2011
ANNUAL REPORT

Etteplan
Smart way to smart products

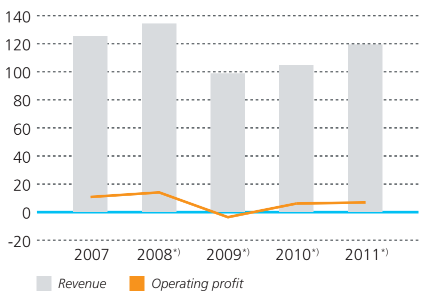
CONTENTS

In this Annual Report, we introduce seven Etteplan customers and their views concerning our cooperation and methods of operation.

ETTEPLAN IN 2011

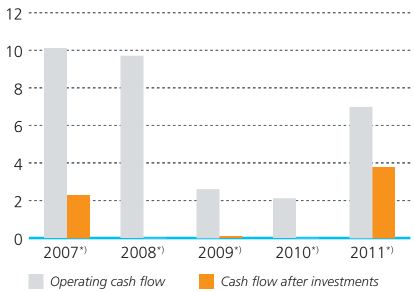
- **Organic growth was 14 percent, which exceeded our target of 10 percent.**
- **Market position as a leading expert company in the areas of engineering design and technical product information was strengthened.**
- **Business operations in Sweden were harmonized and a good base for growth was created.**
- **China offshoring services became a standard part of Etteplan's service solutions.**

REVENUE AND OPERATING PROFIT 2007–2011 (EUR MILLION)



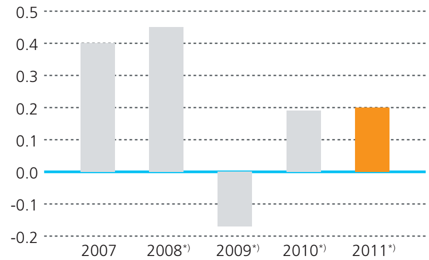
*) continuing operations

CASH FLOW 2007–2011 (EUR MILLION)



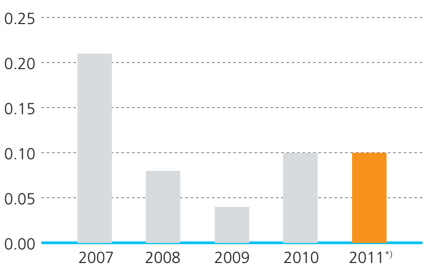
*) Accounting for payments related to finance lease on the Consolidated Statement of Cash Flows has been changed to comply with the requirements of IAS 7 standard. Comparison figures have been corrected accordingly.

EARNINGS PER SHARE 2007–2011 (EUR)



*) continuing operations

DIVIDENDS 2007–2011 (EUR/SHARE)



*) proposal by the Board of Directors

KEY FIGURES FROM CONTINUING OPERATIONS (EUR MILLION)

	2011	2010	Change
Revenue	119.4	104.8	14.0%
Operating profit	6.9	6.1	13.7%
Earnings per share, EUR	0.20	0.19	5.3%
Operating cash flow	7.0	2.1	233.3%
Cash flow after investments	3.8	-0.0	
Gross investments	3.2	2.5	26.9%
Net gearing, %	84.9	24.1	
Personnel, average	1,625	1,594	1.9%

Etteplan is well positioned for 2012

DEAR READER,
The year 2011 was marked by good demand for engineering design services. Etteplan's growth in revenue, 14 per cent, exceeded our growth goal of 10 per cent. The growth was organic and made possible by the good market situation of engineering design and technical product information services and our new service solutions. Our operating profit improved because we succeeded in managing our engineering design capacity more efficiently and developing services of higher added value and of interest to our customers.

The results for 2011 were achieved under the lead of President and CEO ***Matti Hyytiäinen*** who terminated his employment with the company at the turn of the year. Matti Hyytiäinen clearly showed the way for the company's strategic direction, and we have improved our position as a forerunner in the industry under his management. We will continue the work he started in the development of the company's service solution offering. Our goal is to grow the proportion that service solutions represent in our revenue.

Etteplan's position as the market leader in Finland was maintained and strengthened. I am happy with the achievements of our operations in Finland and especially with the breakthrough of our new service solutions, according to the strategy, for our customers. Also the demand of offshoring services in our Chinese units grew. The utilization rate of engineering design capacity remained at a good level throughout the year in Finland. Our business management did well in improving and increasing our sales, implementing the company strategy and managing our expert business.

In the Swedish market, the demand developed steadily with increased competition for skilled employees. The high turnover of personnel that burdened the entire industry had a negative effect on the growth and profitability of our operations in Sweden. We invested in the harmonization of our Swedish operations in many ways and started seeing results towards the end of the year in the form of improved utilization rates of engineering design capacity. Sweden is an important market for us and I am confident that thanks to our efforts, we are even better equipped to face the opportunities and challenges presented by the market in 2012.

In China, the number of customers grew steadily in 2011. I am especially happy that we have several new global companies as our customers that we had never worked with previously.

Despite the trend for a growing concentration of the engineering design industry, we implemented no acquisitions in 2011. Etteplan's strategy in terms of acquisitions is still to concentrate on increasing knowledge capital. We will seek flexibility in our engineering design capacity from our Chinese units. This strategy is also a central part of our risk management.

In 2011, the demand for engineering design services did not reach the peak level of 2008. Based on the outlook of the European economy we can assume that the demand of technical engineering design services will not reach the earlier peak level in Europe in the near future, but that the most growth will come from new, developing markets. This is why we continue to focus on strengthening our Chinese units.

In 2012, our aim is to increase the company's value by utilizing new service solutions and operational methods in our business. We want to be a forerunner in the improvement of the efficiency of engineering design work by means of new operational models and innovative services.

The year 2012 started with a heterogeneous development of the global economy and increased uncertainty. For our industry, this development means that the outlook for engineering design needs becomes even shorter. We are prepared to react quickly to changes in the market.

I thank our employees for a job well done during the past year. Our achievements were made thanks to our experts who are skilful and dedicated in their work. I thank our customers for the long-term trust and open-mindedness to develop new and improved operational methods with us. I thank the shareholders for their interest in the company.

Juha Näkki
President and CEO

Etteplan is an industry forerunner

Etteplan is a specialist in industrial equipment engineering and technical product information solutions. Our customers are global equipment manufacturers and industrial companies operating in industries such as forestry, mining, energy, aviation and defence equipment as well as medical technology.

We are the largest operator in the field in Finland and amongst the largest engineering design companies in Sweden. Etteplan is the biggest Nordic company offering engineering services in China, where we have strengthened our market position considerably through new Nordic and local customers.

Etteplan's services cover all phases of the product life cycle.

ETTEPLAN'S SERVICE OFFERING INCLUDES:

- ***Technical engineering services and product information solutions:***
  Etteplan offers technical engineering services and product information solutions for all phases of product life cycle from conceptual design through to the renewal of product/removal from the market. Our engineering is based on the goal to improve the competitiveness and cost-efficiency of our customers' products throughout their life cycle.

- ***Service products to enhance the efficiency of engineering processes:***
  Etteplan specializes in the improvement of the engineering and product development processes of its customers. Etteplan has long and varied experience in the engineering processes and methods in various industries. We have developed our service products based on that experience. Our service products allow our customers to improve the cost-efficiency of their operations and the competitiveness of their products.

- ***Plant engineering services:***
  Etteplan has special competence in engineering of industrial facilities. Our services cover process, layout, piping, steel structure, electrical, automation, HVAC and fire prevention engineering as well as project management services. Etteplan has the required permit by Self-Regulated Organization for engineering and supervision in Russia where we have implemented several projects for production facilities, logistics centres and building technology.

Etteplan's engineering methods and practices: Steps towards market leadership

Customer and domain expertise

Expertise	Description	Examples:	
Engineering process expertise	*Our engineering and product development process expertise is know-how acquired over the years in various industries and refined into best engineering practices. We have turned this expertise into innovative service products.*	R & D Project management Technical documentation Offshoring	Smart way
Technology expertise	*Etteplan's experts are the top of their game. The results of our exceptional technological skills are used, for example, in jet plane doors utilising carbon fibre technology or in the batteries of electrical equipment.*	Medical technologies Battery technologies Climate technologies Clean tech	Smart products
Product expertise	*Our customer-oriented operational principles allow our experts to gather know-how on the products of our customers as well as the related engineering requirements.*	Paper machines Mining equipment Aerospace equipment Transportation equipment	Smart products
Engineering area expertise	*Our experts are highly skilled in terms of technology. We serve our customers in all areas of engineering design.*	Mechanical engineering Electrical engineering Automation Embedded systems	Smart products

Almost 30 years of experience in industrial products and processes has made engineering methods and practices the basis of Etteplan's success. Our competitive edge in the field of engineering is based on multi-levelled and versatile expertise that we have successfully turned into innovative service products. Each step of expertise is based on the previous one, creating a unique overall service.

