012: 32.4 per cent). Operating cash flow was EUR 1.8 million (1–12/2012: EUR 11.3 million). Cash flow was impacted by the number of assignments with long payment periods being higher than in the comparison period. Cash flow after investments was EUR 0.2 million (1–12/2012: EUR 5.7 million). Cash flow accrues unevenly over the four quarters of the year due to seasonal variation in business operations.

Capital expenditures

The Group's gross investments during the review period were EUR 2.3 million (1–12/2012: EUR 9.5 million). Investments comprised, among other things, technical product information product development costs and license fees for design software.

Personnel

The Group employed 1,736 (1–12/2012: 1,756) people on average during the review period and 1,728 (December 31, 2012: 1,776) at the end of the review period. At the end of the review period, 631 people (December 31, 2012: 682) were employed by the Group abroad.

Incentive plan for key personnel

The Board of Directors of Etteplan Oyj decided on a new share-based incentive plan for the Group's key personnel in March 2011. The plan included three earning periods, calendar years 2011, 2012 and 2013. The Board of Directors decided on the earnings criteria and on targets to be established for them for each earning period. The rewards to be paid on the basis of the plan from all earning periods 2011, 2012 and 2013 correspond to the value of an approximate maximum total of 810,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

During the earning period 2011, 16 people belonged to the target group of the plan. The earnings criteria of the earning period 2011 were the Etteplan Group's operating profit (EBIT) and revenue. The Board of Directors of Etteplan Oyj has in its meeting, on February 14, 2012, made a resolution that there will be no transfer of company-held shares for the 2011 earnings period.

At a meeting held on February 14, 2013, the Board of Directors of Etteplan Oyj decided to transfer company-held shares under an authorization given to the Board of Directors by the Annual General Meeting of March 30, 2012. According to the resolution of the Board of Directors, Etteplan Oyj has transferred 9,511 company-held shares to the 16 employees included in the incentive plan for key personnel as a reward for the 2012 earnings period. The shares were transferred on April 30, 2013. In addition, the Company paid the key personnel concerned a cash component corresponding to the taxes and tax-like charges incurred as a result of the reward. The earnings criteria for the 2012 earnings period was Etteplan Group's operating profit (EBIT).

During the 2013 earning period, 17 employees belonged to the target group of the plan. The earnings criteria for the 2013 earning period was Etteplan Group's operating profit (EBIT). The Board of Directors of Etteplan Oyj has in its meeting, on February 12, 2014, made a resolution that there will be no transfer of company-held shares for the 2013 earnings period.

Annual General Meeting

The Annual General Meeting of Shareholders of Etteplan Oyj was held at the premises of the Company in Vantaa on March 27, 2013. In accordance with the proposal of the Board of Directors' Nomination and Remuneration Committee, the Annual General Meeting re-elected Tapio Hakakari, Heikki Hornborg, Robert Ingman, Pertti Nupponen, Satu Rautavalta and Teuvo Rintamäki to the Board.

The Annual General Meeting approved the Financial Statements for financial year 2012 and discharged the members of the Board of Directors and the CEO from liability.

The auditor elected was PricewaterhouseCoopers Oy, Authorized Public Accounting Firm, with Authorized Public Accountant Mr. Mika Kaarisalo as the main responsible auditor. The fee for the auditor is paid according to the invoice approved by the Company.

The Annual General Meeting authorized the Board of Directors to resolve to repurchase Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 Company shares may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' holdings, i.e., the Board has the right to decide on a directed repurchase of Company shares.

The authorization includes the right for the Board to resolve to repurchase the Company's shares through a tender offer made to all shareholders on equal terms and conditions and at the price determined by the Board; or in public trading organized by the NASDAQ OMX Helsinki Ltd. at the market price valid at the time of purchase, so that the Company's total holding of own shares does not exceed ten (10) per cent of all the shares in the Company. The minimum price for the shares to be repurchased is the lowest market price quoted for the share in public trading and, correspondingly, the maximum price is the highest market price quoted for the share in public trading during the validity of the authorization.

Should shares be repurchased in public trading, such shares will not be purchased in proportion to the current shareholders' holdings. Thus, there must be a substantial financial reason for the Company to repurchase Company shares. The shares may be repurchased in order to be used as consideration in potential acquisitions or in other structural arrangements. The shares may as well be used for carrying out Company's incentive schemes for its personnel. The repurchased shares may be kept by the Company, invalidated or transferred onwards.

The repurchase of shares will reduce the non-restricted equity.

The authorization is valid for eighteen (18) months from the date of the resolution of the Annual General Meeting starting on March 27, 2013 and ending on September 26, 2014. The authorization will replace the corresponding previous authorization.

Extraordinary General Meeting

The Extraordinary General Meeting of Shareholders of Etteplan Oyj was held at the premises of the Company in Vantaa on November 18, 2013.

In accordance with the proposal of the Board of Directors the Extraordinary General Meeting decided to change the Articles of association of the Company so that the new place of domicile of the Company is Vantaa and the head office of the Company is situated in Vantaa. Additionally, Section 7 of the Articles of association was changed so that instead of choosing one auditor to the Company, one or two auditors can be chosen. If two auditors are selected, at least one auditor has to be an Authorized Public Accounting Firm.

Following the proposal of the Board of Directors' Nomination and Remuneration Committee the Extraordinary General Meeting re-elected the present members Tapio Hakakari, Heikki Hornborg, Robert Ingman, Pertti Nupponen, and Teuvo Rintamäki and elected Leena Saarinen as a new member to the Board.

A second auditor in addition to the present Company's Auditor was elected. The Extraordinary General meeting decided to elect Certified Auditor Olli Wesamaa as the second Company's Auditor together with PricewaterhouseCoopers Oy, Authorized Public Accounting Firm, with Authorized Public Accountant Mr. Mika Kaarisalo as the main responsible auditor.

Dividend

The Annual General Meeting on March 27, 2013 passed a resolution, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.15 per share be paid for the financial year 2012 and the remaining funds shall be left to the unrestricted equity. The dividend was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date of the payment of dividend was April 3, 2013. The dividend was paid on April 10, 2013.

Shares

Etteplan's shares are listed in NASDAQ OMX Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETT1V ticker.

The Company's share capital on December 31, 2013 was EUR 5,000,000.00, and the total number of shares was 20,179,414. The Company has one series of shares. All shares confer an equal right to a dividend and the company's funds.

The Annual General Meeting on March 24, 2010 granted the Board of Directors the authorization to decide upon an issue of no more than 4,000,000 shares with a share issue or by granting option rights or other specific rights, referred to in Chapter 10, Article 1 of the Companies Act, giving entitlement to shares in one or more lots. The authorization includes the right to decide to issue either new shares or company-held shares. The authorization is valid for five (5) years from the time of the Annual General Meeting resolution – i.e. from March 24, 2010 through March 24, 2015. The authorization replaces the previous authorization. The Board has not exercised this authorization.

The Company held 461,791 of its own shares on December 31, 2013, which corresponds 2.29 per cent of all shares and voting rights (December 31, 2012: 471,302). The Company transferred 9,511 company-held shares to the 16 employees included in the incentive plan for key personnel as a reward for the 2012 earnings period on April 30, 2013. In January–December 2013, the Company did not acquire any company-held shares.

The number of Etteplan Oyj shares traded during the review period was 9,405,685, to a total value of EUR 29.9 million. The share price low was EUR 2.69, the high EUR 3.54, the average EUR 3.13, and the closing price EUR 3.13. Market capitalization on December 31, 2013 was EUR 61.7 million.

On December 31, 2013, the members of the Company's Board of Directors and the President and CEO owned a total of 41,876 (December 31, 2012: 1,596,320) shares, or 0.21 per cent of the total share base.

Mandatory public takeover bid for Etteplan's shares

Following trades completed on August 16, 2013, Ingman Group Oy Ab's ("Ingman Group") holding of Etteplan's share capital and voting rights increased to 30.52 per cent. As a consequence, Ingman Group was obligated to launch a mandatory takeover bid for the remaining shares in Etteplan pursuant to the Finnish Securities Markets Act, Chapter 11, Section 19.

On August 19, 2013, Ingman Group published its obligation to launch a mandatory bid for Etteplan Oyj's shares and announced that the cash consideration to be offered in the mandatory takeover bid would be EUR 3.20 for each share in Etteplan, which corresponds to the highest price paid by Ingman Group for Etteplan's shares during the six-month period preceding the obligation to launch a takeover bid. Ingman Group published an offer document concerning the mandatory bid on September 16, 2013. The public takeover bid commenced on September 18, 2013, at 9:30 a.m. and ended on October 9, 2013, at 4:00 p.m. (Finnish time). The mandatory takeover bid was not dependent on reaching a certain ownership level.

On August 22, 2013, the Board of Directors of Etteplan Oyj announced it would also investigate other available options in addition to the mandatory takeover bid in order to reach the best possible outcome for its shareholders. In the same release, the Board of Directors also announced it had appointed Aventum Partners Ltd as its financial advisor. On October 1, 2013, the Board of Directors of Etteplan Oyj published its opinion on the mandatory public takeover bid by Ingman Group. As part of the opinion of the Board of Directors, Chairman of the Board Heikki Hornborg stated that he deems that a strong and committed key owner is important for the future of Etteplan and that he intends to accept Ingman Group's takeover bid in relation to all shares held by him.

On October 14, 2013, Ingman Group announced the final result of the mandatory bid. Following the completion of the mandatory public takeover bid, Ingman Group's holding of shares and votes increased to 66.85 per cent.

Flaggings

Etteplan Oyj received eight flagging notices in January–December 2013.

Ingman Group Oy Ab's share in Etteplan Oyj's share capital and voting rights has through trades completed on August 16, 2013 exceeded 30 per cent level.

On October 1, 2013, Heikki Hornborg accepted Ingman Group Oy Ab's takeover bid for all the shares in Etteplan Oyj in relation to all shares held by him and announced that, subject to the takeover bid being completed, his holding of the shares and votes will fall to 0 per cent.

On October 7, 2013, Tapani Mönkkönen accepted Ingman Group Oy Ab's takeover bid for the shares in Etteplan Oyj in relation to all shares held by him and announced that, subject to the takeover bid being completed, his holding of the shares and votes will fall to 0 per cent.

Ingman Group Oy Ab announced that it received information on October 8, 2013, indicating that, as a consequence of the amount of acceptances given in response to the mandatory public takeover bid, Ingman Group Oy Ab could obtain a 60.99 per cent share of Etteplan's share capital and voting rights if the takeover bid is completed.

Ingman Group Oy Ab announced that it received information on October 10, 2013, indicating that, as a consequence of the amount of acceptances given in response to the mandatory public takeover bid, Ingman Group Oy Ab could obtain a 66.83 per cent share of Etteplan's share capital and voting rights if the takeover bid is completed.

On October 14, 2013, Ingman Group Oy Ab announced that, following the completion of the mandatory public takeover bid, Ingman Group Oy Ab's share of Etteplan's share capital and voting rights exceeded two-thirds (2/3) of Etteplan's share capital and voting rights. Following the completion of the mandatory public takeover bid, Ingman Group's holding of shares and votes increased to 66.85 per cent.

As a consequence of the completion of the mandatory public takeover bid on October 14, 2013, Tapani Mönkkönen's share of Etteplan's share capital and voting rights fell to 0 per cent.

As a consequence of the completion of the mandatory public takeover bid on October 14, 2013, Heikki Hornborg's share of Etteplan's share capital and voting rights fell to 0 per cent.

Major events after the review period

In January 2014, Etteplan acquired the entire share capital of the Swedish company ProAvia Konsult AB. Established in 2003, the company provides services in the field of systems engineering, targeted especially to the defense industry. The acquisition strengthens Etteplan's market position and expertise in the area of demanding systems engineering and creates better growth opportunities for Etteplan. Demand for engineering design services in the aerospace and defense industry is at a good level after the Swedish aerospace and defense industry received major orders in late 2013.

Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks.

Etteplan's risk management review will be included in the 2013 Annual Report published in week 10/2014.

Operating risks and uncertainty factors in the review period

The uncertainty caused by the general economic development increased in 2013. The increase in economic uncertainty was reflected in weaker demand for engineering design services and technical product information solutions.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. During the period under review, increased difficulties in recruiting professional staff in Sweden was an elevated business risk that materialized and burdened the revenue and operating profit for the review period.

Estimate of operating risks and uncertainty factors in the near future

The uncertainty caused by the general economic development continues to be a risk for Etteplan's business operations. The possibility of changes in customers' business operations are a significant risk to Etteplan's operations.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The Company expects the risk in Sweden to be at a significant level.

Risks related to business operations are at a significant level during the beginning of 2014.

Outlook 2014

Market outlook

The most important factor in the development of Etteplan's business operations is the development of business operations in the machinery and metal industry. At the beginning of 2014, the new orders and order books of the machinery and metal industry were at a lower level than in the corresponding period in 2013. In the last quarter of 2013, new orders turned to slight growth. The development of the demand situation for engineering design services in the first quarter of 2014 is uncertain despite the slightly improved market situation.

Financial guidance

We expect the revenue and operating profit for the year 2014 to grow compared to 2013.

The Board's proposal for distribution of 2013 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2013, is EUR 12,487,283.29.

The Board of Directors will propose to the Annual General Meeting, which will convene on March 26, 2014, that on the dividend payout date a dividend of EUR 0.11 per share be paid on the Company's externally owned shares, for a total amount of EUR 2,219,735.54 at most, and that the remaining profit be transferred to retained earnings. It is the Board's opinion that the proposed distribution of dividends will not endanger the Company's solvency. In accordance with the Board's proposal, the record date for the dividend payout is March 31, 2014, and the date of dividend payout is April 7, 2014.

Annual General Meeting 2014

Etteplan Oyj's 2014 Annual General Meeting will be held in Vantaa, Finland, on March 26, 2014, starting at 1 p.m. Summons to the AGM will be published as a separate release.

Corporate Governance Statement

Etteplan Oyj is publishing the Corporate Governance statement for 2013 separately from the Report by the Board of Directors. The statement will be available on the Company's website at www.etteplan.com in Section Investors as well as in Annual Report 2013 on pages 87–93.

Etteplan Oyj

Board of Directors

Consolidated statement of comprehensive income

EUR 1,000	Note	1.1.–31.12.2013		1.1.–31.12.2012	
Revenue	7	**128,647**		**134,479**	
Other operating income	9	1,134		512	
Materials and services	10	–11,605		–10,935	
Staff costs	11	–90,250		–92,696	
Other operating expenses		–18,862		–20,207	
Depreciation and amortization	18, 19	–2,697		–2,439	
Operating profit (EBIT)		**6,366**	**4.9%**	**8,715**	**6.5%**
Financial income	13	306		180	
Financial expenses	14	–947		–1,226	
Share of the result of associate		–54		–127	
Profit before taxes		5,672		7,542	
Income taxes	16	–1,282		–1,957	
Profit for the financial year		**4,390**		**5,585**	
Other comprehensive income, that may be subsequently reclassified to profit or loss					
Foreign subsidiary net investment hedge	4.1.1	125		–279	
Currency translation differences		–882		1,039	
Change in fair value of investments available-for-sale		38		14	
Tax from items, that may be subsequently reclassified to profit or loss	16	80		–3	
Other comprehensive income for the year, net of tax		–639		770	
Total comprehensive income for the year		**3,751**		**6,355**	
Income attributable to					
Equity holders of the parent company		4,291		5,767	
Non-controlling interest		98		–182	
		4,390		**5,585**	
Total comprehensive income attributable to					
Equity holders of the parent company		3,649		6,533	
Non-controlling interest		102		–179	
		3,751		**6,355**	
Earnings per share calculated from the result attributable to equity holders of the parent company					
Basic earnings per share, EUR	17	0.22		0.29	
Diluted earnings per share, EUR	17	0.22		0.29	

The notes are an integral part of the financial statements.

Consolidated statement of financial position

EUR 1,000	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Tangible assets	18	2,043	1,755
Goodwill	20	39,131	39,930
Other intangible assets	19	5,895	6,546
Shares in associated company	21	0	83
Investments available-for-sale	22	641	604
Deferred tax assets	33	100	13
Non-current assets, total		**47,809**	**48,931**
Current assets			
Trade and other receivables	24	25,709	22,035
Cash and cash equivalents	25	975	5,402
Current assets, total		**26,684**	**27,438**
TOTAL ASSETS		**74,493**	**76,369**

EUR 1,000	Note	31.12.2013	31.12.2012
EQUITY AND LIABILITIES			
Capital attributable to equity holders of the parent company			
Share capital	26	5,000	5,000
Share premium account	26	6,701	6,701
Unrestricted equity fund	26	2,614	2,584
Own shares	26	–1,912	–1,936
Cumulative translation adjustment	26	–20	661
Other reserves	26	189	151
Retained earnings	26	8,889	6,123
Profit for the financial year	26	4,291	5,767
Capital attributable to equity holders of the parent company, total		**25,753**	**25,051**
Non-controlling interest		–272	–373
Equity, total		**25,481**	**24,678**
Non-current liabilities			
Deferred tax liabilities	33	1,010	1,179
Financial liabilities	28	10,831	13,243
Other non-current liabilities	30	2,438	3,224
Non-current liabilities, total		**14,279**	**17,646**
Current liabilities			
Financial liabilities	28	8,837	7,665
Trade and other payables	31	25,478	25,380
Current income tax liabilities	32	418	1,000
Current liabilities, total		**34,734**	**34,045**
Liabilities, total		**49,012**	**51,691**
TOTAL EQUITY AND LIABILITIES		**74,493**	**76,369**

The notes are an integral part of the financial statements.

Consolidated statement of cash flows

EUR 1,000	1.1.–31.12.2013	1.1.–31.12.2012
OPERATING CASH FLOW		
Cash receipts from customers	127,633	139,835
Operating expenses paid	–122,910	–125,858
Operating cash flow before financial items and taxes	**4,724**	**13,977**
Interest and payment paid for financial expenses	–778	–1,044
Interest received	35	79
Income taxes paid	–2,192	–1,674
Operating cash flow (A)	**1,789**	**11,339**
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	–1,749	–1,543
Acquisition of subsidiaries	0	–4,615
Disposal of associates	100	229
Proceeds from sale of tangible and intangible assets	9	23
Loan receivables, decrease	9	299
Loan receivables, increase	–2	0
Proceeds from sale of investments	0	13
Investing cash flow (B)	**–1,634**	**–5,593**
Cash flow after investments (A+B)	**154**	**5,745**
FINANCING CASH FLOW		
Short-term loans, increase	2,516	756
Short-term loans, decrease	–3,370	–5,015
Long-term loans, increase	3,000	4,000
Long-term loans, decrease	–2,792	0
Payment of finance lease liabilities	–1,045	–1,043
Dividend paid and other profit distribution	–2,956	–1,971
Financing cash flow (C)	**–4,647**	**–3,273**
Variation in cash (A+B+C) increase (+) / decrease (–)	**–4,493**	**2,472**
Assets at the beginning of the financial period	5,402	3,023
Exchange gains or losses on cash and cash equivalents	65	–93
Assets at the end of the financial period	975	5,402

The notes are an integral part of the financial statements.

Consolidated statement of changes in equity

EUR 1,000	Share capital	Share premium account	Unrestricted equity fund	Other reserves	Own shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interest	Equity total
Equity 1.1.2012	**5,000**	**6,701**	**2,584**	**140**	**–1,958**	**–96**	**8,093**	**20,466**	**–195**	**20,271**
Comprehensive income										
Profit for the financial year							5,767	5,767	–182	5,585
Fair value reserve available-for-sale assets				10				10		10
Foreign subsidiary net investment hedge						–279		–279		–279
Cumulative translation adjustment						1,036		1,036	3	1,039
Total comprehensive income for the year	**0**	**0**	**0**	**10**	**0**	**756**	**5,767**	**6,534**	**–179**	**6,355**
Transactions with owners										
Dividends							–1,971	–1,971		–1,971
Share based incentive plan					22			22		22
Transactions with owners, total	**0**	**0**	**0**	**0**	**22**	**0**	**–1,971**	**–1,948**	**0**	**–1,948**
Equity 31.12.2012	**5,000**	**6,701**	**2,584**	**150**	**–1,936**	**660**	**11,889**	**25,051**	**–374**	**24,678**

EUR 1,000	Share capital	Share premium account	Unrestricted equity fund	Other reserves	Own shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interest	Equity total
Equity 1.1.2013	**5,000**	**6,701**	**2,584**	**150**	**–1,936**	**660**	**11,889**	**25,051**	**–374**	**24,678**
Comprehensive income										
Profit for the financial year							4,291	4,291	98	4,390
Fair value reserve available-for-sale assets				38				38		38
Foreign subsidiary net investment hedge						205		205		205
Cumulative translation adjustment						–886		–886	4	–882
Total comprehensive income for the year	**0**	**0**	**0**	**38**	**0**	**–681**	**4,291**	**3,649**	**102**	**3,751**
Transactions with owners										
Dividends							–2,956	–2,956		–2,956
Reclassifications							2	2		2
Share based incentive plan			29		24		–46	7		7
Transactions with owners, total	**0**	**0**	**29**	**0**	**24**	**0**	**–3,001**	**–2,947**	**0**	**–2,947**
Equity 31.12.2013	**5,000**	**6,701**	**2,614**	**189**	**–1,912**	**–21**	**13,180**	**25,753**	**–272**	**25,482**

Notes to the Consolidated Financial Statements

1. General information

The parent company of Etteplan Group is Etteplan Oyj ('the Company'), a Finnish public limited company established under Finnish law. The Company is domiciled in Vantaa. Etteplan's shares are listed on the NASDAQ OMX Helsinki Ltd under the ETT1V ticker.

Etteplan provides engineering services and technical product information solutions to the world's leading companies in the manufacturing industry. Company's services are geared to improve the competitiveness of customers' products and engineering processes throughout the product life cycle. The results of Etteplan's innovative engineering can be seen in numerous industrial solutions and everyday products.

A copy of the consolidated financial statements can be obtained from the Company's website at www.etteplan.com or from the office of the Group's parent company at the address Muovitie 1, 15860 Hollola, Finland.

The Etteplan Oyj Board of Directors approved these financial statements for publication at its meeting on February 12, 2014.

According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after the publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land areas and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The implementation of this standard results in additional disclosures related to assets available-for-sale.

(b) New standards, amendments and interpretations issued, but not effective for the financial year beginning January 1, 2013 and not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not yet complete, due to which its effects to the Group cannot be assessed.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50 per cent of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of the result of associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. As the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified the steering committee that makes strategic decisions. The financial information, which the chief operating decision-maker uses as a basis for decision making, does not differ substantially from the information presented in the consolidated statement of comprehensive income and statement of financial position. The Group's business was reorganized early 2011 and is conducted in one operating segment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currencies of the group entities are the same as their home currencies. The consolidated financial statements are presented in euros, which is the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'financial income' or 'financial expenses'. Sales exchange differences are included in 'revenue'. All other foreign exchange gains and losses are presented in the income statement within 'other operating expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available- for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in equity.

The net investment in the Groups' Swedish subsidiaries is hedged by loans in the same currency. The exchange differences arising from these loans are recognized in other comprehensive income.

2.5 Tangible assets

Tangible assets, excluding land areas, are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land areas are shown at fair value, based on valuations by external independent valuators. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Increases in the carrying amount arising on revaluation of land areas are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Land areas are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

computers	3 years
vehicles	5 years
office furniture	5 years
renovation of premises	5 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in other operating income or expenses in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6 Intangible assets

(a) Goodwill

Goodwill corresponds to that part of the acquisition cost which exceeds the Group's share of the fair value, on the date of purchase, for the net asset value of the acquired subsidiary. Goodwill is measured at historical cost less impairment. Goodwill is not amortized but is tested for impairment annually and whenever there is objective evidence of goodwill impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, taking into account the current organization structure and level of reporting.

(b) Other intangible assets

Intangible assets include software licenses, software created internally, intangible rights and intangible assets acquired in business combinations; customer base and technology. Intangible assets are recorded in the balance sheet at historical cost. Intangible assets acquired in business combinations are recognized at fair value at the acquisition date. Assets with limited useful lives are amortized on a straight-line basis over their useful lives. The depreciation periods of other intangible assets are:

software . . . . 3–7 years
other intangible assets . . . . 3 to10 years

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The essential assumptions for impairment tests are presented in Note 23 to the financial statements ('Impairment testing').

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income in the fair value reserve taking into account the tax effect. When the investments are sold or their value is permanently impaired, the accumulated fair value adjustments are included in the income statement.

2.9 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset or group of financial assets.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss.

2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Items included under cash and cash equivalents have maturities of three months or less from the date of acquisition. Cash and cash equivalents are derecognized when the Group's contractual right to receive cash flows has expired or essentially all of the risks and rewards incident to ownership have been transferred from the Group.

2.12 Share capital

Etteplan Oyj has one series of shares. Share capital is classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the parent company.

2.13 Financial liabilities

Financial liabilities are classified as financial liabilities recognized at fair value through profit or loss or as other financial liabilities.

Other financial liabilities are recognized at fair value on the basis of the compensation originally received. Transaction costs have been included in the fair value of the financial liabilities carried at amortized cost. Financial debts are included in current and non-current debts and may be either interest-bearing or non-interest-bearing.

Financial liabilities recognized at fair value through profit or loss are liabilities from the contingent consideration related to acquisition of subsidiary. Changes in the fair value of the contingent consideration are recognized in the income statement.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities, if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.16 Current and deferred income tax

The taxes in the consolidated income statement include the current tax for Group companies, corrections to taxes from previous financial periods, and the change in deferred taxes. Current tax is calculated on taxable income according to the tax rate in force in each country concerned. In the case of items entered directly in shareholders' equity, the tax effect is recognized in equity.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The most significant temporary differences arise from the depreciation and amortization of assets, and from lease agreements and the provisions of foreign subsidiaries. Deferred taxes are determined by using the tax base in force on the balance sheet date or the enacted tax base at the time of tax base transition.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. It is valued at the end of each financial year whether the conditions for recognizing a deferred tax asset are met.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Service costs are recognized in the income statement in staff costs.

In Sweden and The Netherlands the Group has defined benefit plans where there is not sufficient information available to use benefit accounting. According to IAS 19 paragraph 34 these plans are accounted as defined contribution plans.

(b) Termination benefits

Termination benefits are recorded as a liability and an expense when employment is terminated before the normal retirement of the employee or when the employee is paid compensation as a consequence of voluntary redundancy. Termination benefits are recorded when the Company is demonstrably committed to the termination of employment in accordance with a detailed formal plan or has made a compensation proposal to the employee to promote voluntary redundancy. Benefits falling due later than 12 months from the balance sheet date are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based incentive plan

The Board of Directors of Etteplan Oyj decided on a new share-based incentive plan for the Group key personnel in March 2011. The plan includes three earning periods, calendar years 2011, 2012 and 2013.

In accounting, share-based incentive plans are treated as arrangements that are settled partly as shares and partly as cash. The part of a remuneration earned that the participants receive as Etteplan Oyj shares is treated as an arrangement that is settled as shares and recorded in shareholders' equity; the part of a remuneration earned that is paid in cash to pay off taxes and other levies is recorded in liabilities. Debt on the balance sheet is measured at fair value on the balance sheet date.

The Group has hedged against a potential share price risk between the date of granting and the date of payment related to share remunerations granted. The plan is hedged through buyback of treasury shares.

2.18 Recognition of income

Revenue includes income from design activities and sales of materials for projects, adjusted for indirect taxes, discounts and exchange differences on currency-denominated sales. The group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Income from services
As a rule, services are recognized when the service is rendered.

(b) Income from sales of materials
Sales of materials are recognized when the risks and rewards incident to ownership have been transferred to the buyer. Generally this takes place on assignment of materials.

(c) Government grants
Government grants that are intended to compensate costs are recognized as income over the same period as the related costs are recognized. These government grants are presented in other operating income.

(d) Long-term projects
Contracts whose outcome can be assessed reliably are recognized as income and expenses on the basis of the percentage of completion at the time of calculation. A contract's percentage of completion is evaluated on the basis of project progress, which, in turn, is determined from the ratio of the costs that have materialized to the estimated total cost of the contract. In the case of contracts whose outcome cannot be assessed reliably, project expenditure is expensed for the period in which it arises. Likewise, the amount of income recognized from a project does not exceed expenditure. The total loss on a contract that will probably result in a loss is expensed immediately.

2.19 Interest and dividend income

Interest income is recognized using the effective interest method. When a loan or other receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan or other receivables is recognized using the original effective interest rate.

Dividend income is recognized when the shareholder gains the right to receive payment.

2.20 Lease agreements

Lease agreements in which all risks and rewards incident to ownership remain with the lessor are treated as other lease agreements (operating leases). Contractual lease payments are entered as expenses in the income statement over the lease period.

Leases that transfer essentially all risks and rewards incident to ownership to the Group are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated and amortized over the shorter of the useful life of the asset and the lease term.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Foreign subsidiary net investment hedge

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instrument that is used in hedging transactions is highly effective in offsetting changes in fair value of the hedged item.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value measurement in connection with acquisitions
In business combinations, tangible assets have been compared with the market prices of equivalent assets, and decline in the value of acquired assets due to various factors has been estimated. The fair value measurement of intangible assets is based on estimates of asset-related cash flows. The management believes that the estimates and assumptions are sufficiently precise for use as the basis for fair value measurement. Any indications of impairment of tangible and intangible assets are reviewed annually.

(b) Impairment testing
The Group tests goodwill and intangible assets with unlimited useful lives for impairment annually. Indications of impairment are evaluated in the manner

described in note 2.7. Recoverable amounts for cash-generating units are based on value-in-use calculations. Estimates are required in making these calculations.

Values recorded in the balance sheet in the end of the financial year were 39,131 thousand euros (2012: 39,930 thousand euros). Additional information on the sensitivity of the recoverable amounts to changes in assumptions used is disclosed in Note 23 Impairment testing.

4. Management of financial risks

4.1 Financial risk factors

In its business operations, Etteplan Group is exposed to several types of financial risks: interest, foreign-currency, financing and liquidity, counterparty and credit risks.

The objective of financial risk management is to protect the Group from unfavorable changes in the financial market and thus contribute as much as possible to guaranteeing the Company's profit and shareholders' equity, and to guarantee sufficient liquidity in a cost-efficient manner. In management of financial risks, various financial instruments are used within the framework of authorizations issued by the Group's Board of Directors. Etteplan Group uses only such instruments whose market value and risk profile can be monitored constantly and reliably.

Management of financial risks has been centralized with the Group's financial department, which is responsible for identification and evaluation of, and protection against, the Group's financial risks. Furthermore, the financial department is responsible, in a centralized fashion, for funding of the Group, and it provides the management with information about the financial situation of the Group and the business units.

4.1.1 Foreign-currency risk

Foreign-currency risk related to different currencies comes about as a result of foreign-currency-denominated commercial transactions and from translation of foreign-currency-denominated balance sheet items into the reporting currency.

(a) Transaction risk

The majority of Etteplan Group's business operations are handled in the currency of the project country of the respective group company. This means that both sales and costs are in the same currency. In the period under review, the Group did not have significant transaction risks generated from the currency flow in foreign currencies. The Group did not take steps to protect itself against transaction risks during the review period.

(b) Translation risk

The Group is exposed to a translation risk caused by fluctuations in foreign currency exchange rates, when it translates balance sheet items of subsidiaries based outside the euro area into its reporting currency. Main risk is with goodwill booked in Swedish Krona (SEK). Currency exposure arising from the net assets of the Group's Swedish operations is managed through borrowings denominated in SEK.

A proportion of the Group's SEK denominated borrowings amounting to EUR 3,059 thousand (2012: EUR 6,165 thousand) are designated as a hedge of the net investment in the Group's Swedish subsidiaries. The foreign exchange gain of EUR 205 thousand (2012: loss EUR 279 thousand) on translation of the borrowings to EUR currency at the end of the reporting period is recognized in other comprehensive income.

The goodwill booked in SEK at December 31, 2013 was EUR 23,539 thousand (2012: EUR 24,299 thousand).

A sensitivity analysis in the main currency pair on the transaction and translation risk, i.e. the effect of reasonable potential changes in exchange rates on the Group's profit or loss before tax and equity at balance sheet date is presented in the table below together with comparison figures. The foreign currency denominated receivables and liabilities recognized in the balance sheet on the reporting date, as well as the net investments in subsidiaries, have been taken into account in the effect of exchange rate changes on the balance sheet fair values. In the analysis, the change in exchange rate has been estimated to be +/– 10 percent from reporting date, and other factors are estimated to remain unchanged.

	Effect on EBIT		Effect on equity	
EUR 1,000	2013	2012	2013	2012
SEK +/–10%	+/–45	+/–130	2,107	2,160

4.1.2 Interest risk

Etteplan Group is exposed to interest risk in two ways: because of changes in value for balance sheet items (i.e., a price risk) and cash flow risk caused by changes in market interest rates.

The Group manages the interest risk by diversifying its loan portfolio to include loans based on different reference rates. On the balance sheet date, the total amount of interest-bearing debt excluding leasing liabilities was EUR 18,390 thousand covered with contracts in which the interest range is between 1.8 and 6.0 percent.