ETTEPLAN IN A NUTSHELL

- *Founded in 1983*
- *Personnel: 1,659, of whom 1,019 are in Finland, 485 in Sweden and 155 in China*
- *Revenue 2011: EUR 119.4 million*
- *Places of business: 23 sites in Finland, 14 in Sweden and 2 in China*
- *Etteplan is the largest operator in the field in Finland and amongst the largest in Sweden*
- *Engineering operations in China since 2004*
- *Etteplan's shares are listed in NASDAQ OMX Helsinki under the ETT1V ticker*

Business environment and strategy

Business drivers:

- Shorter product life cycles
- Environmentally friendly solutions
- Emerging markets
- Aging population

Business drivers determine and regulate the development of Etteplan's industry and its operating environment. Our task is to adapt to the changes in the operating environment and utilize the opportunities offered by the market situation in our operations.

Vision:

- Etteplan is the number one partner for each customer

Vision specifies Etteplan's commitment now and in the future to be the preferred partner of its customers.

Competitive advantages:

- We are customer driven and proactive
- We offer cost-efficient service solutions
- We design competitive products

Etteplan's competitive advantages are properties resulting from the company's unique competencies and service attitude that we believe make us an industry forerunner.

Strategy:

- Customer Focus
- Service Solutions
- One Etteplan
- Engineering Methods

By means of its strategy, Etteplan makes the most of the changes in its operating environment. By focusing on the strategic themes mentioned above, Etteplan ensures its position as the preferred partner of its customers and a forerunner in the engineering design industry.

Values:

- Customer satisfaction
- Personnel well-being
- Professional ways of working

Etteplan's values describe the matters we cherish in our work.

Client Industries:

- Aerospace and defence
- Energy and power transmission
- Steel and forestry
- Industrial machinery and components
- Medical technology
- Transportation and vehicle
- Mining

The goal of Etteplan's strategy is to grow company value

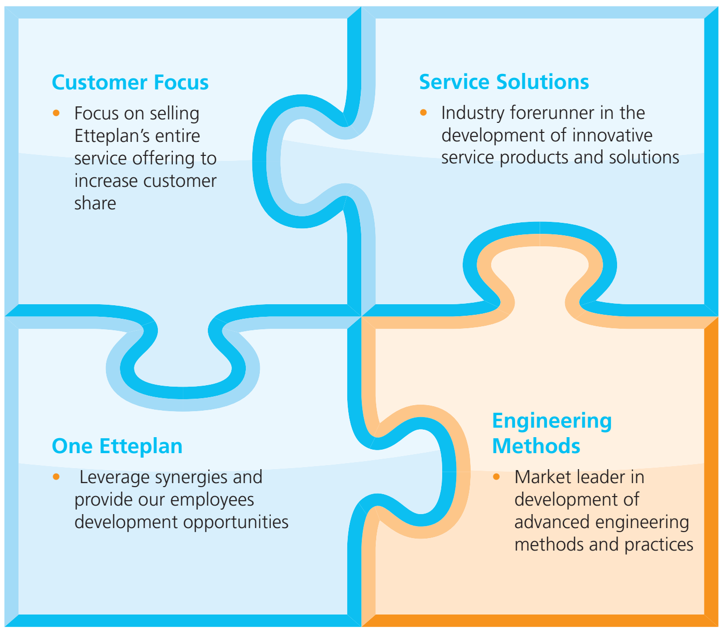
During the review period, we continued to purposefully implement the strategy determined in 2009. The strategy gives us excellent means to respond to changes in our business environment. Etteplan has a steady competence base to grow its business by focusing on high added value services in all customer industries.

In 2012, Etteplan brings **Engineering Methods** as the fourth strategic theme to complement the themes specified in 2009: **Customer Focus**, **Service Solutions** and **One Etteplan**. Engineering Methods refers to Etteplan's engineering process expertise combined with extensive product and domain competence. Etteplan aims to be the market leader in high added value services based on highly specialized engineering knowledge.

ETTEPLAN'S COMPETITIVE ADVANTAGES

- ***We are customer driven and proactive.*** *We understand our customer's business and are able to translate their challenges into optimal engineering solutions.*
- ***We offer cost-efficient service solutions.*** *Our proven and cost-efficient solutions and service products increase the competitiveness of our customers' products during all phases of the product life cycle.*
- ***We design competitive products.*** *We have extensive engineering expertise and in-depth understanding of engineering processes.*

Strategy to grow Etteplan's company value



Our engineering partnership with Etteplan has in recent years evolved into a global strategy partnership. Etteplan has earned its position as a reliable Partner of Outotec Equipment Engineering. It is committed to our shared goals and has actively developed the collaboration.

Tuomo Sipilä, *Vice President – Engineering*
Tomi Karjalainen, *Senior Manager – Equipment Engineering*
Outotec, Non-Ferrous Solutions

Outotec *is a global leader in minerals and metals processing technology.*

Trends in industrial equipment engineering provide growth opportunities for Etteplan

OPERATING ENVIRONMENT

Development of the economy

Changes and trends of the global economy affecting the engineering design industry include transfering production into emerging markets, shortening of economic cycles and increased fluctuations of demand within a cycle. Also the growth of the Chinese market is an important change, as are the opportunities it offers for the manufacturers of machines and equipment intended for the Chinese domestic market.

The demand for Etteplan's engineering design business is affected by the fluctuations in demand of Nordic engineering design works and the growth development of Asian countries. The development of the revenue of engineering design services follows the changes in the order book of engineering companies and quickly affects the revenue of Etteplan's engineering design services.

Despite of the recovery of 2010 and 2011, the demand for engineering design services was, according to a rough estimate, almost 10 percent lower than in the peak year 2008.

Drivers and trends in the engineering design business

The engineering design business is a growth business whose major drivers are the tightening environmental regulations, shorter life cycles of products, increasing intelligence in products and the ageing population. Also the needs of machine and equipment manufacturers to improve the manufacturability and cost-efficiency of products and equipment affect the development of the engineering design business. The demand for engineering services is further increased by country-specific approvals of authorities as well as product standards that are required when exporting products to new geographical markets.

Development of the industry

The engineering design industry is becoming more centralised: suppliers are seeking better operating conditions by growing their business size, and customers are reducing the number of subcontractors they use. The engineering design industry is moving from a fragmented industry structure towards larger company sizes, improving the cost structure of companies and increasing the service selection. Moving into larger company sizes offers opportunities for healthier pricing of services in the industry. In 2011, several major company restructurings were conducted in the industry in Finland and Sweden. Etteplan's aim is to participate in arrangements increasing the knowledge capital of the company. Etteplan will, however, participate selectively in acquisitions that only aim at increasing basic engineering design capacity. Increasing basic engineering design capacity in high labour cost countries pose a risk. Etteplan's aim is to increase its engineering design capacity in China, which brings low-risk flexibility into the company's operations.

Strategy

Etteplan's strategy is based on the management's view that merely selling and managing engineering design capacity efficiently in high labour cost countries is no longer sufficient to succeed in the industry. Consequently, in 2011 Etteplan started to purposefully grow its structural capital, such as operational methods and productized services according to the strategy launched in previous years. The experience and varied skills of our experts was refined into service products, and methods of operations related to customer projects were developed. Etteplan's aim is to be a forerunner in its field with significant structural capacity in addition to engineering design capacity. The implementation of the strategy allows the company's value to grow, and customers receive even better service than before.

The three themes of Etteplan's strategy in 2011 were Customer Focus, Service Solutions, and One Etteplan. In 2012, the strategy is complemented with a fourth theme, Engineering Methods. Engineering Methods refer to Etteplan's special expertise in efficient engineering processes, methods and practices. Etteplan's strategy is to be the market leader in the development of advanced engineering methods.

"Etteplan has supplied us with paper machine engineering services for more than 20 years. The cooperation includes today the services offered by Etteplan's engineering office in China. Etteplan's extensive paper machine know-how and long-term commitment to our development needs form a strong foundation for our successful cooperation."

Timo Pirinen, *Director, Product Management and Engineering*
Metso Paper, Inc., Paper Machines

Metso *is a global supplier of sustainable technology and services for mining, construction, power generation, automation, recycling and the pulp and paper industries.*

Customer Focus

Etteplan's long-term customer relationships were further strengthened in 2011. Customer focus as a strategic theme refers to an increasing sales to existing key customers. As a result of this work, sales to key customers grew by 21 per cent, and some 80 per cent of Etteplan's revenue came from the 25 largest customers. We did well when our customers reduced the number of their service providers. Etteplan has reached the Preferred Partner position as a service provider with most of its customers.

Service Solutions

The work started in 2009 for the development of new service products and methods of operation continued in 2011. Thanks to its productized, high added value products and methods of operation, Etteplan is a forerunner in the field of engineering design. To give a couple of examples of these services, we provide a technology transfer service to China, cost-efficient development service for the order to delivery process and a 24/7 creation and maintenance service for global item databases. Successful customer projects have been completed for all new service solutions.

Due to the market situation and internal challenges to change, the implementation of new operational models across organizational and geographical borders was not as quick as we expected when the strategy was launched approximately two years ago. Etteplan continues in 2012 to implement the service product strategy throughout the entire organization in such a way that the company's experts receive more professional development opportunities in the future. Succeeding in our business requires development of operations in such a way that we genuinely offer better development opportunities for our experts.

One Etteplan

The purpose of the One Etteplan strategy is to improve the company's operations in such a way that the customer gets the same high quality service in all offices of the company. Another aim is to harmonize the company's internal methods of operation in order to improve cooperation.

Operations related to the simplification of the company structure in 2011 are an example of the achievements of internal development. In 2010, Etteplan combined the operations of 12 separate companies in Finland into one company. In 2011, a corresponding project was started in Sweden to simplify the company structure, and this work continues into 2012.

In Sweden, the names of companies bought by Etteplan in 2007–2008 were given up and the Etteplan company name was adopted. This change aims at achieving a clearer and uniform company image as well as a stronger basis for the development of employer image.

The company's management system is based on a quality system. During the year, quality development was organized through combining country-specific quality organizations into a global quality organization comprising operations in Finland, Sweden and China. Quality systems were harmonized in 2011. All operations in Finland have quality certification, and the certification of the largest offices in Sweden was completed in February 2012.

GROWTH, PROFITABILITY AND CASH FLOW

Organic growth and the improvement of cash flow and the structure of the balance sheet were the aims for 2011.

Etteplan's goal for annual organic growth is a minimum of 10 per cent. This goal was exceeded in 2011 as the organic growth was 14.0 per cent. The growth was a result of improved demand for engineering design services and technical product information as well as the growth of customer relationships. The growth was limited by the high turnover of personnel in the industry in Sweden.

The cash flow from business operations improved and was EUR 7.0 million in 2011 (1–12/2010: EUR 2.1 million). During 2011, the company invested in the improvement of cash flow in many ways. Improved processing and sales of sales receivables were operations carried throughout the year.

The payback of the EUR 10.0 million hybrid bond at the end of 2011 had the most significant impact on the balance sheet structure. The hybrid bond was replaced with long-term loans with an average interest rate of 4.0 per cent. The interest rate of the hybrid bond was 9.5 per cent. The payback of the hybrid bond weakened the balance sheet. More information on key figures is available in the Notes to the Consolidated Financial Statements.

Etteplan is our long-standing partner in mechanical engineering and technical product information solutions. Etteplan is goal-oriented and continuously develops our business cooperation. Thanks to Etteplan, we are able to maintain our delivery reliability, despite major fluctuations in demand in our sector.

Pekka Korhonen, *SVP, Product Development*
Patria Land Systems

Patria *is a defence, security and aerospace group whose products and services combine the best knowledge and expertise of the Group and its partners.*

Etteplan's long-term customer relationships continued to grow and develop

Etteplan's market position was further strengthened due to excellent customer relationships. Our customers acquired larger service packages than before, which in many cases involved services offered by Etteplan's units in China. In Sweden we took important development steps in harmonizing our operations.

OPERATING ENVIRONMENT

The demand for technical engineering design and technical product information services developed favourably in 2011 and improved in almost all of Etteplan's central customer industries. The most significant portion of growth resulted from the increased demand from mining equipment manufacturers, and the demand from forestry equipment manufacturers, which stayed at a good level. Demand levels were also influenced by the steady demand of various fields of technology. Demand increased in, for example, environmental engineering design solutions and the planning of power sources for machines and equipment.

The demand for expert services in the testing, climate technology and motor optimization in the automobile industry remained good, although the overall demand from the automotive industry weakened towards the end of the year. Demand from the defence and aviation industry remained good during the review period. Wind energy projects decreased towards the end of the year. The demand for Etteplan's medical technology services continued to grow especially because of new requirements put in place by authorities. The demand for plant engineering services remained at a good level..

The increased economic uncertainty in Europe was clearly seen especially during the latter six months of the year. Towards the end of the year, there was increased caution in starting new investment projects, and the outlook for engineering design needs became even shorter.

The improved demand in the Nordic countries led to a shortage of competent engineers. This was seen especially in Sweden in the form of high internal turnover in the industry. Despite the improved market situation, the slightly improved price level of engineering design services was not enough to compensate the salary rises caused by the labor market framework agreement. The low pricing of expert services in the industry combined with the increased level of salaries cut the margins down in the engineering design business in 2011.

The focus of demand for engineering design services has gradually moved to the emerging markets. This is a favourable development for Etteplan, as the company is the largest Nordic operator in its industry in China and has been operating there longer than any other company in the field. As the Asian market is considerably larger than the Nordic one, competition within the engineering design industry does not restrict growth.

The recovery of the US economy improved the demand for engineering design services by customers with significant exports or manufacturing in the USA.

In 2011, the majority of engineering design and technical product information solutions were produced for projects with end users in the growing market of the BRIC countries. However, a large part of the product development of Nordic engineering companies focused on the Nordic countries.

"We commissioned Etteplan to design the software and hardware for the control system of Vivoline LS1 equipment. As the first CE-marked system of its kind on the market, the equipment is intended for reconditioning, evaluation and cold preservation of lungs between donation and transplantation. I´m very satisfied with Etteplan's proactive contribution to our product development, which helped us achieve the desired outcome on a tight schedule."

Peter Sebelius, *CEO*
Vivoline Medical AB

Vivoline Medical *is a Swedish medical device company in the field of thorax transplantation*

REVENUE AND OPERATING PROFIT

Etteplan's business is cyclical by nature. 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 autumn. Because of summer holidays, the revenue of the third quarter is typically lower than that of other quarters. In relative terms, the revenue of the third quarter of 2011 was better than in previous years because plenty of new projects were started at the end of the summer. The order backlog of the business is by nature short as a significant portion of assignments are small. Small assignments are explained by process-type work, and Etteplan's assignments are often an integral part of the customer's process.

The majority of Etteplan's revenue is generated from assignments based on framework agreements. Approximately one fifth of revenue was based on service solution sales and project deliveries in 2011.

Revenue increased by 14.0 per cent, amounting to EUR 119.4 million (1–12/2010: EUR 104.8 million). The growth of revenue was entirely organic and mainly resulted from increased sales to long-term customers. The sales organisation established in 2010 focused on growing customer relationships, which produced good results. According to central industry organisations, the volume of machine and equipment engineering grew by approximately three per cent in 2011. (The Federation of Finnish Technology Industries, Situation and Outlook 1/12, Finland and ALMEGA, Sector Review 11/2011, Sweden).

Etteplan's operating profit increased by 13.7 per cent, amounting to EUR 6.9 million (1–12/2010: 6.1 million). The growth of operating profit was influenced by a good utilization rate of engineering design capacity and the increased share of service product solutions as a proportion of sales.

BUSINESS REVIEW BY MARKET

Etteplan responded to the challenges created by the narrowing margins of the operating environment by continuing to invest in the sales of productized services. The year marked a turn in purchasing behaviour especially amongst Etteplan's larger customers: Our customers made agreements of larger and more extensive service packages than before, such as the delivery planning of entire product lines, the management of global product item database as well as various services related to the technology transfer. Cost-efficiency is better in larger service packages because, for example, some of the engineering design can be carried out in Etteplan's Chinese units.

Finland

In 2011, Etteplan kept its position as the market leader in engineering design and technical product information in Finland. Some of the largest customers included KONE Corporation, Konecranes Plc, Sandvik SMC, Cargotec Corporation, Outotec Oyj, ABB Oy, Metso Paper Oy and Rautaruukki Plc.

Etteplan succeeded well in the sales of its productized services and increased the share of its offshoring operations as a part of the assignment from its largest customers. Examples of these include Ensto Oy and The Switch Oy.