If interest rates increased by 1 percentage point, the Group's interest expenses would increase by EUR 54 thousand per annum.

4.1.3 Financing and liquidity risk

Etteplan Group aims to guarantee solid liquidity in all market conditions through efficient cash management and by investing liquid funds in only those targets that have low risk and can be sold for cash easily.

The Group uses credit limits tied to cash-pool arrangements for short-term financing. On the balance sheet date, the Group had EUR 12,983 thousand of available credit limits, of which EUR 2,356 thousand was in use.

The Group aims to minimize its refinancing risk by applying a balanced maturity schedule for its loan portfolio, ensuring sufficient maturity of loans, and using several banks as sources of financing.

The Company has financial covenants, which are tied to the equity ratio of the Group and to the debt/EBITDA -ratio of the Group. In case the Group's equity ratio at the time of the financial statement is below 25% or the debt/EBITDA -ratio is higher than 3.5, the financer has the right to demand immediate payment of all the Group's loans. According to financial statements in 2013 the terms of these covenants are not breached.

To balance the cash effect of the long payment terms typical to design business, the Group sells a part of its key customer receivables to a finance institution. There is no credit risk related to the sold receivables and these receivables are not included in the Consolidated Statement of Financial Position.

4.1.4 Counterparty and credit risk

Financial instrument contracts that the Group has concluded with banks have the associated risk of the counterparty being unable to fulfill its obligations under the contract. Credit risk related to business operations arises out of a customer's inability to perform its contractual obligations.

In order to minimize the counterparty risk, the Group has concluded its significant financing contracts with leading Nordic banks that have a good credit rating.

A considerable proportion of the Group's business operations focus on large, financially solid companies that operate internationally. The largest individual customer accounts for less than 10 percent of the Group's revenue. Credit risk is also reduced by the customer companies being divided among several different sectors of operation.

The Group aims to guarantee that services are sold to only those with an appropriate credit rating. The Group controls credit risk systematically, and overdue sales receivables are assessed on a weekly basis. The Company strives to control the effects of increased financial uncertainty by actively monitoring its receivables and by working to enhance its debt collection processes.

The Group makes a 50 per cent reservation for bad debt for receivables that are more than 60 days past due and a 100 per cent reservation for receivables that are more than 90 days past due.

The maximum customer credit risk exposure is the book value of accounts receivable.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and cash equivalents.

To ensure sufficient flexibility, the goal is to keep the net gearing ratio within 20–100%.

The following table sets out the Group's net gearing ratio:

EUR 1,000	2013	2012
Total borrowings	19,668	20,908
Less: cash and cash equivalents	–975	–5,402
Net debt	18,693	15,506
Total equity	25,481	24,678
Net gearing ratio	73.4%	62.8%

FINANCIAL INSTRUMENTS BY CATEGORY

EUR 1,000

Financial assets 31.12.2013	Note	Loans and receivables	Available-for-sale	Total	Book value	Fair value
Available-for-sale financial assets	22		641	641	641	641
Accrued income (excluding prepayments)	24	9,970		9,970	9,970	9,970
Trade and other receivables	24	15,380		15,380	15,380	15,380
Cash and cash equivalents	25	975		975	975	975
Financial assets total		**26,326**	**641**	**26,967**	**26,967**	**26,967**

Financial liabilities 31.12.2013	Note	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total	Book value	Fair value
Loans from financial institutions	28		18,390	18,390	18,390	18,390
Finance lease liabilities	28		1,278	1,278	1,278	1,278
Contingent liability from acquisition	30	1,823		1,823	1,823	1,823
Pension liabilities	30		614	614	614	614
Trade payables	31		4,281	4,281	4,281	4,281
Accrued expenses	31		12,432	12,432	12,432	12,432
Other payables	31		2,201	2,201	2,201	2,201
Financial liabilities total		**1,823**	**39,196**	**41,020**	**41,020**	**41,020**

Financial assets 31.12.2012	Note	Loans and receivables	Available-for-sale	Total	Book value	Fair value
Available-for-sale financial assets	22		604	604	604	604
Accrued income (excluding prepayments)	24	6,122		6,122	6,122	6,122
Trade and other receivables	24	15,605		15,605	15,605	15,605
Cash and cash equivalents	25	5,402		5,402	5,402	5,402
Financial assets total		**27,128**	**604**	**27,733**	**27,733**	**27,733**

Financial liabilities 31.12.2012	Note	Financial liabilities at fair value through profit and loss	Other financial liabilities	Total	Book value	Fair value
Loans from financial institutions	28		19,183	19,183	19,183	19,183
Finance lease liabilities	28		1,725	1,725	1,725	1,725
Contingent liability from acquisition	30	2,600		2,600	2,600	2,600
Pension liabilities	30		607	607	607	607
Trade payables	31		5,403	5,403	5,403	5,403
Accrued expenses	31		13,793	13,793	13,793	13,793
Other payables	31		837	837	837	837
Financial liabilities total		**2,600**	**41,549**	**44,149**	**44,149**	**44,149**

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

2013	Less than 1 year	1–5 years
Borrowings	8,136	10,254
Finance lease payments	911	633
Interest payments	278	274
Contingent liability from acquisition	0	1,823
Trade and other payables	6,482	0
Financial liabilities total	**15,807**	**12,984**

2012	Less than 1 year	1–5 years
Borrowings	6,730	12,453
Finance lease payments	1,225	914
Interest payments	396	483
Contingent liability from acquisition	0	2,600
Trade and other payables	6,240*	0*
Financial liabilities total	**14,591**	**16,450**

* Comparison figures have been corrected on the line 'Trade and other payables' by EUR 18,894 thousand. On this line were previously included items 'Pension liabilities' (note 30), 'Accrued expenses' and 'Tax payables' (note 31).

5. Business combinations

Etteplan Oyj acquired the entire sharebase of Tedopres International B.V. located in Best, The Netherlands, on March 8, 2012.

The total consideration transferred included a contingent consideration, according to which the Group is required to pay the former owners of Tedopres International B.V. an amount between EUR 0 and 2,600 thousand (undiscounted amount).

The Group is required to pay the contingent consideration in full provided that the cumulative EBIT of Tedopres International B.V. in 2012–2014 is EUR 3,600 thousand or more, sales of STE -lisences within 36 months from the date of acquisition is 220 pieces or more and the conduct of the management of Tedopres International B.V. fullfils certain terms specified in the acquisition agreement.

The fair value of the contingent consideration arrangement, EUR 1,823 thousand (EUR 2,600 thousand), is estimated by applying the income approach. In the fair value hierachy, presented in note 22, the fair value estimation of the contingent consideration belongs to level 3.

On December 31, 2013 a profit of EUR 610 thousand was booked, relating to the contingent consideration, because the cumulative operating profit of Tedopres International B.V. was expected to be in the range of EUR 2,400–3,600 thousand, but closer to the lower limit of the range as estimated at the time of acquisition.

At the time of acquisition the debt related to the contingent consideration was booked to the undiscounted amount. On December 31, 2013 a profit of EUR 167 thousand was booked as a result of discounting the debt to present value using a 6 per cent discount rate.

EUR 1,000	2013	2012

6. Segment reporting

The Group has one reporting segment, which mainly operates in four geographical areas; Finland, Sweden, China and The Netherlands. The external revenue of each geographical area is presented according to the location of the seller. Non-current assets are presented according to the location of the asset. Etteplan China operations mainly sell their services through other group companies thus these sales are included in the sales from Finland and Sweden in the table below.

Revenue		
Finland	74,756	78,812
Sweden	45,219	48,486
China	2,218	1,087
The Netherlands	6,455	6,095
Total	**128,647**	**134,479**
Non-current assets *		
Finland	13,193	13,556
Sweden	24,182	25,033
China	2,091	2,145
The Netherlands	7,603	7,497
Shares in associated companies	0	83
Total	**47,069**	**48,314**

* Other non-current assets excluding financial instruments, deferred tax assets and assets related to compensation after termination of employment contract.

The revenue from any one customer is neither larger nor equal to 10 percent of the Group's total revenue.

7. Revenue

Revenue from rendering of services	128,647	133,808
Revenue from sales of goods	0*	671
Total	**128,647**	**134,479**

Revenue consists of design business and the sales of materials related to projects adjusted with indirect taxes, discounts and differences in exchange rates.

* The group does not have material revenue from sales of goods

8. Long-term projects

Amount of project revenue recognized during the period	5,662	2,825
Cumulative expenses and income recognized by the end of the period	3,024	897
Advances received	2,414	91

Accounting for long-term projects has changed in the beginning of financial year 2013 due to implementation of new Enterprice Resource Plannning (ERP) system. Previously such long-term projects, whose outcome could be assessed reliably, were only a part of the long-term projects. The new ERP system enables all fixed price -projects to be accounted for as long-term projects. Comparison data matching the new accounting is not available for the long-term projects accounted under the previous ERP -system.

EUR 1,000	2013	2012

9. Other operating income

Revaluation of the contingent consideration	777	0
Sales profit of tangible and intangible assets	74	125
Other operating income	283	387
Total	**1,134**	**512**

10. Materials and services

Materials	2,814	1,832
Services from associates	95	1,042
Services from others	8,696	8,061
Total	**11,605**	**10,935**

11. Number of personnel and staff costs

Personnel		
Personnel at year-end	1,728	1,776
Personnel, average	1,736	1,756
Personnel by category		
Design personnel	1,655	1,712
Administrative personnel	73	64
Total	**1,728**	**1,776**
Staff costs		
Wages and salaries	70,363	70,571
Pension costs – defined contribution plans	10,086	10,464
Pension costs – defined benefit plans	18	0
Other indirect employee costs	9,783	11,661
Total	**90,250**	**92,696**

Employee benefits of the Board of Directors and top management are disclosed in note Related party transactions.

In Sweden a part of the pension arrangements are defined benefit plans, which are secured through an insurance. These arrangements are defined benefit plans as described in IAS 19, of which there is not sufficient information available to be treated as defined benefit plans. Therefore these plans are treated as defined contribution plans according to IAS 19 paragraph 34. Total amount paid to the insurer in 2013 is EUR 1,094 thousand (2012: EUR 985 thousand). In The Netherlands a part of the pension arrangements are defined benefit plans, which are secured through an insurance. These arrangements are defined benefit plans as described in IAS 19, of which there is not sufficient information available to be treated as defined benefit plans. Therefore these plans are treated as defined contribution plans according to IAS 19 paragraph 34. Total amount paid to the insurer in 2013 is EUR 378 thousand (2012: EUR 368 thousand).

EUR 1,000	2013	2012

12. Audit fees

PricewaterhouseCoopers:		
Auditing	51	56
Other services	66	148
Other auditors:		
Auditing	24	53
Other services	19	0
Total	**160**	**257**

13. Financial income

Dividend income from associates	0	23
Dividend income from assets available-for-sale	6	6
Interest income from loans and other receivables	29	71
Foreign exchange gain	271	80
Total	**306**	**180**

14. Financial expenses

Interest on borrowings	637	848
Leasing interest expenses	70	93
Foreign exchange loss	179	191
Other financial expenses	60	95
Total	**947**	**1,226**

15. Translation differences recognized in income statement

Translation differences included in revenue	6	12
Translation differences included in purchases and expenses	0	–10
Foreign exchange gain included in financial income	271	80
Foreign exchange loss included in financial expenses	–179	–191
Total	**98**	**–109**

16. Income tax expenses

Tax on income from operations	–1,461	–1,987
Tax corrections for previous accounting periods	–4	0
Change in deferred tax asset	90	–155
Change in deferred tax liability	93	185
Total	**–1,282**	**–1,957**

Reconciliation between income taxes in the statement of comprehensive income and the theoretical amount of tax that would arise using the Group's domestic tax rate (2013: 24.5%, 2012: 24.5%).

EUR 1,000	2013	2012
Accounting profit before tax	5,672	7,542
Income tax expense		
Mathematical tax based on parent company's tax rate	–1,390	–1,848
Differences (net)		
Effect of different tax rates in group companies	–12	–6
Effect of tax rate changes on deferred taxes	–9	26
Calculated tax based on non-decuctible items on unit's tax rate	–100	–62
Calculated tax based on non-taxable items on unit's tax rate	36	7
Tax corrections for previous accounting periods	–4	0
Deferred tax corrections for previous accounting periods	129	0
Use of previously unrecognized tax on confirmed losses	91	43
Unrecognized tax on loss for the period	–13	–163
Other tax difference	–10	46
Income tax expense	**–1,282**	**–1,957**

Tax charge (–) / credit (+) relating to components of other comprehensive income is as follows:

	2013			2012		
	Before tax	Tax charge / credit	After tax	Before tax	Tax charge / credit	After tax
Change in fair value of investments available-for-sale	37	2	38	14	–4	10
Foreign subsidiary net investment hedges	125	80	205	–279	0	–279
Currency translation differences	–882	0	–882	1,039	0	1,039
Other comprehensive income for the year, net of tax	**–721**	**82**	**–639**	**774**	**–4**	**770**

17. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent company for the financial year by the weighted average number of externally owned shares during the financial year. In the calculation the shares purchased by the Company are excluded.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all dilutive effect ordinary shares.

	2013	2012
Profit for the financial year (EUR 1,000)	4,390	5,585
Non-controlling interest (EUR 1,000)	–98	182
Profit attributable to equity holders of the parent company (EUR 1,000)	4,291	5,767
Weighted average number of shares (1,000 pcs)	19,718	19,708
Basic earnings per share (EUR per share)	**0.22**	**0.29**
Weighted average number of shares (1,000 pcs)	19,718	19,708
Dilution due to share based remunerations	0	0
The diluted weighted avarage number of shares for the calculation of earnings per share	19,718	19,708
Diluted earnings per share (EUR per share)	**0.22**	**0.29**

18. Tangible assets

TANGIBLE ASSETS 2013 EUR 1,000	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost at 1. 1.	19	10,215	4,885	338	15,458
Translation difference	0	–88	–15	0	–103
Additions	0	259	447	580	1,285
Disposals	0	–59	0	0	–59
Acquisition cost 31. 12.	19	10,327	5,317	918	16,581
Cumulative depreciation 1. 1.	0	–9,601	–3,828	–274	–13,703
Translation difference	0	88	8	0	97
Cumulative depreciation on disposals	0	53	0	0	53
Depreciation for the financial period	0	–221	–741	–23	–985
Cumulative depreciation 31. 12.	0	–9,681	–4,561	–297	–14,538
Book value 31. 12. 2013	**19**	**646**	**756**	**621**	**2,043**

TANGIBLE ASSETS 2012 EUR 1,000	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost at 1. 1.	19	9,274	4,207	312	13,813
Translation difference	0	89	13	0	102
Acquisition of subsidiaries	0	619	102	0	721
Additions	0	289	563	26	878
Disposals	0	–56	0	0	–56
Acquisition cost 31. 12.	19	10,215	4,885	338	15,458
Cumulative depreciation 1. 1.	0	–8,814	–3,065	–249	–12,128
Translation difference	0	–88	–5	0	–93
Cumulative depreciation on acquisitions	0	–437	–46	0	–483
Cumulative depreciation on disposals	0	28	0	0	28
Depreciation for the financial period	0	–290	–712	–25	–1,027
Cumulative depreciation 31. 12.	0	–9,601	–3,828	–274	–13,703
Book value 31. 12. 2012	**19**	**614**	**1,057**	**64**	**1,755**

19. Intangible assets

INTANGIBLE ASSETS 2013 EUR 1,000	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1. 1.	7,132	980	4,517	1,256	891	14,776
Translation difference	–15	0	–5	–6	0	–26
Additions	462	419	0	179	0	1,060
Disposals	–2	0	0	0	0	–2
Reclassifications between items	891	0	0	0	–891	0
Acquisition cost 31. 12.	8,469	1,399	4,512	1,429	0	15,808
Cumulative amortization 1. 1.	–6,535	–351	–692	–652	0	–8,230
Translation difference	11	0	3	5	0	19
Cumulative amortization on disposals	1	0	0	0	0	1
Amortization for the financial period	–481	–221	–689	–313	0	–1,704
Cumulative amortization 31. 12.	–7,004	–572	–1,378	–960	0	–9,914
Book value 31. 12. 2013	**1,465**	**827**	**3,135**	**469**	**0**	**5,895**

INTANGIBLE ASSETS 2012 EUR 1,000	Intangible rights	Internally created intangible assets *	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1. 1.	5,986	0	266	938	103	7,293
Translation difference	9	0	–1	6	0	14
Acquisition of subsidiaries	871	761	4,252	0	0	5,884
Additions	178	219	0	312	887	1,596
Disposals	–7	0	0	0	0	–7
Reclassifications between items	95	0	0	0	–99	–4
Acquisition cost 31. 12.	7,132	980	4,517	1,256	891	14,776
Cumulative amortization 1. 1.	–5,466	0	–114	–319	0	–5,899
Translation difference	–28	0	5	–4	0	–27
Cumulative amortization on acquisitions	–718	–192	0	0	0	–910
Cumulative amortization on reclassifications	21	0	0	0	0	21
Amortization for the financial period	–344	–159	–583	–329	0	–1,415
Cumulative amortization 31. 12.	–6,535	–351	–692	–652	0	–8,230
Book value 31. 12. 2012	**597**	**629**	**3,825**	**604**	**891**	**6,546**

* Internally created intangible assets were previously included in item 'Intangible rights'.