During the review period, Etteplan renewed all important framework agreements with its established customers. In Finland, Etteplan's customer relationships were strengthened and sales to the largest customers grew. Technical product information services were outsourced to Etteplan in 2011: For instance, Perkin Elmer Oy and Allaway Finland Oy transferred their production of technical product information to Etteplan.

Etteplan's Finnish business organization implemented several large plant engineering design projects in Finland, Russia and Estonia. Etteplan also took the first steps towards offering plant engineering services from the company's Chinese units.

The good demand for engineering design had no significant effect on the turnover of personnel in Finland. Recruiting competent experts became more difficult towards the end of the period. The opportunity to move engineering design work to Etteplan's Chinese units improved flexibility and allowed sufficient resources to answer to the good demand. The utilization rate of engineering design capacity remained at a good level in Finland throughout the year.

Sweden

Mikael Vatn started in February as the general manager of Etteplan's Swedish business. He is responsible for the harmonization and growth of Swedish operations. In 2011, Etteplan was amongst the largest companies in the field of machine and equipment engineering design in Sweden. Etteplan's aim in Sweden was to increase the volume of engineering design imported from China in case of growing demand and in order to ensure the flexibility of operations.

"Etteplan's services to Philips Lighting China include design of the mechanical components. Etteplan's engineers in China are very experienced and deliver high quality results. Etteplan has been able to respond to our needs on short notice giving us improved flexibility to adjust our operations."

Daniel Du, *Realization Manager, GTD mechanization Shanghai Philips Lighting China*

Philips Lighting*, part of the Philips Group, is specialized in innovative lighting solutions.*

The largest customers of Etteplan in Sweden are, ABB AB, Volvo Construction Equipment AB and Atlas Copco. An important project was implemented with Saab, whereby Etteplan helped Saab develop carbon fibre reinforced cargo doors for the new Boeing Dreamliner jet. The first agreements on new service solutions were made in 2011, but the sales of these solutions started slower in Sweden than in Finland. Examples of customers buying offshoring or service solutions include Husqvarna AB and Siemens Industrial Turbomachinery AB. During the review period, Etteplan renewed all important framework agreements with its established customers.

Despite the good market situation, competition was tight in Sweden in 2011. Several restructurings took place within the industry, there was competition for skilled experts and consequently, employees transferred from engineering design companies to work for the customers. The high turnover of employees in Sweden slowed growth and caused considerable costs. Customers continued to centralize their technical engineering design and product information acquisitions to large companies in 2011. Etteplan is sufficiently large in Sweden to succeed in these centralization decisions.

The Swedish business was harmonized in many ways in 2011. As an example, the names of companies bought in 2007–2008 were given up and the Etteplan company name was adopted. At the same time, the legal structure of the Swedish subsidiary was harmonized. Thanks to the harmonization, the utilization rate of engineering design capacity improved in Sweden towards the end of the year.

In 2011 Etteplan established new units specializing in medical technology and battery technologies in Stockholm, thereby improving its position in these fields of technology. We succeeded in gaining several important customers in the field of medical technology, and as a result of new regulations of the authorities, the demand for Etteplan's expertise remained good throughout the year. In order to better serve medical technology manufacturers in Southern Sweden, Etteplan opened a new office in Lund at the beginning of 2012. Etteplan increased its ownership in its affiliated company I3TEX AB to 33.3 per cent. Etteplan produces product development testing services to the automotive industry, amongst others, in cooperation with I3TEX AB.

China

The number of companies utilizing the services of Etteplan's Chinese units grew steadily in 2011 and amounted to some 80 companies by the end of the year. Until 2011, Etteplan's customers mainly used the company's Chinese units for cost-efficient engineering design work for projects implemented in Europe (offshoring). Towards the end of the year, the volume of engineering and technical product information services transferred from Finland to China increased. Offshoring orders became a permanent form of cooperation for the company's largest customers. In 2011, the first assignments were conducted in which Etteplan helped its customers in transferring technology to China. The quality of work of Etteplan's Chinese engineers received excellent feedback from customers in 2011.

We received the first significant new local customers in China during 2011: global western companies who purchase engineering services in China according to the local product standards. We also received new customers in China from companies we have never worked with in Europe, such as Philips Lighting.

The availability of competent staff was ensured in China through good recruiting process and efficient internal coaching. The availability of staff did not restrict growth in China in 2011.

In 2011, Etteplan's Chinese units were combined into the same organization, and the Chinese business was integrated into a more integral part of the entire group. As a result, Etteplan's HR system, Intranet and quality system were taken into use also in the Chinese units.

OUTLOOK 2012

At the beginning of 2012, the order books of major customers operating in Scandinavia are at a good level. We estimate that demand for design and product information services will continue to grow also in China. Changes in Etteplan's customers' order books quickly influence the development of Etteplan's revenue.

We expect the revenue and operating profit of the first six months of 2012 to grow compared to the first half of 2011

”Etteplan’s engineers have long-standing knowledge of Ruukki Metals’ steelworks and processes. They were also actively involved in the design of our new briquetting plant and in the definition of its safety standards. Our new consultation service agreement offers an excellent opportunity to deepen and expand the cooperation.”

Paavo Haapakangas, *Development Manager*
Matti Salmela, *Project Manager*
Ruukki

Ruukki *is an expert in the construction and engineering industries, with strong know-how in special steels.*

Etteplan is a responsible developer of Nordic engineering work

For Etteplan, corporate responsibility means the development of business according to the principles of sustainable development. Responsibility includes taking care of economy, personnel and the well-being of the environment in the long run.

Corporate responsibility is also reflected in the services offered by the company. Etteplan's experts have competence in many fields. This ensures the eco-efficiency and cost-effectiveness of products and solutions resulting from engineering work at all phases of the product life cycle. In 2011, we participated in several projects in which we helped our customers utilize environmentally friendly technologies and materials.

Etteplan aims to act as a responsible corporate citizen and to observe the ethical principles and governance in all countries in which it operates. The company's principles of operation are recorded in Etteplan's Code of Conduct that can be found on our webpage at www.etteplan.com.

FINANCIAL RESPONSIBILITY

Taking care of the profitability of business is one of the most important duties of the management. Etteplan has a financial responsibility for its owners, personnel, customers and partners.

A comprehensive risk management project was conducted in the company in 2011 for the recognition of business, personnel, environmental and industry risks related to the company's operations. Risk management is a part of Etteplan's management system. The risks and risk management in its entirety are presented on pages 25-27 of the Annual Report.

SOCIAL RESPONSIBILITY

At the end of 2011, Etteplan employed 1,659 experts, 1,019 of whom worked in Finland, 485 in Sweden and 155 in China. The variation in age groups within the company is even.

Thanks to its network of 23 offices all around Finland, Etteplan is an important employer in Finland even outside growth centres. The extensive office network affords an important competitive edge for Etteplan, as local presence is important for our customers in the choice of partner.

Etteplan's personnel and human resources management is presented in more detail in the Personnel section on pages 23-24.

ENVIRONMENTAL RESPONSIBILITY

The carbon footprint caused by Etteplan's operations is limited to business travel of its staff, consumption of electricity and other energy required by office work. We strive continuously to develop our operations in an environmentally friendly direction by, for example, by reducing travel and organizing internal meetings utilizing electronic meeting technologies.

Our responsibility for the environment is especially reflected in the services we offer and in the competence of our experts. Etteplan has extensive, thorough expertise in environmentally friendly technologies. Our experienced specialists have the skills required to develop our customers' products according to ecological efficiency requirements. Etteplan helped Saab, for example, develop carbon fibre reinforced cargo doors for the new Boeing Dreamliner jet. The technical solution reduces the weight of the jet plane and its fuel consumption.

Etteplan also participated in the development of a new bricketing technology for Ruukki, used in the recycling of surplus materials created in the production of steel.

In 2011, Etteplan participated in the concept development of an industrial park to be built in China's Kunshan city, Green Tower Kunshan. In addition to infrastructure, this industrial park offers Finnish and other western companies specializing in environmental technology expert services that the companies can utilize to speed up the marketing of environmental technology in the growing Chinese market.

"For more than ten years, Sandvik Mining and Construction (SMC) has used Etteplan's services, such as content generation for technical product information and the development of processes and software tools. We are pleased that we have a service provider located near our units. Etteplan offers solutions that suit our needs."

Henri Welling, *Documentation and Training Manager*
Sandvik Mining and Construction, Underground Mining

Sandvik Mining and Construction *is a world-leading provider of equipment and solutions for underground mining and materials handling for the mining and construction industry.*

Developing our versatile and differentiated engineering expertise is key to our success

Etteplan's skilful personnel play a significant role in the success of the company and in maintaining its strong market position. Throughout the years, expertise and experience have developed into versatile and diversified knowledge of the customers' products and operational processes.

The company's competitive advantages and strengths are based on the diverse competencies and skills of the personnel. Continuous development and sharing of competencies ensures the company's capacity to renew itself and its competitive edge also in the future. We consider the well-being of Etteplan's personnel and their opportunities for professional development important.

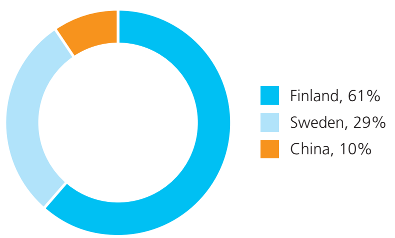
At the end of the review period, the company employed 1,659 employees, 640 of which worked outside Finland. Of the entire staff, 485 employees worked in Sweden and 155 in China. The variation in age groups is even at Etteplan.

AVAILABILITY OF PERSONNEL AND THE MARKET SITUATION

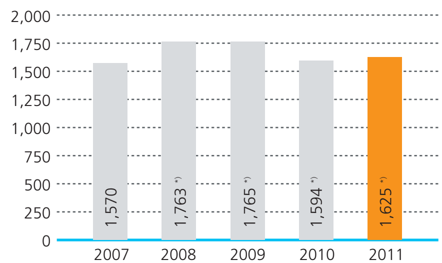
The operating environment was quite different in 2011 than in 2010 and 2009 during which a part of Etteplan's staff was temporarily laid off because of the steep decline in the demand for engineering design services. The increased turnover of employees expected during the recession was realized in 2011. The turnover in Etteplan's Finnish units was moderate, but still more experts than in the previous years went to work for our customers. Thanks to its position as the market leader in Finland, Etteplan succeeded in the necessary recruitment. The availability of skilled employees started to decline towards the end of the year, however.

In Sweden, the turnover of personnel was high in the entire industry. The high turnover restricted the growth of revenue in Etteplan's Swedish units. In Sweden, the turnover declined considerably towards the end of the year.

GEOGRAPHICAL DISTRIBUTION 2011



AVERAGE NUMBER OF PERSONNEL



*) continuing operations

The Chinese employment market is marked by a lack of skilled Chinese employees in growth centres. Chinese employees trained in western thinking and methods of operation by the company are well regarded among customers. Etteplan invests strongly in making employees committed to the company in China, which is why the turnover of senior employees is low. Etteplan is an attractive employer in China. Thanks to its good recruitment and coaching processes, Etteplan is able to increase its engineering design capacity much faster in China than in the Nordic countries.

FOCUS AREAS OF HR MANAGEMENT

Etteplan's human resources management focuses on, amongst other things, systematic evaluation of performance and providing feedback. The number of development discussions is monitored, and the discussions are used as a measure for managerial work.

The greatest challenge in Etteplan's human resources management is to motivate and gain commitment from experts working at customer premises. The company is aware of the potential risks of the situation and is committed to the promotion of experts working in customer premises to be part the Etteplan work community.

A personnel survey was carried out in the entire group in 2011 and development plans were prepared in all offices based on the results of the survey. The common projects of the group based on the personnel survey were focused on the improvement of internal communications and development opportunities for employees.

Fringe benefits of employees were harmonized in Finland in 2011: support for sports and cultural hobbies as well as the content of occupational health care were harmonized. During the year, Etteplan was approved as a member of the health insurance fund of clerical workers at Kone Corporation and all Etteplan employees were given the opportunity to join the insurance fund. In Finland, the company has invested in the improvement of well-being at work by means of a survey in 2010 and by supporting risk groups through specific actions in cooperation with the occupational health care services. There appeared to be no new cases of incapacity for work in Etteplan's Finnish units in 2011.

In Sweden, the names of companies bought by Etteplan in 2007–2008 were given up and the Etteplan company name was adopted during the review period. A central benefit gained from this harmonization is the improvement of our employer image amongst our current employees as well as job seekers. At the same time, fringe benefits of the personnel in Sweden were harmonized.

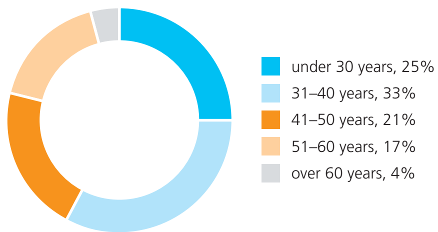
The implementation of the HR data system was completed in 2011 through the addition of the employees in Etteplan's Chinese units to the system. The system covers the key data of all employees including their skills profiles. The Chinese units also started to use the company's common Intranet.

PERSONNEL RISKS

An extensive risk assessment was conducted at Etteplan and a new risk management system was created in 2011. Risks related to human resources and preparation for such risks were surveyed as a part of the creation of the new system.

The risks and risk management in all areas are presented on pages 25-27 of the Annual Report.

AGE DISTRIBUTION, DECEMBER 31, 2011



Risk management is an integral part of Etteplan's business management and internal controls framework. 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. Effective 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. We map and assess risks systematically and adjust our operations when needed.

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 and concentrations of risks. 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 responsible for engineering operations.

Organization

The President and CEO of the Company organizes risk management of the Group with the assistance of the Management Group and a specific 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 systems and practices of the Group.

The primary responsibility for managing risks rests with the Directors responsible for business. The Directors are responsible for risk management in their business area following the Group's risk management guidelines. The Directors 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 Company. The risk management actions and most relevant Group level risks are reported regularly to the Board of Directors.

Process

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. The development of actions is followed regularly by the Management Group.

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 company management's estimate economic development on the whole and unpredictable changes in customers' business are classified as the greatest risks in the company's business operations. 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 2011 on pages 30-33.

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 clients in different industries, market and geographical areas. The engineering 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 this strategic goal is the potential lack of the skilful professionals required.

In 2011 the implementation of Etteplan's strategy proceeded well and the share of services yielding a higher added value grew steadily in business operations. Demand for design services and technical product information improved almost in all Etteplan's key customer industries and the company strengthened its' market position.

Operational risks

Organization and management, sales, assignment and customer relationship related risks are among others company's operational risks.

Etteplan's greatest operational risks are related to assignments and personnel. The company's assingments 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 quality management systems, codes of practice, and acceptance procedures; coupled with training of personnel; and compliance with instructions on management of quotes and contracts, particularly in delimitation of contractual liability.

ETTEPLAN'S RISK MAP

Category	Risk scale	Examples of risks	Examples of preventive actions	Responsible organ
Strategic risks		Business development, business environment, market and mergers and aqcuisitions related risks	Strategy and business plans, strong customer portfolio, merger & acquisition procedures, well structured human capital, corporate governance, code of conduct, risk management	CEO, Management Group, Finance, Human Resources and Communications functions
Operational risks		Organization and management, sales, assingment and customer relationship related risks	Quality management system, sales process, quality policy, KAM and service delivery processes, group insurances	Business management, Quality, Human Resources and Finance functions
Personnel risks		Competence, resources and management, attritiation, recruitment, staffing assignments, health and well-being related risks	Competence management system, employee surveys, internal training, use of right management, introduction process, code of conduct	Human Resources function, Business management, entire personnel
IT & Security risks		Information security, network and system downtimes, viruses and customer IT connections related risks	IT policies, IT security regulations, supplier SLA's	IT Director, Business management, entire personnel
Financial risks		Currency, interest, financing and liquidity, counterparty and credit risks	Payment & credit policies, group treasury policy, internal controls	CFO, Finance function, Business management

Etteplan aims to restrict inherent liability risks by using standard contract terms and insurances, and assignments typically do not involve significant liability risks. 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 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.

Professional services provided to customers involve liability risks. To mitigate such risks, special emphasis has been placed on the quality management and control systems in assignments, and on limitation of professional liability in contracts.

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

The risk management assessment carried out in 2011 emphasizes especially how to prevent the realization of sales and assignment related risks.

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 training 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 HR management focus areas in 2011 are presented in the Annual Report 2011 on page 24.

IT & security risks

Etteplan's business operations are dependent on the use of 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, 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.

During 2011 Etteplan invested especially in development of communication systems.

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 2011 on pages 44-47.

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

In 2011 company's financing was realigned and the hybrid bond, issued in 2009, was paid back.