20. Goodwill

GOODWILL 2013 EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1. 1.	748	39,182	39,930
Translation difference	–12	–787	–799
Acquisition cost 31. 12.	737	38,395	39,131
Book value 31. 12. 2013	**737**	**38,395**	**39,131**

GOODWILL 2012 EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1. 1.	734	35,597	36,331
Translation difference	14	886	900
Additions	0	2,699	2,699
Acquisition cost 31. 12.	748	39,182	39,930
Book value 31. 12. 2012	**748**	**39,182**	**39,930**

21. Investments in associates

EUR 1,000	2013	2012
Acquisition cost at 1. 1.	187	307
Disposals	–289	–120
Acquisition cost 31. 12.	–102	187
Adjustments to equity at carrying amount 1. 1.	–104	24
Share of profit/loss in associates	206	–128
Adjustments to equity at carrying amount 31. 12.	102	–104
Book value 31. 12.	**0**	**83**

22. Investments available-for-sale

EUR 1,000	2013	2012
Acquisition cost 1. 1.	604	593
Fair value adjustments	37	14
Disposals	0	–2
Acquisition cost 31. 12.	**641**	**604**

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

2013

Fair value measurements of available-for-sale financial assets as at 31. 12. 2013

EUR 1,000	Level 1	Level 2	Level 3	Total
Listed shares	133	0	0	133
Premises shares	0	480	0	480
Unlisted shares	0	0	29	29
Total	**133**	**480**	**29**	**641**

Reconciliation of fair value measurements of available-for-sale financial assets:

EUR 1,000	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at 1. 1. 2013	96	480	29	604
Gain/loss recognized in other comprehensive income	37	0	0	37
Closing balance 31. 12. 2013	**133**	**480**	**29**	**641**

2012

Fair value measurements of available-for-sale financial assets as at 31. 12. 2012

EUR 1,000	Level 1	Level 2	Level 3	Total
Listed shares	96	0	0	96
Premises shares	0	480	0	480
Unlisted shares	0	0	29	29
Total	**96**	**480**	**29**	**604**

Reconciliation of fair value measurements of available-for-sale financial assets:

EUR 1,000	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at 1. 1. 2012	82	480	31	592
Sale of financial assets	0	0	–2	–2
Gain/loss recognized in other comprehensive income	14	0	0	14
Closing balance 31. 12. 2012	**96**	**480**	**29**	**604**

Unlisted shares are valued at historic cost, when their fair value cannot be measured reliably and they are not intended to be actively traded on the active markets. Amounts of these shares recognized in the balance sheet are minor and do not have essential effect on the consolidated balance sheet. Investments available-for-sale are classified as non-current assets as they are not expected to be realized during the next twelve months after the reporting date and selling them is not necessary for gaining working capital.

23. Impairment testing

Goodwill is allocated to cash-generating units for determination of impairment. In impairment testing the recoverable amount is defined as value-in-use. The impairment test has been done in Q4 after budgets for 2014 were done and is based on goodwill as per September 30, 2013. The calculations are based on profit after tax. Cash flows after tax are based on budget figures approved by management for a next five year period. When defining the cash flow, the attention is paid on anticipated price and margin development, costs, net working capital and investment needs. Management determined these based on past performance and its expectations of market development.

THE KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS ARE AS FOLLOWS:

	2013	2012
Aggregate growth percentage year 1–5	2–6%	2–6%
Growth rate after 5 years	1.0%	1.0%
Discount rate Finland	7.9%	6.5%
Discount rate Sweden	8.1%	6.2%
Discount rate China	9.8%	8.3%
Discount rate The Netherlands	7.9%	6.5%

The recoverable amount is compared with the book value of the cash-generating unit. An impairment loss is booked as cost in the income statement, if the recoverable amount is lower than the book value. No impairment loss has been booked during the financial year.

The discount rate is determined based on the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities. WACC is based on risk free interest in each country the CGUs have their operations. The discount rate is determined after tax, because cash flows analysed are after tax also. Impairment testing has been executed for the CGU's in which Group's goodwill has been allocated. Basis for allocating goodwill is the lowest level where the goodwill is monitored for internal purposes, but no larger than any operating segment.

Cash Generating Units (CGUs) where goodwill has been allocated for 2012:

1,000,000 EUR	2012
Sweden	25.1
Finland	10.8
China	1.8
The Netherlands	2.5
Total	**40.2**

Cash Generating Units (CGUs) where goodwill has been allocated for 2013:

1,000,000 EUR	2013
Sweden	24.5
Finland	10.8
China	1.8
The Netherlands	2.7
Total	**39.8**

SENSITIVITY ANALYSIS

According to impairment testing the recoverable amounts exceeded the carrying amounts as follows in 2012:

1,000,000 EUR	2012
Sweden	26.8
Finland	122.6
China	6.9
The Netherlands	12.7
Total	**169.0**

According to impairment testing the recoverable amounts exceeded the carrying amounts as follows in 2013:

1,000,000 EUR	2013
Sweden	7.7
Finland	75.1
China	6.4
The Netherlands	7.2
Total	**96.3**

In connection with impairment testing sensitivity analyses have been performed using the following variables:
– 0-growth in net sales
– Decrease of profitability (EBIT) by 4 percentage points
– Increase of discount rate by 4 percentage points

A decrease in operating profit by 4 percentage points would lead to an impairment loss booking of EUR 15.1 million in Sweden. An increase of discount rate by 4 percentage points would lead to an impairment loss booking of EUR 4.7 million in Sweden. According to management understanding realization of the variables used in the sensitivity analysis would not lead to impairment losses in other cash-generating units.

24. Trade and other receivables

EUR 1,000	2013	2012
Trade receivables	15,084	14,623
Allowances for doubtful trade receivables	–199	–133
Other receivables	495	1,115
Prepayments and accrued income	10,328	6,431
Total	**25,709**	**22,035**
Main items included in prepayments and accrued income		
Receivables for revenue recognized in part prior to project completion	0	95
Accruals of personnel expenses	218	203
Prepaid office rents	273	280
Prepaid leasing	85	29
Other prepayments and accrued income on sales	8,945	4,735
Other prepayments and accrued income on expenses	807	1,089
Total	**10,328**	**6,431**
Aging analysis of trade receivables		
Not due	12,413	10,905
Due 1 to 30 days	1,858	2,850
Due 31 to 60 days	298	414
Due 61 to 90 days	107	89
Due 91 to 120 days	–50	209
Due more than 120 days	459	155
Total	**15,084**	**14,623**
Aging analysis of allowance for doubtful trade receivables		
Due 31 to 60 days	–11	0
Due 91 to 120 days	0	–133
Due more than 120 days	–187	0
Total	**–199**	**–133**
Movements on the Group provision for impairment of trade receivables are:		
1. 1.	–133	–178
Provision for impairment of receivables, decrease (+) / increase (–)	–66	45
31. 12.	**–199**	**–133**
Analysis of receivables by currency		
EUR	14,996	13,312
SEK	9,060	8,035
CNY	1,495	516
Other currencies	157	173
Total	**25,709**	**22,035**

25. Cash and cash equivalents

EUR 1,000	2013	2012
Bank accounts and cash	975	5,402
Total	**975**	**5,402**

Cash and cash equivalents in the balance sheet correspond with the financial assets in the Consolidated Statement of Cash Flows.

26. Equity

SHAREHOLDERS' EQUITY

Shareholders' equity consists of share capital, share premium fund, unrestricted equity reserve, treasury shares, translation differences, other reserves, retained earnings and non-controlling interest. Translation differences contains translation differences arising from the conversion of financial statements of foreign units and the foreign subsidiary net investment hedge. Other reserves include the fair value reserve, which consists of fair value adjustments of available-for-sale assets amounting to EUR 189 thousand (2012: EUR 151 thousand).

SHARES AND SHARE CAPITAL

The fully paid and registered share capital of the Company at the end of the financial year was EUR 5,000,000 and number of shares was 20,179,414. No changes occurred during financial year. The Company has one series of shares. Each share entitles its holder to one vote in the shareholders' meeting and gives an equal right to dividends.

Shares are listed on NASDAQ OMX Helsinki Ltd under the ETT1V ticker. The share has no nominal value and there is no maximum number of shares. All issued shares are fully paid.

The number of company-held shares at the end of the financial year was 461,791 (2012: 471,302). During the financial year the Company has not acquired own shares. The Company transferred 9,511 company-held shares to employees included in the key personnel incentive plan.

The Board of Directors' authorization to acquire and dispose own shares and to increase the share capital through a rights issue is disclosed in the section Shares and Shareholders.

The Board of Directors has proposed to the Annual General Meeting a dividend of EUR 0.11 to be paid for the financial year 2013.

27. Incentive plan for key personnel

The Board of Directors of Etteplan Oyj decided on a new share-based incentive plan for the Group key personnel in March 2011. The plan includes three earning periods, calendar years 2011, 2012 and 2013. The Board of Directors shall decide on the earnings criteria and on targets to be established for them for each earning period. The rewards to be paid on the basis of the plan from all earning periods 2011, 2012 and 2013 will correspond to the value of an approximate maximum total of 810,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

During the earning period 2011, 16 people belonged to the target group of the plan. The earnings criteria of the earning period 2011 were the Etteplan Group´s operating profit (EBIT) and revenue. The Board of Directors of Etteplan Oyj made in its meeting, on February 14, 2012, a resolution that there will be no disposal of company-held shares for the 2011 earning period.

At a meeting held on February 14, 2013, the Board of Directors of Etteplan Oyj decided to transfer company-held shares under an authorization given to the Board of Directors by the Annual General Meeting of March 30, 2012. According to the resolution of the Board of Directors, Etteplan Oyj transferred 9,511 company-held shares to the 16 employees included in the incentive plan for key personnel as a reward for the 2012 earnings period. The shares were transferred on April 30, 2013. In addition, the company paid the key personnel concerned a cash component corresponding to the taxes and tax-like charges incurred as a result of the reward. The earnings criteria for the 2012 earnings period was Etteplan Group's operating profit (EBIT).

During the 2013 earning period, approximately 17 employees belonged to the target group of the plan. The earnings criteria for the 2013 earning period was Etteplan Group's operating profit (EBIT). The Board of Directors of Etteplan Oyj made in its meeting, on February 12, 2014, a resolution that there will be no disposal of company-held shares for the 2013 earning period.

Staff costs include equity-settled and cash-settled cash-based payments:

	2013	2012
Settled in equity in future	0	22
Total	**0**	**22**
Settled in cash in future	0	27
Total	**0**	**27**

28. Borrowings

EUR 1,000	2013	2012
Non-current		
Loans from financial institutions	10,254	12,453
Finance lease liabilities	577	790
Total	**10,831**	**13,243**
Analysis by currency		
EUR	8,220	8,823
SEK	2,600	4,406
CNY	10	14
Total	**10,831**	**13,243**
Current		
Loans from financial institutions	8,136	6,418
Pension loans	0	313
Finance lease liabilities	702	935
Total	**8,837**	**7,665**
Analysis by currency		
EUR	6,736	4,322
SEK	671	2,000
CNY	1,430	1,343
Total	**8,837**	**7,665**

29. Due dates of the financial leasing liabilities

EUR 1,000	2013	2012
Minimum lease payments		
Within a year	911	1,225
More than one year, but no more than five years	633	914
More than five years	0	0
Total	**1,544**	**2,139**
Future financing cost	–56	–88
Present value	**1,488**	**2,050**
Present value aging		
Within a year	871	1,161
More than one year, but no more than 5 years	617	889
Total	**1,488**	**2,050**

The average interest rate of the finance lease agreements in year 2013 was 4.6% (2012: 5.0%)

EUR 1,000	2013	2012

30. Other non-current liabilities

Contingent liability from acquisition	1,823	2,600
Pension liabilities	614	608
Other non-current liabilities	0	16
Total	**2,438**	**3,224**

Analysis by currency		
EUR	2,438	3,224
Total	**2,438**	**3,224**

31. Trade and other payables

Advances received	1,123	155
Advances received, long-term projects	2,414	91
Trade payables to associates	0	122
Trade payables to others	4,281	5,281
Accrued expenses	12,432	13,793
Tax payables	3,027	5,101
Other payables	2,201	837
Total	**25,478**	**25,380**

Main items included in accrued expenses		
Interest liabilities	42	55
Accrued employee expenses	11,640	12,865
Other accrued expenses	750	873
Total	**12,432**	**13,793**

Analysis by currency		
EUR	16,874	16,857
SEK	8,214	8,213
CNY	369	285
Other	21	24
Total	**25,478**	**25,380**

32. Current income tax liabilities

Accrued income tax	418	1,000

33. Deferred taxes

DEFERRED TAXES 2013

Deferred tax assets EUR 1,000	1.1.2013	Translation difference	In income statement	In equity	Reclassifications	31.12.2013
Confirmed loss	0	–2	94	0	0	92
Other timing differences	13	0	–4	0	0	8
Total	**13**	**–2**	**90**	**0**	**0**	**100**

Deferred tax liabilities EUR 1,000	1.1.2013	Translation difference	In income statement	In equity	Reclassifications	31.12.2013
Depreciation and amortization in excess of scheduled and discretionary provisions	123	–4	0	0	0	119
Intangible assets recognized in business combinations	929	0	–161	0	0	767
Other timing differences	127	–1	–12	–2	10	123
Total	**1,179**	**–5**	**–173**	**–2**	**10**	**1,010**

DEFERRED TAXES 2012

Deferred tax assets EUR 1,000	1.1.2012	Translation difference	In income statement	In equity	Mergers and acquisitions	31.12.2012
Confirmed loss	136	3	–139	0	0	0
Other timing differences	28	0	–16	0	0	13
Total	**164**	**3**	**–155**	**0**	**0**	**13**

Deferred tax liabilities EUR 1,000	1.1.2012	Translation difference	In income statement	In equity	Mergers and acquisitions	31.12.2012
Depreciation and amortization in excess of scheduled and discretionary provisions	138	5	–20	0	0	123
Intangible assets recognized in business combinations	0	0	–134	0	1,063	929
Other timing differences	99	0	–27	0	54	127
Total	**237**	**5**	**–181**	**0**	**1,117**	**1,179**

The company tax rate in Finland changed from 24.5 percent to 20 percent on January 1, 2014. Deferred tax assets and liabilities booked using the Finnish tax rate are recognized at the new tax rate on Dec 31, 2013.

At December 31, 2013 the Group had gross losses carried forward of EUR 1,680 thousand (2012: EUR 1,663 thousand) of which a deferred tax asset has not been recognized. These losses have no expiry date.

34. Pledges, mortgages and guarantees

EUR 1,000	2013	2012
For own debts		
Other contingencies	48	0
Leasing liabilities		
For payment under one year	1,325	1,737
For payment 1–5 years	1,080	1,698
Total	**2,453**	**3,435**

35. Related-party transactions

In addition to the associated companies the Group's related-party includes such persons that have control, joint control or significant influence over the Group. Also the Group's key personnel, that is, the members of the Board of Directors and Management Group including the CEO are included in the related-party. Companies in control or joint control of the before mentioned persons are considered as other related parties. The ultimate controlling party is shown in the table 'Major shareholders' in section 'Shares and shareholders'.

Related-party transactions are priced according to Group's normal pricing basis and sales conditions.

GROUP COMPANIES 31. 12. 2013

Company	Domicile	Group's holding
Parent company Etteplan Oyj	Vantaa, Finland	
Etteplan Design Center Oy	Hollola, Finland	100%
Etteplan Industry AB	Västerås, Sweden	100%
Etteplan Vataple Technology Centre, Ltd	Kunshan, China	70%
Etteplan Consulting (Shanghai) Co., Ltd.	Shanghai, China	100%
Tedopres International B.V.	Best, The Netherlands	100%
Tedopres Documentation B.V.	Best, The Netherlands	100%
Tedopres International GmbH	Best, The Netherlands	100%
Tedopres Inc.	Austin, USA	100%
Tedopres Asia PTE, Ltd.	Singapore	100%
Panver B.V.	Best, The Netherlands	100%

The Group has sold its 33.3 per cent share of I3TEX AB in May 2013.