STOCK EXCHANGE RELEASES 2011

Etteplan Oyj published the following stock exchange releases in 2011:

JANUARY

January 31	Etteplan streamlines its operational structure to boost organic growth

FEBRUARY

February 15	Etteplan Oyj – Financial statement release January 1 – December 31, 2010
February 18	Correction to Etteplan Oyj's financial statement release

MARCH

March 9	Etteplan's Annual Report 2010 and summary of year 2010 releases published
March 10	The Board of Directors of Etteplan Oyj resolved on key personnel incentive plan
March 10	Invitation to Etteplan Oyj's Annual General Meeting of shareholders
March 31	Resolutions by Etteplan Oyj's Annual General Meeting of shareholders
March 31	Etteplan Oyj's Board of Directors elected chairman and vice chairman

MAY

May 5	Etteplan Oyj – Interim report January 1 – March 31, 2011

JUNE

June 21	I3TEX AB has applied for corporate restructuring

AUGUST

August 11	Etteplan Oyj – Interim report January 1 – June 30, 2011

OCTOBER

October 10	The CEO of Etteplan Oyj will change
October 26	Announcement of hybrid bond payback

NOVEMBER

November 7	Etteplan Oyj – Interim report January 1 – September 30, 2011

DECEMBER

December 13	Etteplan Oyj's financial information in year 2012
December 20	Juha Näkki appointed as CEO of Etteplan Oyj

Some of the information included in the releases might be out of date.

FINANCIAL STATEMENTS 2011

GOVERNANCE

REVIEW BY THE BOARD OF DIRECTORS JANUARY 1-DECEMBER 31, 2011

OPERATING ENVIRONMENT

The demand for technical design and product information services developed favorably in 2011. The demand improved in almost all of Etteplan's central customer industries. The demand for design services did, however, stay almost 10 per cent lower than in the peak year 2008.

The most significant portion of growth resulted from the demand from mining equipment manufacturers, and the demand from forestry equipment manufacturers also stayed at a good level on average. Demand levels were also influenced by the steady demand in various fields of technology. Demand increased in, for example, environmental engineering solutions and the planning of power sources for machines and equipment.

The demand for expert services in testing, climate technology and motor optimization in the automobile industry remained good, although overall demand from the automotive industry weakened at the end of the year. Demand from the defense and aviation industry remained good during the review period. Wind energy projects decreased at the end of the year. The demand for Etteplan's medical technology services continued to grow especially because of new requirements put in place by the authorities. The demand for plant engineering services remained at a good level.

Towards the end of the review period, increasing economic uncertainty began to show in Europe as a decrease in the number of RFQs for design services from forest industry equipment manufacturers. In addition, the increase in the demand for investment project design services leveled out.

The demand for design services increased in developing economies in 2011. Both the demand for offshoring services and that of services produced for growing markets picked up during the year. In addition to purchasing offshoring services, engineering companies set up their own design units in BRIC countries in 2011. The focal point of development of the Chinese economy transferred from increasing exports to domestic demand, particularly in the latter half of the year. The development of demand for design services in Russia was linked to the factory and export projects of Finnish industrial companies and construction firms.

Engineering companies continued to centralize their acquisitions in the choice of partners for machinery and equipment design in 2011. In addition, the design industry continued to centralize. This centralization is likely to improve pricing in the industry, but at the same time, increase competition between the major operators in the field.

The profitability of the design industry was weakened by salary increases caused by the good market situation in Finland, Sweden and China, while price increases stayed moderate.

BUSINESS REVIEW

Etteplan's operating conditions were good in 2011. The company was the market leader in machinery and equipment design in Finland and one of the leading companies in Sweden. Operations conducted according to the company's strategy were successful. Etteplan succeeded in the centralization decisions of its customers and in the sales of new product solutions. Etteplan was a Preferred Partner for most of its customers.

The implementation of Etteplan's strategy proceeded for all three themes in 2011, improving Etteplan's strong market position further. The themes are: customer focus, service solutions and one Etteplan.

The results of the customer focus theme were measured in 2011 as the increase of key customer sales. The growth of key customers in 2011 was 18.0 per cent in terms of revenue. Close to 80 per cent of Etteplan's revenue came from 25 customers, none of which exceeded 10 per cent of the company's revenue.

Etteplan's goal is to move towards higher added value services in its operations. Productized service solutions and methods of operations are used for achieving this goal. The sales of service solutions and larger design entities increased towards the end of the year, and approximately one fifth of revenue was based on service solution sales and project deliveries in 2011.

The One Etteplan theme was promoted, for example, through further harmonization of the business structure and decreasing the number of legal units. The integration of companies bought in Sweden in 2007-2008 into Etteplan was nearly completed. The integration of quality systems and information systems progressed throughout the group.

Etteplan's competence capital was increased in 2011 through the recruitment of high technology competence in the company. The innovation team established at the end of 2010, for example, developing batteries and energy efficient solutions, was successful in 2011, receiving large numbers of assignments. During the year, the innovation team was strengthened through the recruitment of highly skilled professionals.

In 2011, the utilization rate of Etteplan's design capacity was at a good level on average. Etteplan's business operations in Sweden were still impaired by the high rate of personnel turnover in the industry. A high turnover rate decreased the utilization rate of design capacity in Sweden. In Finland, the utilization rate remained at a higher level than in Sweden.

The recruitment of employees was successful in Finland during the first six months of the year. In the latter half of the year, there was increased competition for skilled professionals in the market. Recruitment did not prevent the growth of revenue in Finland, and the turnover of personnel remained at a moderate level. In Sweden, the majority of recruitments were replacements.

Operations at Etteplan's units in China and the number of customers developed favorably in 2011. During the second and third quarters, local sales to international machinery and equipment manufacturers operating in China began to grow. Etteplan also received new customers in China from companies it had never worked with in Europe, such as Philips Lighting.

Etteplan's position in projects conducted in Russia stayed strong because the company holds a Russian Self Regulation Organizations design permit (SRO) awarded at the end of 2009 for the entire Russia.

Organic growth, strengthening of the cash flow and the resulting improvement of the balance sheet structure were among Etteplan's objectives for 2011. Etteplan's organic growth exceeded the 10-per cent goal and amounted to 14.0 per cent. The operating cash flow improved considerably and amounted to EUR 7.0 million. The repayment of the EUR 10-million hybrid loan in December 2011 affected Etteplan's balance sheet.

REVENUE

Etteplan's revenue from continuing operations in 2011 grew 14.0 per cent and amounted to EUR 119.4 million (1–12/2010: EUR 104.8 million). The growth of revenue was entirely organic. The increase in revenue was due to a stronger demand for design services and the further strengthening of Etteplan's market position.

In Finland, the volume of technical design (including design work carried out in engineering companies themselves) was estimated to have grown some seven per cent (The Federation of Finnish Technology Industries, Situation and outlook 1/2012), and in Sweden, the design service market was estimated to have grown approximately three per cent from the previous year (Sector Review, 11/2011, ALMEGA). The growth mainly results from the global growth trend in mining industry and the increased need for investments. Also the demand from forestry equipment manufacturers stayed on a good level on average, influencing the revenue.

Etteplan's business is subject to annual 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 autumn. Due to the summer holidays, the revenue of the third quarter is typically lower than that of other quarters. In relative terms, the revenue of the third quarter of 2011 was better than in previous years because many more new projects were started at the end of the summer.

RESULT

The operating profit for continuing operations grew by 13.7 per cent and amounted to EUR 6.9 million (1–12/2010: 6.1).

The transfer to higher added value services had a positive impact on the result. The costs related to the increased operations grew by EUR 12.9 million. The operating profit percentage stayed at the 2010-level and amounted to 5.8%.

Financial expenses were EUR 0.9 million (1–12/2010: EUR 0.8 million).

Taxes in the income statement corresponded to 27.2 (24.6) per cent of the result before taxes. The amount of taxes was EUR 1.7 (1.4) million.

Profit for continuing operations before taxes for the financial period was EUR 6.3 million (1–12/2010: EUR 5.8 million). The profit for continuing operations for the financial period was EUR 4.6 million (1–12/2010: EUR 4.3 million). Earnings per share for continuing operations were EUR 0.20 (0.19). Equity per share was EUR 1.04 (1.48). Return on investment was 17.6 (17.0) %.

The profit for the financial period was EUR 4.6 million (1–12/2010: EUR 4.4 million).

FINANCIAL POSITION AND CASH FLOW

Total assets on December 31, 2011 were EUR 65.6 million (December 31, 2010: EUR 67.7 million). Goodwill on the balance sheet was EUR 36.3 million (December 31, 2010: EUR 36.0 million). The EUR 0.3 million difference is due to differences in currency rates.