The following group companies have been merged in 2013:	Domicile	Merged to
Etteplan Stockholm AB	Stockholm, Sweden	Etteplan Industry AB
Etteplan IT AB	Västerås, Sweden	Etteplan Industry AB

The following transactions were carried out with related parties:

EUR 1,000	2013	2012
Sales of goods and services to related parties		
Associated companies	0	1,052
Other related parties	135	171
Total	**135**	**1,223**
Purchases of goods and services from related parties		
Associated companies	95	1,042
Key personnel	0	11
Other related parties	120	331
Total	**215**	**1,384**
Receivables from related parties		
Other related parties	38	34
Total	**38**	**34**
Loans to related parties		
Associated companies	0	122
Total	**0**	**122**

Key management compensation

Key management of Etteplan Oyj includes the Board of Directors, CEO and Management Group.

Salaries and fees paid

EUR 1,000	2013	2012
Members of the Board		
Robert Ingman, Chairman of the Board	33	28
Tapio Hakakari	28	31
Heikki Hornborg	51	53
Pertti Nupponen	30	25
Satu Rautavalta, until Nov 18, 2013	24	25
Teuvo Rintamäki	26	25
Leena Saarinen, Nov 18, 2013 onwards	3	0
	196	**188**
CEO and other members of the Management Group		
Juha Näkki, salaries and fees paid	357	353
Juha Näkki, statutory pension costs	57	58
Other members of the Management Group	991	884
Total	**1,600**	**1,483**

The Annual General Meeting annually resolves the remuneration for the members of the Board of Directors.

Stock options to the key management

Stock options have not been granted to the Company's management during 2013.

Information on key management holdings

1,000 pcs	Shares 31.12.2013
Juha Näkki, President and CEO	12
Robert Ingman, Chairman of the Board	30
Robert Berg, member of the Management Group	1
Per-Anders Gådin, member of the Management Group	0
Tapio Hakakari/Webstor Oy, member of the Board	0
Heikki Hornborg, member of the Board	0
Veikko Lamminen, member of the Management Group	2
Outi-Maria Liedes, member of the Management Group	3
Pertti Nupponen, member of the Board	0
Teuvo Rintamäki, member of the Board	0
Leena Saarinen, member of the Board	0
Mikael Vatn, member of Management Group	4
Total	**51**

36. Events after the balance sheet date

Etteplan acquired the entire share base of Swedish ProAvia Konsult AB in January. The acquisition price was EUR 1,544 thousand. The company, founded in 2003, provides services in the field of systems engineering targeted especially to defense industry. The acquisition strengthens Etteplan's market position and expertise in the area of demanding systems engineering and creates better growth opportunities for Etteplan.

37. Key figures for financial trends

EUR 1,000, financial period 1.1–31.12.	2013 IFRS	2012 IFRS	2011 IFRS
Revenue	128,647	134,479	119,448
Change in revenue, %	–4.3	12.6	14.0
EBITDA	9,064	11,154	8,478
% of revenue	7.0	8.3	7.1
Operating profit (EBIT)	6,366	8,715	6,885
% of revenue	4.9	6.5	5.8
Profit before taxes and non-controlling interest	5,672	7,542	6,347
% of revenue	4.4	5.6	5.3
Profit for the financial year	4,390	5,585	4,623
Return on equity, %	17.5	24.8	18.6
ROCE, %	14.6	20.4	17.6
Equity ratio, %	35.9	32.4	31.1
Gross investments	2,344	9,508	3,221
% of revenue	1.8	7.1	2.7
Net gearing, %	73.4	62.8	84.9
Personnel, average	1,736	1,756	1,625
Personnel at year end	1,728	1,776	1,659
Wages and salaries	70,363	70,571	64,713

38. Key figures for shares

Financial period 1.1.–31.12.	2013 IFRS	2012 IFRS	2011 IFRS
Earnings per share, EUR	0.22	0.29	0.20
Equity per share, EUR	1.31	1.27	1.04
Dividend per share, EUR	0.11*	0.15	0.10
Dividend per earnings per share, %	50	52	50
Effective dividend return, %	3.5	5.6	4.5
P/E-ratio, EUR	14.2	9.2	11.2
Share price, EUR lowest	2.69	2.20	1.90
highest	3.54	2.93	3.53
average for the year	3.13	2.52	2.79
Market capitalization, EUR 1,000	61,717	52,818	44,146
Number of shares traded, 1,000 pcs	9,406	3,158	2,617
Percentage of shares traded	48	16	13
Adjusted average number of shares during the financial year, 1,000 pcs	19,718	19,708	19,708
Adjusted average number of shares at year end, 1,000 pcs	19,718	19,708	19,708

* Proposal by the Board of Directors

Formulas for the key figures

EBITDA	Operating profit (EBIT) + Depreciation and amortization
Return on equity (ROE)	$\frac{\text{(Profit before taxes and non-controlling interest – taxes)} \times 100}{\text{(Shareholders' equity + minority interest) average}}$
Return on capital employed (ROCE), before taxes	$\frac{\text{(Profit before taxes and non-controlling interest + interest and other financial expenses)} \times 100}{\text{(Balance sheet total – non-interest bearing debts) average}}$
Equity ratio, %	$\frac{\text{(Shareholders' equity + non-controlling interest)} \times 100}{\text{Balance sheet total – advances received}}$
Net gearing, %	$\frac{\text{(Interest-bearing debts – cash and cash equivalents and marketable securities)} \times 100}{\text{Shareholders' equity + non-controlling interest}}$
Earnings per share	$\frac{\text{(Profit before taxes and non-controlling interest – taxes – non-controlling interest)}}{\text{Average number of shares during the financial year}}$
Equity per share	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$
Dividend per share	$\frac{\text{Dividend for year}}{\text{Adjusted number of shares during the financial year}}$
Dividend as percentage of earnings	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share} \times 100}{\text{Adjusted last traded share price}}$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted last traded share price}}{\text{Earnings per share}}$
Share price trend	For each financial year, the adjusted low and high actual traded prices are given as well as the average price for the financial year adjusted for share issues. Average price = $\frac{\text{Total turnover of shares in euros}}{\text{Number of shares traded during the financial year}}$
Market capitalization	Number of outstanding shares at year-end × last traded share price of year
Trend in share turnover, in volume and percentage figures	The trend in turnover of shares is given as the number of shares traded during the year and as the percentage of traded shares relative to issued stock during the year.

Parent company's income statement

EUR 1,000	Note	1.1.–31.12.2013 FAS	1.1.–31.12.2012 FAS
REVENUE	1	**5,715**	**6,795**
Other operating income	2	0	11
Staff costs	3	–2,034	–1,994
Depreciation and amortization	10, 11	–336	–213
Other operating expenses	5	–4,749	–4,659
OPERATING PROFIT/LOSS		**–1,404**	**–60**
Financial income and expenses	6, 7	–161	–979
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		**–1,564**	**–1,039**
Extraordinary items	8	4,600	6,000
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		**3,036**	**4,961**
Income taxes	9	–793	–1,218
NET PROFIT/LOSS FOR THE FINANCIAL YEAR		**2,242**	**3,743**

Parent company's balance sheet

EUR 1,000	Note	31.12.2013 FAS	31.12.2012 FAS
ASSETS			
Non-current assets			
Intangible assets	10	1,052	1,081
Tangible assets	11	37	27
Investments			
Shares in group companies	12	50,169	50,779
Shares in associates	12	0	289
Other investments	12	20	20
Investments, total		50,189	51,087
Non-current assets, total		**51,278**	**52,195**
Current assets			
Current receivables	13	48,855	29,162
Cash and cash equivalents	14	533	4,142
Current assets, total		49,388	33,303
TOTAL ASSETS		**100,666**	**85,498**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	5,000	5,000
Share premium account	15	6,701	6,701
Unrestricted equity fund	15	2,614	2,584
Own Shares	15	–1,912	–1,958
Retained earnings	15	9,543	8,802
Net profit/loss for the financial year	15	2,242	3,743
Equity, total		**24,188**	**24,873**
Liabilities			
Non-current liabilities	16	12,234	15,039
Current liabilities	17, 18	64,244	45,586
Liabilities, total		76,478	60,625
TOTAL EQUITY AND LIABILITIES		**100,666**	**85,498**

Parent company's cash flow statement

EUR 1,000	1.1.–31.12.2013	1.1.–31.12.2012
OPERATING CASH FLOW		
Cash receipts from customers	4,599	7,489
Operating expenses paid	–7,069	–7,638
Operating cash flow before financial items and taxes	–2,470	–149
Interest and payment paid for financial expenses	–446	–667
Dividends received	4	5
Interest received	34	29
Income taxes paid	–1,523	–792
Operating cash flow (A)	**–4,402**	**–1,575**
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	–317	–774
Acquisition of subsidiaries	0	–7,331
Disposal of associates	100	0
Proceeds from sale of tangible and intangible assets	0	–2
Change of cash equivalents	–19,950	–12,447
Proceeds from sale of investments	0	13
Investing cash flow (B)	**–20,167**	**–20,541**
FINANCING CASH FLOW		
Short-term loans, increase	2,249	0
Short-term loans, decrease	–2,796	–4,737
Addition (+) / deduction (–) of short-term borrowings	18,122	21,716
Long-term loans, increase	3,000	4,000
Long-term loans, decrease	–2,792	0
Dividend paid and other profit distribution	–2,956	–1,971
Group contribution	6,000	5,000
Financing cash flow (C)	**20,827**	**24,008**
Variation in cash (A+B+C) increase (+) / decrease (–)	**–3,742**	**1,892**
Assets at the beginning of the period	4,142	2,344
Exchange gains or losses on cash and cash equivalents	134	–95
Assets at the end of the period	533	4,142

Parent company's accounting policies

Basis of preparation

The financial statements of the parent company, Etteplan Oyj, have been prepared in accordance with Finnish accounting and company legislation (FAS).

Recognition of income

The parent company's accounting principles for recognition of income correspond to those applied in the consolidated financial statements. Etteplan Oyj's revenue consists of software and management fees from Etteplan Group companies.

Research and development expenditure

Research and development expenditure is recorded under expenses for the year in which it is incurred.

Measurement of non-current assets

Non-current assets have been capitalized in the balance sheet at cost less depreciation according to plan and with possible impairment loss. Depreciation according to plan is based on the estimated useful life of the asset item. Land areas are not depreciated, because they are considered to have an unlimited useful life. The useful lives of other non-current assets are:

– software	5 years
– computers	3 years
– vehicles	5 years
– office furniture	5 years
– renovation of premises	5 years

Maintenance and repair costs are expensed when they are incurred. Major basic improvement investments are capitalized and depreciated in the income statement over their useful life. Capital gains and losses arising on the retirement and sale of non-current assets are included either in other operating income or under expenses.

Income taxes

Taxes in the income statement include taxes based on taxable earnings for the period as well as corrections to taxes for previous periods. Current tax is calculated on taxable income using the tax rate that is in force at the time of the financial statement.

Accumulated appropriations in the parent company

Postponed depreciations of machinery and equipment amount to a total of 2 thousand euros. The associated deferred tax assets are not recorded in the parent company's balance sheet.

Pension agreements

Pension security for the employees of the parent company has been arranged with external pension insurance companies. Pension expenses are recorded as expenses in the year in which they are incurred.

Lease agreements

Contractual lease payments are entered as expenses in the income statement over the lease period.

Notes to the financial statements, parent company

EUR 1,000	2013	2012

1. Revenue

Finland	5,715	6,795

Revenue consists of sofware and management fees from Etteplan Group companies.

2. Other operating income

Sales profit of tangible and intangible assets	0	11
Total	**0**	**11**

3. Number of personnel and staff costs

Personnel		
Personnel at year-end	28	26
Personnel, average	27	27

Personnel by category		
Administration personnel	28	26
Total	**28**	**26**

Staff costs		
Wages and salaries	1,730	1,663
Pension costs – defined contribution plans	256	285
Other indirect employee costs	48	47
Total	**2,034**	**1,994**

4. Audit fees

Auditing	34	33
Other services	39	14
Total	**73**	**46**

5. Other operating expenses

Loss on disposal of associates	189	0
Audit fees	73	46
Other operating expenses	4,488	4,613
Total	**4,749**	**4,659**

EUR 1,000	2013	2012

6. Financial income

EUR 1,000	2013	2012
Dividend income from others	4	5
Other financial income, Intra-group	0	10
Other financial income from others	1	19
Foreign exchange gain	275	1
Total	**281**	**35**

7. Financial expenses

EUR 1,000	2013	2012
Interest on borrowings from group entities	30	54
Interest on borrowings from others	404	566
Foreign exchange loss	6	375
Other financial expenses	2	18
Total	**442**	**1,013**

8. Extraordinary items

EUR 1,000	2013	2012
Group contributions received	4,600	6,000

9. Income taxes

EUR 1,000	2013	2012
Tax on income from operations	793	1,218
Total	**793**	**1,218**

EUR 1,000

10. Intangible assets, parent company

Intangible assets 2013	Intangible rights	Goodwill	Advance payments	Total
Acquisition cost at 1. 1.	2,862	379	890	4,131
Additions	289	0	0	289
Reclassifications between items	890	0	–890	0
Acquisition cost 31. 12.	4,041	379	0	4,420
Cumulative amortization 1. 1.	–2,672	–379	0	–3,051
Amortization for the financial period	–317	0	0	–317
Cumulative amortization 31. 12.	–2,989	–379	0	–3,368
Carrying value 31. 12.	**1,052**	**0**	**0**	**1,052**

Intangible assets 2012	Intangible rights	Goodwill	Advance payments	Total
Acquisition cost at 1. 1.	2,727	379	103	3,209
Additions	36	0	886	922
Reclassifications between items	99	0	–99	0
Acquisition cost 31. 12.	2,862	379	890	4,131
Cumulative amortization 1. 1.	–2,483	–379	0	–2,862
Amortization for the financial period	–189	0	0	–189
Cumulative amortization 31. 12.	–2,672	–379	0	–3,051
Carrying value 31. 12.	**190**	**0**	**890**	**1,080**

EUR 1,000

11. Tangible assets, parent company

Tangible assets 2013	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1. 1.	1,066	51	1,117
Additions	29	0	29
Acquisition cost 31. 12.	1,094	51	1,145
Cumulative depreciation 1. 1.	–1,044	–45	–1,089
Depreciation for the financial period	–13	–5	–19
Cumulative depreciation 31. 12.	–1,057	–50	–1,108
Carrying value 31. 12.	**37**	**1**	**37**

Tangible assets 2012	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1. 1.	1,046	51	1,097
Additions	20	0	20
Acquisition cost 31. 12.	1,066	51	1,117
Cumulative depreciation 1. 1.	–1,026	–39	–1,065
Depreciation for the financial period	–18	–6	–24
Cumulative depreciation 31. 12.	–1,044	–45	–1,089
Carrying value 31. 12.	**22**	**6**	**27**

EUR 1,000

12. Investments, parent company

Investments 2013	Shares in Group companies	Shares in associates	Other investments	Total
Acquisition cost 1. 1.	50,778	289	20	51,087
Decreases	–610	–289	0	–899
Acquisition cost 31. 12.	50,168	0	20	50,189
Carrying value 31. 12.	**50,168**	**0**	**20**	**50,189**

Investments 2012	Shares in Group companies	Shares in associates	Other investments	Total
Acquisition cost 1. 1.	40,638	289	21	40,948
Increases	10,140	0	0	10,140
Decreases	0	0	–1	–1
Acquisition cost 31. 12.	50,778	289	20	51,087
Carrying value 31. 12.	**50,778**	**289**	**20**	**51,087**

13. Current receivables

EUR 1,000	2013	2012
Current receivables from group companies		
Trade receivables	462	580
Other receivables	2,461	1,227
Internal bank account receivables	40,868	20,918
Group contribution receivables	4,600	6,000
Total	**48,391**	**28,724**
Current receivables from others		
Trade receivables	14	3
Other short-term receivables	0	29
Current prepayments and accrued income	450	405
Total	**465**	**437**
Main items included in prepayments and accrued income		
Accruals of personnel expenses	20	41
Other prepayments and accrued income on expenses	431	365
Total	**450**	**405**

EUR 1,000	2013	2012

14. Cash and cash equivalents

Bank accounts and cash	533	4,142
Total	**533**	**4,142**

Cash and cash equivalents in the balance sheet correspond with the financial assets in cash flow statement.

15. Equity

Share capital 1. 1.	5,000	5,000
Share capital 31. 12.	**5,000**	**5,000**
Share premium account 1. 1.	6,701	6,701
Share premium account 31. 12.	**6,701**	**6,701**
Unrestricted equity fund 1. 1.	2,584	2,584
Share based payments	29	0
Unrestricted equity fund 31. 12.	**2,614**	**2,584**
Treasury shares 1. 1.	–1,958	–1,958
Other changes	46	0
Treasury shares 31. 12.	**–1,912**	**–1,958**
Retained earnings 1. 1.	12,545	10,773
Dividends paid	–2,956	–1,971
Share-based payments	–46	0
Retained earnings 31. 12.	**9,543**	**8,802**
Profit for the financial year	**2,242**	**3,743**
Shareholders’ equity total	**24,188**	**24,873**
Distributable funds 31. 12.		
Retained earnings	9,543	8,802
Treasury shares	–1,912	–1,958
Unrestricted equity fund	2,614	2,584
Profit for financial year	2,242	3,743
Distributable funds 31. 12.	12,487	13,171

Shares 1,000 pcs	2013	2012
Number of shares 1. 1.	20,179	20,179
Number of shares 31. 12.	20,179	20,179

EUR 1,000	2013	2012

16. Non-current liabilities

Loans from financial institutions	10,244	12,439
Accrued liability on acquisition	1,990	2,600
Total	**12,234**	**15,039**

17. Current liabilities

Current liabilities to others		
Loans from financial institutions	5,513	3,445
Pension loans	0	313
Total	**5,513**	**3,757**

Current liabilities to group companies		
Internal bank account liabilities	57,664	39,542
Total	**57,664**	**39,542**

18. Trade and other current liabilities

Trade and other current liabilities to others		
Trade payables	287	731
Other liabilities	–6	43
Accrued expenses	406	1,272
Total	**687**	**2,045**

Trade and other current liabilities to group companies		
Trade payables	251	123
Other	129	118
Total	**380**	**241**

Main items included in accrued expenses		
Interest liabilities	33	47
Tax liabilities	35	765
Accrued employee expenses	338	460
Total	**406**	**1,272**

EUR 1,000	2013	2012

19. Pledges, mortgages and guarantees

Guarantees for group companies	2,518	2,308
Leasing liabilities		
For payment in next financial year	852	1,102
For payment later	687	1,026
Total	**4,057**	**4,436**

Etteplan Oyj has given a parent company guarantee totalling EUR 3,177 thousand for loans, of which EUR 2,252 thousand is in use, for Etteplan Vataple Technology Centre, Ltd.

Etteplan Oyj has given a parent company guarantee totalling EUR 540 thousand for loans, of which EUR 266 thousand is in use, for Etteplan Consulting (Shanghai) Co., Ltd.

Shares and shareholders

Share capital and shares

On December 31, 2013, Etteplan Oyj's share capital, entered in the trade register and paid in full, was EUR 5,000,000 and the number of shares was 20,179,414. There were no changes in the share capital during the reporting period January 1-December 31, 2013. The company has one series of shares. Each share confers the right to one vote at the General Meeting and the same right to a dividend.

Dividend

The Annual General Meeting on March 27, 2013 passed a resolution in accordance with the proposal of the Board of Directors to pay a dividend for the 2012 financial year of EUR 0.15 per share, or a total of EUR 2,956,216.80. The remaining profit was retained in non-restricted equity. The record date of the payment of dividend was April 3, 2013. The dividend was paid on April 10, 2013.

Current authorizations

Authorization to raise the share capital

The Annual General Meeting on March 24, 2010 granted the Board of Directors the authorization to decide upon an issue of no more than 4,000,000 shares with a share issue or by granting option rights or other specific rights, referred to in Chapter 10, Article 1 of the Companies Act, giving entitlement to shares in one or more lots. The authorization includes the right to decide to issue either new shares or company held shares. The authorization is valid for five years from the time of the Annual General Meeting resolution – i.e., from March 24, 2010, through March 24, 2015. The authorization replaces the previous authorization. The Board has not exercised this authorization.

Authorization to acquire and dispose own shares

The Annual General Meeting on March 27, 2013 authorized the Board of Directors to resolve to repurchase Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 Company shares may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' holdings, i.e., the Board has the right to decide on a directed repurchase of Company shares. The authorization is valid for 18 months from the date of the decision of the Annual General Meeting starting on March 27, 2013 and ending on September 26, 2014. The authorization replaces the corresponding previous authorization. The Board has not exercised this authorization.

Etteplan Oyj held 461,791 of its own shares on December 31, 2013 which corresponds 2.29 per cent of all shares and voting rights. The Company transferred 9,511 company-held shares to the employees included in the incentive plan for key personnel as a reward for the 2012 earnings period. The shares were transferred on April 30, 2013.

Option rights

The company does not currently have a share option program.

Share-based incentive plan

The Etteplan Oyj Board of Directors decided on a new share-based incentive plan for the key personnel of the Group in March 2011. The plan includes three earning periods, calendar years 2011, 2012 and 2013. The Board of Directors shall decide on the earnings criteria and the targets to be achieved for each earning period. The rewards to be paid on the basis of the plan from all earning periods 2011, 2012 and 2013 will correspond to the value of an approximate maximum total of 810,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

During the earning period 2011, 16 persons belonged to the key personnel group of the plan. The earnings criteria of the earning period 2011 were the Etteplan Group´s operating profit (EBIT) and revenue. The Board of Directors of Etteplan Oyj has in its meeting, on February 14, 2012, made a resolution that there will be no disposal of company-held shares for the 2011 earnings period.

At a meeting held on February 14, 2013, the Board of Directors of Etteplan Oyj decided to transfer company-held shares under an authorization given to the Board of Directors by the Annual General Meeting of March 30, 2012. According to the resolution of the Board of Directors, Etteplan Oyj will transfer 9,511 company-held shares to the 16 employees included in the incentive plan for key personnel as a reward for the 2012 earnings period. The shares will be transferred on April 30, 2013. In addition, the company will pay the key personnel concerned a cash component corresponding to the taxes and tax-like charges incurred as a result of the reward. The earnings criteria for the 2012 earnings period was Etteplan Group's operating profit (EBIT).

During the earning period 2013, 17 persons belonged to the key personnel group of the plan. The earnings criteria of the earning period 2013 was the Etteplan Group´s operating profit (EBIT). The Board of Directors of Etteplan Oyj has in its meeting, on February 12, 2014, made a resolution that there will be no disposal of company-held shares for the 2013 earnings period.

Share quote

Etteplan's shares are listed in NASDAQ OMX Helsinki's Small cap market capitalization group in the Industrials sector under the ETT1V ticker.

OMX GES Sustainability Finland index

Etteplan Oyj has once again qualified to the OMX GES Sustainability Finland index. The index is calculated by NASDAQ OMX in cooperation with GES Investment Services and is a benchmark index which comprises the 40 leading NASDAQ OMX Helsinki listed companies in terms of sustainability.

Major shareholders, December 31, 2013

Name	Number of shares	Proportion of shares and votes, %
Ingman Group Oy Ab	13,489,975	66.85
Oy Fincorp Ab	2,066,930	10.24
Varma Mutual Pension Insurance Company	821,328	4.07
Etteplan Oyj	461,791	2.29
Tuori Klaus	351,000	1.74
Tuori Aino	256,896	1.27
Kempe Anna	220,000	1.09
Evli Bank Plc	164,633	0.82
Nordea Finland Small Cap Fund	122,348	0.61
Kempe Lasse	100,000	0.50
Kempe Pia	97,700	0.48
Kylänpää Osmo	53,200	0.26
4Capes Oy	44,900	0.22
Kurra Jorma	36,300	0.18
Ingman Robert	30,000	0.15
Burmeister Dorrit	26,928	0.13
Hemholmen Oy Ab	26,000	0.13
Otavan Kirjasäätiö	24,772	0.12
Lehtivuori Pauli	20,000	0.10
Bäck Per-Erik	16,000	0.08
Other shareholders	1,748,713	8.67
Total	**20,179,414**	**100.00**
Nominee-registrated shares	209,144	1.04

Share price trend and turnover

The number of Etteplan Oyj shares traded during the financial year was 9,405,685, to a total value of EUR 29.9 million. The share price low was EUR 2.69, the high EUR 3.54, the average EUR 3.13, and the closing price EUR 3.13. Market capitalization on December 31, 2013 was EUR 61.7 million.

Shareholders

At the end of 2013, the company had 1,555 registered shareholders. In total, 209,144 shares, or 1.04 per cent of all shares, were nominee-registered.

The company held 461,791 of its own shares on December 31, 2013, which corresponds 2.29 per cent of all shares and voting rights. On December 31, 2013, the members of the company's Board of Directors and the President and CEO owned a total of 41,876 shares, or 0.21 per cent of the total share capital.

Etteplan Oyj received eight flagging notices in January–December 2013. Flagging notices are presented on the Company's webpage at www.etteplan.com and in the Review by the Board of Directors for fiscal year 2013.

Breakdown of shareholdings by owner group, December 31, 2013

Name of the sector	Number of shareholders	Number of shares	Number of nominee-registrated shares	Proportion of shares and votes, %
National economy total (domestic sector)				
Companies	83	16,233,940	0	80.45
Financial and insurance institutions	10	299,521	135,301	2.16
Public sector entities	2	821,828	0	4.07
Households	1,443	2,577,320	0	12.77
Non-profit institutions	5	29,544	0	0.15
Foreigners				
European Union	10	6,781	73,843	0.40
Other countries and international organizations	2	1,336	0	0.01
Total	**1,555**	**19,970,270**	**209,144**	**100.00**

Breakdown of shareholdings by size class, December 31, 2013

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares and votes, %
1–100	190	12.22	11,305	0.06
101–500	696	44.76	230,233	1.14
501–1,000	310	19.94	245,603	1.22
1,001–5,000	282	18.14	639,105	3.17
5,001–10,000	41	2.64	291,076	1.44
10,001–50,000	22	1.42	418,573	2.07
50,001–100,000	5	0.32	388,618	1.93
100,001–500,000	6	0.39	1,576,668	7.81
500,001–	3	0.19	16,378,233	81.16
Total	**1,555**	**100.00**	**20,179,414**	**100.00**

Board of Directors' dividend proposal

At December 31, 2013, the parent company's distributable shareholders' equity amounted to EUR 12.5 million, of which the net profit for the financial year was EUR 2.2 million.

The Board of Directors proposes that from the distributable funds at the disposal of the Annual General Meeting, a dividend of EUR 0.11 per share be paid on the Company's externally owned shares, to a total amount of EUR 2.2 million. Dividend will not be paid out to shares that are company-held on the record date of dividend payout, March 31, 2014.

No substantial changes have occurred in the financial position of the Company since the end of the financial year. The Company's liquidity is good and the Board of Directors judges that the proposed distribution of dividend will not endanger the Company's solvency. It is proposed that the dividend be paid on April 7, 2014.

Vantaa, February 12, 2014

Robert Ingman
Chairman of the Board

Tapio Hakakari
Member of the Board

Heikki Hornborg
Member of the Board

Pertti Nupponen
Member of the Board

Teuvo Rintamäki
Member of the Board

Leena Saarinen
Member of the Board

Auditor's Report (Translation from the Finnish Original)

To the Annual General Meeting of Etteplan Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Etteplan Oyj for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

Opinion on the Consolidated Financial Statements

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

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

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

Turku, on the 28th of February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant (KHT)

PricewaterhouseCoopers Oy
Läntinen Rantakatu 7
20100 Turku

Olli Wesamaa
Chartered Accountant (HTM)

DFK Oy/Ab
Pohjoisesplanadi 21 b
00100 Helsinki

Corporate governance statement

This corporate governance statement has been prepared in accordance with recommendation 54 of the Finnish Corporate Governance Code. The corporate governance statement has been prepared as a part of Annual Report and it is also available separately on the Company's webpage www.etteplan.com. Etteplan's Board of Directors' has reviewed this corporate governance statement. Etteplan Oyj's external auditor, PricewaterhouseCoopers Oy, has checked that this statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with Etteplan Oyj's financial statements.

General governance principles

Etteplan Oyj is a Finnish public limited company that in its decision-making and governance complies with the Finnish Companies Act, other legislation concerning publicly listed companies, and the Articles of Association of Etteplan Oyj.

The Company is a publicly listed company that abides by the regulations of NASDAQ OMX Helsinki Ltd. Etteplan complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association. The Finnish Corporate Governance code is available on the Securities Market Association's website at www.cgfinland.fi.

Supervision and management of the Company is divided among the General Meeting of Shareholders, the Board of Directors, and the CEO.

General meeting

The shareholders exercise their decision-making power at the General Meeting. The Company must hold one Annual General Meeting for shareholders annually, by the end of June. If necessary, an Extraordinary Meeting of Shareholders is held. A shareholder may exercise his/her right to speak, ask questions and vote at the General Meeting. The matters to be considered at the Annual General Meeting (AGM) are specified in section 8 of Etteplan's Articles of Association and in Chapter 5, Section 3 of the Companies Act.

Decisions by the General Meeting are published without delay after the meeting by a stock exchange release and on the Company's webpage at www.etteplan.com.

Information on General Meetings to Shareholders

The Board shall convene the Annual General Meeting or an Extraordinary General Meeting with a summons to be published on the Company's webpage at www.etteplan.com. The summons must list the agenda for the meeting. The Board may also decide to publish the invitation to the General Meeting in a one Finnish national newspaper, determined by the Board. The summons to a meeting and the Board's proposals for the meeting are also published as a stock exchange release.

The notice of the General Meeting includes a proposal for the agenda of the meeting. The notice of the General Meeting, documents to be submitted to the General Meeting and draft resolutions to the General Meeting will be available on the Company's webpage at least three weeks before the General Meeting.

The Company will disclose on its webpage the date by which a shareholder shall notify the Board of Directors of the Company of an issue that he or she demands to be included in the agenda of the Annual General Meeting.

The minutes of the General Meeting shall be posted on the Company's webpage within two weeks of the General Meeting. The documents related to the General Meeting shall be available on the Company's webpage at least for three months after the General Meeting.

Organization of the General Meeting

According to Company's Articles of Association the General Meeting shall be held in the Company's domicile, in Lahti or in Helsinki as decided by the Board of Directors of the Company.

To be able to participate in General Meeting, a shareholder must be registered on the record date in the Etteplan Oyj's shareholder register, maintained by Euroclear Finland Ltd. A nominee-registered shareholder who intends to take part in General Meeting is advised to request the necessary instructions regarding entry in the Company's shareholder register and the issuing of proxy documents from their account holder. A notification by a holder of nominee-registered shares for temporary inclusion in the Company's shareholders' register is perceived as prior notice of participation in the General Meeting.

Shareholders must register for a General Meeting in advance, within the time prescribed in the summons. A shareholder may participate in a General Meeting personally or through a duly authorized proxy. The proxy must present a power-of-attorney form for such authorization. Upon registration for a General Meeting, the shareholder must report to the Company any powers of attorney issued. The shareholder and proxy may have an assistant present at the meeting.

Attendance of the Board of Directors, Managing Director and Auditor at the General Meeting

The Chairman of the Board of Directors and a sufficient number of members of the Board and its Committees as well as the CEO shall attend the General Meeting. In addition, the Auditor shall be present at the Annual General Meeting.

Attendance of a prospective Director at a General Meeting

A person proposed for the first time as Director shall participate in the General Meeting that decides on his or her election unless there are well-founded reasons for absence.

Shareholder agreements

A shareholder agreement is an agreement among the shareholders of a company on the company's governance and management. A shareholder agreement can be made when a company is established or during the time of its operation. A shareholder agreement is binding between the shareholders. A shareholder agreement does not bind the company itself unless the company is included in the agreement. In general the Board of Directors approves a shareholder agreement on behalf of the company.

Etteplan has not made a shareholder agreement nor is the Company aware of possible shareholder agreements.

Board

The Board of Directors is responsible for the Company's management and for the due organization of the Company's operations in accordance with the relevant legislation and the Company's Articles of Association. The Board of Directors controls and monitors the Company's operational management; appoints and dismisses the CEO; and approves the major decisions affecting the Company's strategy, capital expenditures, organization, remuneration and bonus systems covering the management, and finances.

Charter of the Board

As part of the Company's corporate governance, the Etteplan Oyj Board of Directors has approved written rules of procedure to control Board work. The Board's rules of procedure complement the stipulations of the Finnish Companies Act and the Articles of Association of the Company. Charter of the Board is presented on the Company's webpage at www.etteplan.com.

Meetings of the Board

The Board meets as often as appropriate fulfilment of its obligations requires. The Etteplan Board of Directors met 11 times in 2013. In addition to the members of the Board, the Company's CEO attended Board meetings as the Secretary to the Board. The average attendance percentage of the Board members at the meetings was 97.0.

Performance evaluation of the Board

On an annual basis, the Board of Directors assesses its activities and work practices. The Board specifies the criteria to be used in the assessment, which is carried out as internal self-evaluation. The results of these activities are handled by the Board.