The Group's cash and cash equivalents stood at EUR 3.0 million (December 31, 2010: EUR 5.0 million). The Group's financial liabilities amounted to EUR 20.2 million (December 31, 2010: EUR 12.1 million) at period end. The total of unused short term credit facilities is EUR 11.8 million (1–12/2010: 16.0).

Etteplan paid back its EUR 10-million hybrid loan and its interest of 9.50% according to the loan terms and due dates on December 1, 2011. The hybrid loan was replaced by long-term loans with an average interest rate of 4.0%. The repayment of the loan weakened the equity ratio, which was 31.1% (December 31, 2010: 43.6%). Operating cash flow was EUR 7.0 million (1–12/2010: EUR 2.1 million). The cash flow after investments was EUR 3.8 million (1–12/2010: EUR -0.0 million). The cash flow of the review period was affected by an item of a total of EUR 3.0 million, including the additional purchase prices of acquisitions made in 2008 as well as the increase of ownerships in Etteplan IT AB and Innovation Team Sweden AB to 100% and an improved processing and sales of sales receivables.

Accounting for payments related to finance lease on the Consolidated Statement of Cash Flows has been changed to comply with the requirements of IAS 7 standard. Comparison figures have been corrected accordingly.

CAPITAL EXPENDITURES

The Group's gross investment during the review period was EUR 3.2 million (1–12/2010: 2.5 million). The investments mainly consisted of the license fees for software.

CHANGES IN THE COMPANY MANAGEMENT

Etteplan's CEO Matti Hyytiäinen resigned from the Company in October 2011 in order to work for another company.

Etteplan Oyj's Board of Directors appointed M. Sc. (Eng.) Juha Näkki as the new CEO in December 2011.

PERSONNEL

The Group employed an average of 1,625 (1–12/2010: 1,594) people during the period and 1,659 (December 31, 2010: 1,569) at the end of the period. At the end of the period, 640 people (December 31, 2010: 608) 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 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. 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 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).

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.

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Etteplan Oyj was held at the premises of the Company in Vantaa on March 31, 2011. 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 2010 and discharged 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 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 Company 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 any given time, 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 Company shares in public trading and, correspondingly, the maximum price is the highest market price quoted for the Company shares in public trading during the validity of the authorization.

Should Company 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 18 months from the date of the resolution of the Annual General Meeting starting on March 31, 2011 and ending on September 30, 2012. The authorization replaces the corresponding previous authorization.

DIVIDEND

The Annual General Meeting on March 31, 2011 passed a resolution, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.10 per share is paid for the financial year 2010. The remaining funds shall be left to the unrestricted equity. The dividend will be 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 5, 2011. The dividend was paid on April 12, 2011.

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, 2011 was EUR 5,000,000.00, and the number of shares outstanding 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 companyheld 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.

The number of Etteplan Oyj shares traded during the financial year was 2,617,144 to a total value of EUR 7.2 million. The share price low was EUR 1.90, the high EUR 3.53, the average EUR 2.79, and the closing price EUR 2.24. Market capitalization on December 31, 2011 was EUR 44.1 million, and there were 1,853 shareholders.

The company held 471,302 of its own shares on December 31, 2011 which corresponds 2.34 per cent of all shares and voting rights (31.12.2010: 471,302). During the period under review, the company did not acquire nor dispose any company-held shares.

On December 31, 2011, the members of the company's Board of Directors and the President and CEO owned a total of 1,509,241 shares, or 7.48% of the total share capital.

MAJOR EVENTS AFTER THE REVIEW PERIOD

Juha Näkki started as the President and CEO of Etteplan Oyj on January 1, 2012.

OPERATING RISKS AND UNCERTAINTY FACTORS

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

Etteplan conducted a thorough risk assessment in 2011. The assessment will be presented in the Annual Report 2011 on pages 25-27.

ESTIMATE OF OPERATING RISKS AND UNCERTAINTY FACTORS IN THE REVIEW PERIOD

The uncertainty caused by the general economic development increased at the end of the review period. Risk increased during the review period in comparison to the previous quarter.

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 review period, increased difficulties in obtaining professional staff in Sweden was an elevated business risk that materialized and burdened the revenue and operating profit in 2011.

ESTIMATE OF OPERATING RISKS AND UNCERTAINTY FACTORS IN THE NEAR FUTURE

The uncertainty caused by the general economic development increased at the end of the review period. The possibility of unseen changes in customer operations caused an increased risk to Etteplan's operations. The risk increased during the review period in comparison to the previous quarter.

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 this risk to be reduced during the first half of 2012 as general economic uncertainty grows.

OUTLOOK 2012

At the beginning of 2012, the order books of major customers operating in Scandinavia are at a good level. We estimate that demand for design and product information services will continue to grow also in China. Changes in Etteplan's customers' order books quickly influence the development of Etteplan's revenue.

We expect the revenue and operating profit of the first six months of 2012 to grow compared to the first half of 2011.

BOARD'S PROPOSAL FOR DISTRIBUTION OF 2011 PROFITS

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2011, is EUR 11,399,189.07.

The Board of Directors will propose to the Annual General Meeting, which will convene on March 30, 2012, that on the dividend payout date a dividend of EUR 0.10 per share be paid on the company's externally owned shares, to a total amount of EUR 2,017,941.40 at most, and that the remaining profit be transferred to retained earnings. Dividend will not be paid out to shares that are company-held on the record date of dividend payout, April 4, 2012. 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 April 4, 2012 and the date of dividend payout is April 13, 2012.

ANNUAL GENERAL MEETING IN 2012

Etteplan Oyj's 2012 Annual General Meeting will be held in Vantaa, Finland, on Friday March 30, 2012, starting at 1 p.m. Summons to the AGM is published as a separate release.

CORPORATE GOVERNANCE STATEMENT

Etteplan Oyj is publishing the Corporate Governance statement for 2011 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 2011 on pages 83-87.

Etteplan Oyj

Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1.1.-31.12.2011		1.1.-31.12.2010	
CONTINUING OPERATIONS					
Revenue	6	**119,448**		**104,786**	
Other operating income	8	347		1,161	
Materials and services	9	-8,465		-9,847	
Staff costs	10	-84,550		-73,368	
Other operating expenses		-18,302		-15,185	
Depreciation and amortization	17,18	-1,593		-1,494	
Operating profit/loss		**6,885**	**5.8%**	**6,054**	**5.8%**
Financial income	12	304		761	
Financial expenses	13	-866		-758	
Share of the result of associates		24		-291	
Profit/loss before taxes		6,347		5,766	
Income taxes	15	-1,724		-1,420	
Profit/loss for the financial year continuing operations		**4,623**		**4,347**	
DISCONTINUING OPERATIONS					
Profit/loss for the financial year, discontinuing operations	3	0		102	
Profit/loss for the financial year		**4,623**		**4,448**	
OTHER COMPREHENSIVE INCOME					
Foreign subsidiary net investment hedges	2	-148		-100	
Currency translation differences		-28		2,720	
Change in fair value of investments available-for-sale		1		139	
Other comprehensive income for the year, net of tax		-175		2,759	
Total comprehensive income for the year		**4,448**		**7,208**	
INCOME/EXPENSE ATTRIBUTABLE TO					
Equity holders of the company		4,660		4,422	
Non-controlling interest		-37		27	
		4,623		**4,448**	
TOTAL COMPREHENSIVE INCOME/EXPENSE ATTRIBUTABLE TO					
Equity holders of the company		4,500		7,159	
Non-controlling interest		-52		49	
		4,448		**7,208**	
EARNINGS PER SHARE CALCULATED FROM THE RESULT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
Continuing operations					
Basic earnings per share, EUR	16	0.20		0.19	
Diluted earnings per share, EUR	16	0.20		0.19	
Discontinuing operations					
Basic earnings per share, EUR	16	0.00		0.01	
Diluted earnings per share, EUR	16	0.00		0.01	