Composition of the Directors

The General Meeting elects the members of the Board of Directors. The Nomination and Remuneration Committee of the Board of Directors of Etteplan Oyj prepares a list of proposed members of the Board of Directors for consideration by the General Meeting. The Board-proposed candidates are reported upon in the summons to the meeting and on the Company's webpage.

According to the Articles of Association, the Board of Directors shall have a minimum of three and a maximum of seven members. The Board of Directors shall be elected for a term of one year at a time.

In accordance with the proposal of the Board of Directors´ Nomination and Remuneration Committee the Annual General Meeting held on March 27, 2013 re-elected Tapio Hakakari, Heikki Hornborg, Robert Ingman, Pertti Nupponen, Satu Rautavalta and Teuvo Rintamäki as members of the Board of Directors. The Board of Directors of Etteplan Oyj elected its meeting on March 27, 2013 Heikki Hornborg as Chairman of the Board and Robert Ingman as Vice Chairman of the Board.

In accordance with the proposal of the Board of Directors' Nomination and Remuneration Committee the Extraordinary General Meeting of Etteplan Oyj, on November 18, 2013 elected Leena Saarinen as a member to the Board to replace Satu Rautavalta. The Board of Directors of Etteplan Oyj elected in its organization meeting subsequent to the EGM Robert Ingman as Chairman of the Board and Heikki Hornborg as Vice Chairman of the Board.

Independence of Directors

The majority of the Directors shall be independent of the Company. In addition, at least two of the Directors representing this majority shall be independent of significant shareholders of the Company.

The Board shall evaluate the independence of the Directors and report which of them are independent of the Company and which are independent of significant shareholders.

Tapio Hakakari, Heikki Hornborg, Robert Ingman, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of the Company. Tapio Hakakari, Heikki Hornborg, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of significant shareholders.

Information reported on Directors

Biographical details and information on the holdings of the Board of Directors are presented on the Company's webpage at www.etteplan.com and in Annual Report 2013 on page 94.

Board committees

The Board of Directors of Etteplan Oyj has a Nomination and Remunation Committee. For 2013 the Board of Directors established a temporary Working Committee which focused on developing Etteplan Oyj's business operations in Sweden. The Board carries out the duties assigned for the Audit Committee since the Company does not have an Audit Committee.

Nomination and Remuneration Committee

The Board of Directors of Etteplan Oyj has appointed a Nomination and Remuneration Committee among the Directors. The Board has confirmed the central duties and operating principles of the committee in a written charter. Charter of the Committee is presented on the Company's webpage at www.etteplan.com. The Nomination and Remuneration Committee reports regularly on its work to the Board.

The task of the Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the appointment and compensation of the Company's CEO, the deputy CEO and other executives. In addition, the committee prepares for the Annual General Meeting a proposal on the number of Board members, Board composition and Board member compensation. The committee also recommends, prepares and proposes to the Board the CEO's and the deputy

CEO's nomination, salary and compensation, and further evaluates and provides the Board and the CEO with recommendations concerning management and employees rewards and compensation systems.

The committee consists of three members of the Board of Directors. It convenes on a regular basis at least once a year. The Committee Chairman provides the Board with the proposals made by the committee.

Since the Annual General Meeting of 2013, Tapio Hakakari has acted as the Chairman of the Nomination and Remuneration Committee and Heikki Hornborg and Robert Ingman as members of the Committee. All members of the Committee are independent of the Company.

The Nomination and Remuneration Committee met 3 times during 2013. All members of the Nomination and Remuneration Committee attended all the meetings.

Working Committee

The Board of Directors of Etteplan Oyj, according to the proposal of the Nomination and Remuneration Committee of the Board of Directors, established for 2013 a temporary committee which focused on developing business operations in Sweden.

Robert Ingman acted as the Chairman of the Working Committee and Pertti Nupponen as well as President and CEO Juha Näkki as members of the Committee. In addition the Working Committee was supplemented according to the proposal of the Nomination and Remuneration Committee with an external Swedish expert member. All Board members of the Committee are independent of the Company.

The Working Committee met 4 times during 2013. The average attendance percentage of the Board members at the meetings was 93.7.

CEO

The Board of Directors appoints the CEO and terminates this employment, as well as monitors the CEO's activities. The parent Company's CEO furthermore acts as the Group's Chief Executive Officer. The CEO is responsible for managing the Group's day-to-day operations in accordance with the rules and instructions issued by the Board of Directors. The CEO may take measures that are unusual and far-reaching with regard to the scope and nature of the Company's operations, but only with authorization from the Board of Directors. The CEO is responsible for ensuring that the Company's accounting complies with the applicable legislation and that its asset management is arranged in a reliable manner.

A written CEO agreement, which has been approved by the Board, has been drawn up for the CEO.

M. Sc. (Eng) Juha Näkki has been the Company's President and CEO from the beginning of 2012. He has not been a member of the Board of Directors, but he has attended Board meetings as the Secretary to the Board. Juha Näkki's biographical details and information on the holdings are presented on the Company's webpage at www.etteplan.com and in Annual Report 2013 on page 95.

Other executives

The CEO appoints members to the Management Group who are appropriate from the standpoint of line operations. The Management Group assists the CEO and also develops and monitors all matters entrusted to the Company's management, including those connected with the Group and business unit strategies, acquisitions and major capital expenditures, divestments, the Company's image, monthly reporting, interim reports, investor relations, and the main principles of the human resource policy. The Board of Directors approves the appointment of the Management Group members. The members of the Management Group report to the President and CEO.

In addition to President and CEO Juha Näkki Etteplan Oyj's Management Group consists of Robert Berg, Senior Vice President, Solutions and Business Development, Per-Anders Gådin, Senior Vice President, Finance & IT, Veikko Lamminen, Senior Vice President, Operations Finland, Outi-Maria Liedes, Senior Vice President, Communications & Operational Development and Mikael Vatn, Senior Vice President, Operations Sweden.

Biographical details and information on the holdings of the members of the Management Group are presented on the Company's webpage at www.etteplan.com and in Annual Report 2013 on page 95.

Remuneration

Principles applied to remuneration schemes

The goal of remuneration schemes is to promote competitiveness and long-term financial success of the Company and to contribute to the favourable development of shareholder value. Remuneration schemes are based on predetermined and measurable performance and result criteria.

The task of Board's Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the remuneration of the Company's CEO, the deputy CEO and other executives and to prepare matters related to the reward schemes for employees.

Decision-making process

The General Meeting shall decide on the remuneration payable for Board and Committee work as well as the basis for its determination. The Nomination and Remuneration Committee has been assigned the duty of preparing the remuneration of the Board. The Board of Directors shall decide on the remuneration of the CEO as well as other compensation payable to him or her. The compensation principles for the Management Group are determined by the CEO in cooperation with the Board of Directors.

Remuneration of the Board of Directors

According to the resolution passed by the Annual General Meeting of 2013, the remuneration for each member of the Board of Directors is 600 euros per meeting and for the Chairman of the Board of Directors 1,200 euros per meeting. In addition, each member of the Board receives 1,700 euros per month and the Chairman of the Board of Directors 3,400 euros per month. Daily allowances and travel expenses are paid to the Board members according to the Company's travel policy.

According to the resolution passed by the Annual General Meeting of 2013, the remuneration for each member of the Nomination and Remuneration Committee is 600 euros per meeting and for the Chairman of the Nomination and Remuneration Committee 1,200 euros per meeting. In addition daily allowances and travel expenses are paid for the meetings to the committee members according to the Company's travel policy.

According to the resolution passed by the Annual General Meeting of 2013, the remuneration for each member and for the Chairman of the Working Committee is 1,000 euros per meeting. In addition daily allowances and travel expenses are paid for the meetings to the committee members according to the Company's travel policy.

Remuneration for Board and Committee work is not paid in the form of Company shares and the Board members are not in the target group of Company's share-based incentive plan.

Remuneration of the CEO and other executives

The CEO's compensation consists of a basic salary and a yearly bonus decided annually by the Board on the basis of the Group's financial result and other key targets. The maximum amount of yearly bonus is decided annually. In addition the CEO has car and phone benefits. The CEO has an agreement of a share-based incentive plan. Statutory retirement age applies to the CEO. In the event of dismissal, the CEO is at the most entitled to receive compensation equivalent to 18 months' salary which includes the salary for a six-month term of notice.

No changes have occurred in the CEO's compensation principles in connection with the CEO change on January 1, 2012.

The system of compensation for the members of the Management Group includes a base salary and a performance based bonus. The principles for performance based bonus are decided annually. In 2013 the bonus was based on Company's operating profit, operative cash flow and strategic goals. The maximum of the yearly bonus is 50–100 percent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement for members of the Management Group. In the event of dismissal, a Management Group member is at the most entitled to receive compensation equivalent to 10 months' salary which includes the salary for a four-month term of notice.

Information on the service contract of the CEO

In 2013, President and CEO Juha Näkki's basic salary was EUR 233,690 In 2013, his car, phone and medical expenses insurance benefits totaled to EUR 17,907. In addition, EUR 90,821 performance based bonus accrued from year 2012 was paid to President and CEO in 2013.

The remuneration accrued from the share-based incentive plan for the 2012 earnings period and paid in April 2013 was in total 2,150 Etteplan Oyj shares together with an cash bonus to cover taxes and similar charges arising from the receipt of shares.

In 2013 no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

Share-based incentive plan

The Board of Directors of Etteplan Oyj decided on a new share-based incentive plan for the Group key personnel in March 2011. The share-based incentive plan offers the target group the opportunity to receive Etteplan Oyj shares as remuneration for achieving the set targets.

The plan includes three earning periods: calendar years 2011, 2012 and 2013. The amount of remunerations paid is tied to the objectives that are set annually. The Board is authorized to make decisions related to the share-based incentive plan by earning period.

At the beginning of each earning period, the Board of Directors reviews the target group and specifies the maximum number of shares per person that can be earned. Remunerations paid out from the incentive plan are paid in three instalments, partly as company shares and partly in cash. The part paid in cash covers the taxes and tax-like fees paid for the remuneration. An earning period is followed by a mandatory two-year ownership period. The rewards to be paid on the basis of the plan from all earning periods 2011, 2012 and 2013 will correspond to the value of an approximate maximum total of 810,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

If a key person's employment ends during the restriction period, the shares must be returned to the Company without compensation.

In 2011 16 people belonged to the target group of the plan. The earnings criteria of the earning period 2011 were the Etteplan Group´s operating profit (EBIT) and revenue. The Company did not dispose company-held shares for the 2011 earning period to the employees who were part of share-based incentive plan.

In 2012 17 people belonged to the target group of the plan. The earnings criteria of the earning period 2012 were Etteplan Group´s operating profit (EBIT). The Board of Directors of Etteplan Oyj has in its meeting held on February 14, 2013 made a resolution upon disposal of company-held shares pursuant to the authorization granted to it by the Annual General Meeting of Shareholders' held on March 30, 2012. According to the resolution made by the Board of Directors, Etteplan Oyj disposed 9,511 company-held shares as remuneration for the 2012 earnings period to the target group of the share-based incentive plan on April 30, 2013. In addition the part that covers the taxes and tax-like fees paid for the remuneration were paid in cash.

In 2013 17 people belonged to the target group of the plan. The earnings criteria of the earning period 2013 were Etteplan Group´s operating profit (EBIT). The Company did not dispose company-held shares for the 2013 earning period to the employees who were part of share-based incentive plan.

Remuneration Statement

A remuneration statement is available on Company's webpage at www.etteplan.com. The statement is updated regularly.

Internal control, risk management and internal audit

The objective of Etteplan Oyj's internal control and risk management is to ensure that the Company's operations are efficient and profitable, its information is reliable, and it complies with appropriate regulations and operating principles. The objectives also include identification, assessment, and monitoring of risks related to business operations. Internal audit helps to improve the efficient fulfilment of the Board's supervision obligation.

Operating principles of internal control

The Board ensures that the Company has defined the operating principles of internal control and monitors the function of such control.

Organization of risk management

Management and mitigation of the impact of risks is one of the Group's principles of operation. The Board of Directors and the Management Group monitor the development of risks and concentrations of risk. The Group's financial administration operations monitor and assess operational and financial risks and take measures to avert them in cooperation with the Board of Directors, the Management Group, and the management personnel responsible for engineering operations.

Etteplan Group implemented a large risk assessment in 2011. Risks and risk management are presented on Company's webpage at www.etteplan.com and in Annual Report 2012 on pages 27–29.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2013 on pages 47–50.

Internal audit

Etteplan Group does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

Description of the main features of the internal control and risk management systems pertaining to the financial reporting process

Etteplan prepares consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards, as adopted by EU, the Securities Markets Acts as well as the appropriate Financial Supervision Authority Standards and NASDAQ OMX Helsinki Ltd's rules. The Report of the Board of Directors of Etteplan and parent company financial statements are prepared in accordance with Finnish Accounting Act and the opinions and guidelines of the Finnish Accounting Board.

Etteplan Group has a group level accounting policies and instructions that are applicable for all group companies and according to which group financial reporting is prepared. Together with reporting calendar and schedules, accounting policies and instructions form the framework for timely and correct group reporting. Etteplan's business operations are in all material respects located in Finland, Sweden, China and the Netherlands and all countries have local accounting and financial reporting organizations, systems and reporting to the Group. Internal control and risk management systems and practices as described below are designed to ensure that the financial reports as disclosed by the Company give essentially correct information about the Company finances.

Etteplan has a common group consolidation system. Accounting data is transferred from the local accounting systems either automatically or manually and correctness is controlled by the group accounting team. Common chart of accounts forms the basis of group reporting. Group accounting, consolidation and published financial reports are prepared by the centralised team.

Internal control over financial reporting

Proper arrangement and monitoring of internal control is the responsibility of the local management in accordance with the group framework. Etteplan Board of Directors has approved operating principles of internal control, which have been prepared in accordance with the Code recommendation 48. Operating principles include the main features of risk management process, summary of risks, control objectives and common control points for financial reporting as well as roles and responsibilities in executing and monitoring internal control in Etteplan.

Internal controls over financial reporting process at the country and group level was a focus area in 2009. Since then the processes have been reviewed and updated annually. Etteplan finance organisation has analysed process risks and defined control objectives for external financial reporting process. Existing control points in the process have been documented. These control points include for example reconciliations, authorisations, analysis, and segregation of key accounting duties. The work has been led by the Group CFO.

According to its annual clock, Management Group has monthly meetings where also financial performance and financial reporting are analysed. Prior to these meetings, financial reports have been analysed in the business group level to detect any irregularities or errors. Group level financial reports are prepared to the Etteplan Board on a monthly basis. The Board also reviews and approves interim financial reports, annual results report and financial statements.

Etteplan does not have separate internal audit function. The Board can engage external advisors to perform evaluations relating to control environment or other activities.

Insider administration

The Etteplan Oyj Board of Directors has approved insider regulations for the Company. The regulations are based on the Finnish Securities Markets Act, and they comply with the standards of Financial Supervision and the Guidelines issued by the NASDAQ OMX Helsinki Ltd, which took effect on July 1, 2013. In accordance with the Finnish Securities Markets Act, Etteplan Oyj's insiders are defined to consist of insiders with the duty to declare their interests, permanent company-specific insiders, and project-specific insiders.

Because of the nature of their position, also among Etteplan's statutory insiders are the members of the Board of Directors, the CEO, and the auditors.

Moreover, the members of the Management Group are entered in the public insider register.

The Company maintains a permanent company-specific insider register, which includes front-line managers for business operations, financial administration personnel, and those working for the Company on the basis of an employment or other contract who receive insider information.

A project-specific insider register is created by decision of the Board of Directors, the CEO, or the Management Group.

The Company's insider guidelines direct insiders to restrict their trading in the Company's shares to times when the markets have as precise information as possible on the factors influencing the value of shares in the Company. Consequently, persons included in Etteplan's insider registers are always prohibited from trading with company securities during 28 days before the publication of interim reports and financial statement release, including the day of publication (the closed window). During other times i.e. as of the day following the publication of interim reports and financial statement release there is an open window during which permanent insiders are allowed to trade. Even then it is provided that they do not possess insider information.

Maintenance of the public insider register of Etteplan Oyj is the responsibility of the Chief Financial Officer, who is responsible for compliance with insider regulations and fulfilment of duties to report. Etteplan Oyj's insider registers are maintained by the Company's Hollola office, which updates the information that, as required by law, is entered in the public insider register for Euroclear Finland Ltd pertaining to insiders with the duty to declare.

Information on insider holdings

Information about the holdings of Etteplan Oyj insiders with the duty to declare is retained at the company's webpage at www.etteplan.com. The insider registers of issuers are on public display at Euroclear Finland Ltd (previously Finnish Central Securities Depository), Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

Audit

The primary duty of statutory auditing is to verify that the financial statements give correct and sufficient information about the Group's profit and financial situation for the financial year. Etteplan Oyj's financial year is the calendar year. The auditor is responsible for auditing the Company's accounts and the correctness of its financial statements during the financial year, and for issuing an auditor's report to the Annual General Meeting.

A summary of the Group's audit report is compiled for the Board of Directors. Also, the auditors of all Group companies report separately to the management of each company within the Group. The auditor attends at least one meeting of the Board of Directors in the relevant financial year.

The Annual General Meeting elects one or two auditors to audit corporate governance and accounts. The auditor must be a firm of independent public accountants so authorized by the Central Chamber of Commerce. In 2013, the Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorized public accountants, with Mika Kaarisalo, APA, acting as Chief Auditor. The Extraordinary General Meeting 2013 elected Olli Wesamaa, CPA, as the second Auditor of the Company. The auditor's term ends at the conclusion of the first Annual General Meeting after the election.

Audit fees and services not related to auditing

According to the resolution made by the Annual General Meeting 2013 the fees for the auditor are paid according to invoice approved by the Company.

The audit fees paid in 2013 totalled 74,439 euros (in 2012: 108,412 euros). In addition, 85,291euros was paid to the firm for services not related to auditing (in 2012: 148,238 euros).

Communications

It is Etteplan Oyj's principle to be open, truthful and quick in all communications. The primary objective of the Company's investor information is to provide the market with information about the Group's operations and financial standing. The goal is to give all stakeholder groups correct and uniform information in a regular and balanced manner.

Silent period

Etteplan Oyj follows a so-called silent period before publication of interim reports and financial statement releases. The duration of the silent period is 28 days.

Distribution of investor information

Etteplan publishes all of its investor information on the Company's webpage at www.etteplan.com. Financial releases will be made available immediately after publication. They will be published in Finnish and English.

Board of Directors

ROBERT INGMAN b. 1961, M.Sc. (Eng.), M.Sc. (Economics)

Chairman of the Board of Directors since 2013, Board member since 2009, member of Nomination and Remuneration Committee, Chairman of Working Committee. Independent of the company.

- Managing Director of Arla Ingman Oy Ab 2007–2011, Managing Director of Ingman Foods Oy Ab 1997–2006 and CFO of Oy Hj. Ingman Ab, Kotisaari-Ingman Oy Ab 1986–1997
- Chairman of the Board of Directors: Ingman Group Oy Ab 2009–, Ingman Finance Oy Ab 2009–, Ingman Ice Cream Oy Ab 2009–2011, Halti Oy 2012–, Ingman Development Oy Ab 2013–
- Member of the Board of Directors: Digia Oyj 2010–, Evli Pankki Oyj 2010–, M-Brain Oy 2011–, Arla Ingman Oy Ab 2012–
- Number of Etteplan shares, Dec 31, 2013: 30,000, no holdings of interest parties

TAPIO HAKAKARI b. 1953, LL.M.

Board member since 2004, Chairman of Nomination and Remuneration Committee. Independent of the company and significant shareholders.

- Interim President and CEO of Cargotec Corporation 10/2012–2/2013, Director, Secretary to the Board of Directors of KONE Corporation, 1998–2006, Director Administration of KCI Konecranes Plc, 1994–1998, worked for KONE Corporation 1983–1994
- Chairman of the Board of Directors: Enfo Oyj 2007–, Esperi Care Oy 2006–2010, Opteam Yhtiöt Oy 2013– (member of the Board since 2011)
- Vice Chairman of the Board of Directors: Cargotec Corporation 2009– (member of the Board since 2005)
- Member of the Board of Directors: Martela Oyj 2003–2013, Hollming Oy 2008–, Havator Holding Oy 2007–2010
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

HEIKKI HORNBORG b. 1949, M.Sc. (Eng.)

Board member 1985–1991 and since 1997, Chairman of the Board of Directors 2008–2013, member of Nomination and Remuneration Committee. Independent of the company and significant shareholders.

- Chief Executive Officer of Etteplan Oyj 1985–1989 and 1997–2007, Technical Director and Plant Manager of Lohja Caravans Oy 1991–1997, Technical Director of Wärtsilä Sanitec Oy 1989–1991 and Production Manager of Kone Oy 1982–1985
- Chairman of the Board of Directors: Finnish Association of Consulting Firms SKOL 2008–2011
- Member of the Board of Directors: Confederation of Finnish Industries EK 2010–2012, The Federation of Finnish Technology Industries 2011–2013, Vahterus Oy 2009–
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

PERTTI NUPPONEN b. 1961, D.Sc. (Econ. & Bus. Adm.), M.Sc. (Tech.)

Board member since 2005, member of Working Committee. Independent of the company and significant shareholders.

- Managing Director, Fenestra Oy and Fenestra Group Oy 2013–2014, Group Vice President, Scandinavian and Eastern Branch of Consolis SAS 2010–2012, Group Vice President, Scandinavian Branch of Consolis SAS 2006–2010, Chief Financial Officer of Consolis Oy Ab 2002–2005, Senior Vice President, Corporate Development of Sanitec Oyj Abp 2000–2002 and Vice President, Controlling of Sanitec Oyj Abp 1998–1999
- Member of the Board of Directors: Fenestra Oy 2013–2014, Fenestra Group Oy 2013–2014
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

TEUVO RINTAMÄKI b. 1955, M.Sc. (Economics)

Board member since 2010. Independent of the company and significant shareholders.

- Advisor, Independent Investor since 2008
- CFO of Konecranes Plc 1999–2007, Executive Director of Konecranes region Western Europe 1997–1999, Financial Director of Konecranes Group 1994–1996, Financial Director of KONE Crane Division 1988–1994, Executive Vice President of R&M Materials Handling Inc. (Springfield Ohio, USA) 1986–1988 and Controller and Financial Manager in various operating units of KONE Oy 1980–1986
- Member of the Board of Directors:
- TM Voima Oy 2012–, TM Voima Service Oy 2012–, Leasegreen Group Oy 2013–, Savo-solar Oy 2013–
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

LEENA SAARINEN b. 1960, M.Sc. (Food Technology)

Board member since 2013. Independent of the company and significant shareholders.

- Managing Director at Suomen Lähikauppa Ltd 2007–2010, President and CEO at Altia Corporation 2005–2007 and various positions at Unilever 1990–2005. I.G.Alita Ab, Chairman of the Supervisory Council since 2011, Varma Mutual Pension Insurance Company, Member of the Advisory Board 2008–2012 and Luottokunta, Member of the Advisory Board 2008–2011.
- Member of the Board of Directors: Digia Oyj 2012–, Arla Ingman Oy Ab 2012–, Image Wear Oy 2012–, Helsingin Mylly Oy 2010–, Outokumpu Plc 2003–2011, Atria Plc 2006–2007
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

Management group

JUHA NÄKKI b. 1973, M.Sc. (Eng.)

Chairman of the Management Group since 2012, member of the Management Group since 2008, member of the Extended Management Group since 2006

- President and CEO of Etteplan Oyj since 2012
- Vice President of Etteplan Oyj 2005–2011, Marine Business Manager of KONE Corporation 2004–2005, Sales Manager of Evac Oy 2002–2004, Project Coordinator and System Responsible Engineer HVAC Engineering of Kvaerner Masa-Yards 1999–2002
- Number of Etteplan shares, Dec 31, 2013: 11,876, no holdings of interest parties

ROBERT BERG b. 1969, M.Sc. (EE)

Member of the Management Group since 2012

- Senior Vice President, Solutions and Business Development of Etteplan Oyj since 2012
- Vice President Accounts and Business Development of Laird Technologies 2008–2012, General Manager Mobile Antenna Systems SBU of Laird Technologies 2007, Business Director of Laird Technologies 2005–2006, Sales Director of Centurion Wireless Technologies 2003–2004, Sales Director of Allgon Mobile Communications 2001–2002, Managing Director of Allgon Telecom K.K. 1999–2000, Manager RF Design of Allgon Mobile Communications 1996–1998, RF Engineer of Allgon Mobile Communications 1995–1996, Development Engineer of IBM 1994
- Number of Etteplan shares, Dec 31, 2013: 700, no holdings of interest parties

PER-ANDERS GÅDIN

b. 1965, M.Sc (EP), BBA

Member of the Management Group since 2009

- CFO, Senior Vice President of Etteplan Oyj since 2012
- CFO, Vice President of Etteplan Oyj 2009–2012, CFO of Etteplan Industry AB 2002–2008, Manager of Etteplan Industry AB 1999–2002 and Project Manager of ABB 1993–1998
- Number of Etteplan shares, Dec 31, 2013: 0, no holdings of interest parties

VEIKKO LAMMINEN

b. 1960, B.Sc. (Eng.)

Member of the Management Group since 2012, member of the Extended Management Group since 2010

- Senior Vice President of Etteplan Oyj since 2012
- Business Unit Director of Etteplan Oyj 2009–2012, Regional Manager of Etteplan Oyj 2005–2008, Manager, Project Operations & IT of Cimcorp Oy 2003–2005, Manager, Engineering of Cimcorp Oy 1993–2003
- Number of Etteplan shares, Dec 31, 2013: 1,750, no holdings of interest parties

OUTI-MARIA LIEDES b. 1956, M.Sc. (Eng.), MBA

Member of the Management Group since 2008

- Senior Vice President, Communications and Operational Development of Etteplan Oyj since 2012
- Vice President, Human Resources and Communications of Etteplan Oyj 2008–2012, Independent consultant 2007, Managing Director, Stockholm School of Economics Executive Education Finland 2003–2006, Senior Vice President, Corporate Communications and IR, KONE Corporation 2002–2003 and Senior Vice President, Corporate Communications and IR, Partek Oyj 2001–2002, Finnish Institute of Management LIFIM Acting Managing Director 2000, Ministry of Education Special Government Advisor 1999
- Number of Etteplan shares, Dec 31, 2013: 3,086, no holdings of interest parties

MIKAEL VATN b. 1967, B.Sc. (Eng.)

Member of the Management Group since 2012

- Senior Vice President of Etteplan Oyj since 2012
- General Manager of Etteplan Oyj's Swedish operations 2011–2012, CEO of Securitas Direct Sverige AB 2009–2010, CEO and Business Unit Manager of EnergoRetea 1998–2008, Project Manager of Alcatel Telecom AB 1997–1998, Officer in the Swedish Armed Forces 1988–1997
- Member of the Board of Directors: Tyréns AB since 2009–
- Number of Etteplan shares, Dec 31, 2013: 4,000, no holdings of interest parties

Investor information

Etteplan as an investment

Etteplan provides engineering design services and technical product information solutions to the world's leading companies in the manufacturing industry.

Etteplan's shares are listed in NASDAQ OMX Helsinki's Small cap market capitalization group in the Industrials sector under the ETT1V ticker. The total number of shares was 20,179,414 on December 31, 2013.

Responsible investment

Etteplan has qualified to OMX GES Sustainability Finland index thanks to its' responsible operations that adhere to the principles of sustainable development. The index is a benchmark index which comprises the 40 leading NASDAQ OMX Helsinki listed companies in terms of sustainability. The index criteria are based upon international guidelines for environmental, social and governance (ESG) issues.

Periodic fluctuation

Etteplan's business is subject to periodic fluctuation. The periodic fluctuation is affected by holiday seasons and the timing of product development and investment projects in customer companies, mainly at the beginning of the year as well as in the fall. The revenue in the third quarter is typically lower than that of other quarters. Only the key figures in the financial statement for the entire year provide an appropriate description of the company's financial situation.

A solid dividend payer

Etteplan's aim is to increase shareholder value and to be a stable dividend payer. During the past three years the dividend has been approximately 50 per cent of earnings per share.

Etteplan's Investor Relations principles

The objective of Etteplan's Investor Relations is to produce accurate, sufficient and up-to-date information about Etteplan's strategy, business operations, markets and financial position to ensure that the capital markets have relevant information about the company as an investment. To reach this objective Etteplan publishes annually three interim reports, a financial statement release, an annual report and stock exchange releases. The web pages serve as an archive for all current and historical data that potentially affect the value of Etteplan shares.

Publication of financial information

Etteplan Oyj publishes financial reports and releases in Finnish and English. Financial reports and releases are made available at www.etteplan.com immediately after their publication.

Outlook

Information on Etteplan's outlook and earnings forecast is published in the financial statements release for the financial year (and repeated also in the annual report) and in the interim reports. The outlook is approved by the Board of Directors. Etteplan does not publish quarterly earnings forecasts.

Market estimates

Upon request, the Group will review analyses or reports compiled by an analyst for factual errors, insofar as the reports and analyses are based on materials released by the Group. Etteplan does not comment or take any responsibility for estimates or forecasts published by capital market representatives.

Silent period

Etteplan observes a silent period of 28 days prior to the announcement of financial results. During this period Etteplan's management and personnel refrain from making any contacts or comments to investors, analysts and the media about the company's business outlook, financial results or projections.

If any incident that arises during a closed period is subject to timely disclosure, Etteplan will, however, without undue delay disclose the information according to the disclosure regulations and may comment that particular matter.

Investor Relations contacts

Juha Näkki, President and CEO, Outi-Maria Liedes, Senior Vice President, Communications and Operational Development and Per-Anders Gådin, Chief Financial Officer are responsible for Etteplan's investor relations.

Meeting requests with the senior management can be addressed to Katariina Martikainen, Executive Assistant, tel. +358 10 307 2006 or katariina.martikainen(at)etteplan.com.

Analysts following Etteplan

Evli Bank Plc
Antti Kansanen
P.O. Box 1081 (Aleksanterinkatu 19 A)
FI-00101 Helsinki, Finland
Tel. +358 9 4766 9149

Nordea Bank Plc
Pasi Väisänen
Aleksis Kiven katu 9, Helsinki
FI-00020 Nordea, Finland
Tel. +358 9 1655 9943

Inderes Oy
Juha Kinnunen
Melkonkatu 22 B
FI-00210 Helsinki
Tel. +358 40 778 1368

Pohjola Bank Plc
Niclas Catani
P.O. Box 308 (Teollisuuskatu 1b)
FI-00101 Helsinki, Finland
Tel. +358 10 252 8780

Information for shareholders

General Meeting of Shareholders

The Etteplan Oyj Annual General Meeting will be held on Wednesday, March 26, 2014, starting at 1 p.m. at the Company premises in Vantaa at Ensimmäinen savu, 01510 Vantaa.

Invitation to the General Meeting of Shareholders shall be published according to Etteplan Oyj's Articles of Association on the company webpage at www.etteplan.com.

Right to attend

Every shareholder who on March 14, 2014, has been registered as a shareholder in the list of shareholders kept by Euroclear Finland Ltd has the right to participate in the Annual General Meeting.

Notification of attendees

To be able to participate in the Annual General Meeting, the shareholder must register for this no later than 4 p.m. on March 21, 2014 either by e-mail to registration(at)etteplan.com or by telephone to number +358 10 307 2006.

The shareholder may also register by sending a registration letter to Etteplan Oyj, Yhtiökokous, Muovitie 1, 15860 Hollola, Finland. The letter must arrive before the registration deadline.

Any proxy documents, identified and dated, should be delivered to the Company to be inspected to the address mentioned above prior to the expiry of the registration period.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.11 per share be paid for the 2013 fiscal year. If the Annual General Meeting approves the Board's proposal on the payment of dividends, a dividend will be paid to each shareholder who on the balance date of March 31, 2014, is registered in the list of shareholders maintained by Euroclear Finland Ltd. The dividend payment date proposed by the Board of Directors is April 7, 2014.

Shareholder register information

Shareholders shall notify the particular register holding their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

Financial information 2014

Etteplan Oyj publishes financial reports and releases in Finnish and English. Financial reports and releases are made available at www.etteplan.com immediately after their publication.

Annual report is available in electronic format in Finnish and English. The annual report is published on company's webpage at www.etteplan.com. A printed annual report can be ordered from Group Communications, tel. +358 10 307 2006 or by e-mail from CorpComm(at)etteplan.com.

Interim reports 2014

Etteplan Oyj will publish three interim reports in 2014:
Interim report for 1–3/2014 on Wednesday, May 7, 2014
Interim report for 1–6/2014 on Wednesday, August 13, 2014
Interim report for 1–9/2014 on Wednesday, October 29, 2014

graphic design **Kreab Gavin Anderson** / photographs **Tomi Parkkonen**, **Etteplan**, **Shutterstock** / produced in **Erweko** 2014, Swan-label printing service, 441-032

ETTEPLAN OYJ
PL 216 (Ensimmäinen savu)
FI-01511 Vantaa
Finland
Tel. +358 10 3070
Fax +358 10 307 1012
www.etteplan.com