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Note	31.12.2011	31.12.2010
ASSETS			
Non-current assets			
Tangible assets	17	1,685	1,625
Goodwill	19	36,331	36,028
Other intangible assets	18	1,394	967
Shares in associated companies	20	331	18
Investments available-for-sale	21	593	620
Other long-term receivables		4	4
Deferred tax assets	32	164	476
Non-current assets, total		**40,503**	**39,738**
Current assets			
Trade and other receivables	23	22,028	22,894
Current tax assets	24	0	4
Cash and cash equivalents	25	3,023	5,018
Current assets, total		**25,051**	**27,916**
TOTAL ASSETS		**65,554**	**67,653**
EQUITY AND LIABILITIES			
Capital attributable to equity holders			
Share capital	26	5,000	5,000
Share premium account	26	6,701	6,701
Unrestricted equity fund	26	2,584	2,584
Own shares	26	-1,958	-1,958
Cumulative translation adjustment	26	-96	63
Other reserves	26	140	10,139
Retained earnings	26	3,433	2,312
Profit/loss for the financial year	26	4,660	4,422
Capital attributable to equity holders, total		20,466	29,264
Non-controlling interest		-195	101
Equity, total		**20,271**	**29,365**
Non-current liabilities			
Deferred tax liabilities	32	237	264
Financial liabilities	28	13,429	6,780
Non-current liabilities, total		**13,667**	**7,044**
Current liabilities			
Financial liabilities	28	6,811	5,322
Trade and other payables	30	24,337	25,085
Reserves	33	0	106
Current income tax liabilities	31	467	731
Current liabilities, total		**31,615**	**31,244**
Liabilities, total		**45,282**	**38,288**
TOTAL EQUITY AND LIABILITIES		**65,554**	**67,653**

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-31.12.2011	1.1.-31.12.2010
OPERATING CASH FLOW		
Cash receipts from customers	120,629	102,248
Operating expenses paid *)	-110,548	-98,424
Operating cash flow before financial items and taxes	**10,081**	**3,824**
Interest and payment paid for financial expenses *)	-1,758	-1,619
Interest received	83	32
Income taxes paid	-1,374	-166
Operating cash flow (A)	**7,032**	**2,071**
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	-245	-768
Acquisition of subsidiaries	-2,981	-2,320
Acquisition of associates	0	-113
Proceeds from sale of tangible and intangible assets	22	27
Loan receivables, decrease	1	1,065
Proceeds from sale of investments	0	2
Investing cash flow (B)	**-3,203**	**-2,107**
Cash flow after investments (A+B)	**3,829**	**-36**
FINANCING CASH FLOW		
Short-term loans, increase	951	513
Short-term loans, decrease	0	-207
Long-term loans, increase	10,147	2,165
Long-term loans, decrease	-4,187	-3,336
Hybrid loan, decrease	-10,000	0
Payment of finance lease liabilities *)	-811	-566
Dividend paid and other profit distribution	-1,971	-788
Financing cash flow (C)	**-5,871**	**-2,219**
Variation in cash (A+B+C) increase (+) / decrease (-)	**-2,042**	**-2,255**
Assets in the beginning of the financial period	5,017	6,650
Exchange gains or losses on cash and cash equivalents	48	622
Assets at the end of the financial period	3,023	5,017

The notes are an integral part of the financial statements.

*) *Accounting for payments related to finance lease on the Consolidated Statement of Cash Flows has been changed to comply with the requirements of IAS 7 standard. Comparison figures have been corrected accordingly.*

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 1.1.2010	**5,000**	**6,701**	**2,590**	**10,000**	**-1,949**	**-2,534**	**3,745**	**23,554**	**135**	**23,689**
Comprehensive income										
Profit/loss for the financial year	0	0	0	0	0	0	4,422	4,422	27	4,448
Fair value reserve available-for-sale assets	0	0	0	139	0	0	0	139	0	139
Foreign subsidiary net investment hedges	0	0	0	0	0	-100	0	-100	0	-100
Cumulative translation adjustment	0	0	0	0	0	2,697	0	2,697	23	2,720
Total comprehensive income/ expense for the year	0	0	0	139	0	2,597	4,422	7,158	49	7,208
Transactions with owners										
Dividends	0	0	0	0	0	0	-788	-788	0	-788
Purchase of own shares	0	0	0	0	-9	0	0	-9	0	-9
Share based incentive plan	0	0	-6	0	0	0	10	4	0	4
Hybrid loan	0	0	0	0	0	0	-654	-654	0	-654
Changes in ownership	0	0	0	0	0	0	0	0	-83	-83
Transactions with owners, total	0	0	-6	0	-9	0	-1,433	-1,447	-83	-1,531
Equity 31.12.2010	**5,000**	**6,701**	**2,584**	**10,139**	**-1,958**	**63**	**6,734**	**29,264**	**101**	**29,365**

(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 1.1.2011	**5,000**	**6,701**	**2,584**	**10,139**	**-1,958**	**63**	**6,734**	**29,264**	**101**	**29,365**
Comprehensive income										
Profit/loss for the financial year	0	0	0	0	0	0	4,660	4,660	-37	4,623
Fair value reserve available-for-sale assets	0	0	0	1	0	0	0	1	0	1
Foreign subsidiary net investment hedges	0	0	0	0	0	-148	0	-148	0	-148
Cumulative translation adjustment	0	0	0	0	0	-11	-3	-14	-14	-28
Total comprehensive income/ expense for the year	0	0	0	1	0	-159	4,657	4 500	-52	4,448
Transactions with owners										
Dividends	0	0	0	0	0	0	-1,971	-1,971	0	-1,971
Share based incentive plan	0	0	0	0	0	0	0	0	0	0
Hybrid loan	0	0	0	-10,000	0	0	-713	-10,713	0	-10,713
Changes in ownership	0	0	0	0	0	0	-614	-614	-244	-858
Transactions with owners, total	0	0	0	-10,000	0	0	-3,298	-13,298	-244	-13,542
Equity 31.12.2011	**5,000**	**6,701**	**2,584**	**140**	**-1,958**	**-96**	**8,093**	**20 466**	**-195**	**20,271**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

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 Hollola. Etteplan's shares are listed on the NASDAQ OMX Helsinki Ltd under the ETT1V ticker.

Etteplan is a specialist in industrial equipment engineering and technical product information solutions and services. Etteplan's engineering expertise and service products cover the entire life cycle of the client's products. Etteplan's customers are global leaders in their fields and operate in areas like the automotive, aerospace and defense industries as well as the electricity generation and power transmission sectors, and material flow management.

Etteplan has comprehensive competence in electronics and embedded systems development, automation and electrical design, mechanical design and technical product information solutions and services.

A copy of the consolidated financial statements can be obtained from the Company's website at www.etteplan.com or from the head office of the Group's parent company at the address Terveystie 18, 15860 Hollola, Finland.

The Etteplan Oyj Board of Directors approved these financial statements for publication at its meeting on February 14, 2012.

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.

1. ACCOUNTING POLICY APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Basis for preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in conformity with the international accounting standards (IAS/IFRS) in force on December 31, 2011 as well as the interpretations of the International Financial Reporting Interpretations Committee (SIC and IFRIC). In the Finnish Accounting Act and the regulations based on it, "International Financial Reporting Standards" refers to the standards and the interpretations issued regarding them that have been approved for application within the EU in accordance with the procedure prescribed in EU regulation (EC) 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation. Figures in the financial statement are presented in thousands of euros and, unless otherwise stated in the accounting policy, based on historical costs.

In preparing these consolidated financial statements, the Group has followed the same accounting policies as in the annual financial statements for 2010 except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on January 1, 2011:

- IFRS 3 Business Combinations: Contingent consideration (amendment)
  This amendment clarifies that the guidance in IAS 39, IAS 32 and IFRS 7 will not apply to contingent consideration arising from business combinations with an effective date prior to the application of the revised version of IFRS 3.
- IAS 34 Interim Financial Reporting (amendment)
  The amendment emphasizes the existing disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles.
- IAS 1 Presentation of Financial Statements (amendment)
  The amendment clarifies that for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes of the financial statements.
- IAS 27 Consolidated and Separate Financial Statements (amendment)
  The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The Effect of Changes in Foreign Exchange Rates, IAS 28, 'Investments in Associates', and IAS 31, 'Interests in Joint Ventures', apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when IAS 27 is applied earlier.
- IFRS 7 Financial Instruments: Disclosures (amendment)
  The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.
- IAS 32 Financial Instruments: Presentation (amendment)
  The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IAS 24 Related Party Disclosures (revised)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment)
- IFRIC 13 Customer Loyalty Programmes (amendment).

The amendments and interpretations that came into force in 2011 did not have an effect on the Group's result of operations or balance sheet position.

The following amendments have been published and are in force in the financial year beginning on January 1, 2012, but they are not approved for application within the EU. The Company's management is yet to assess the full impact of the amendments:

- IAS 12 Income Taxes (amendment)
  IAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21,

'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- IFRS 7 Financial Instruments: Disclosures - Derecognition (amendment)
  This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

In preparing the consolidated financial statements in accordance with the IFRS system, the Company's management must make estimates and assumptions that have an effect on the amounts of assets and liabilities in the balance sheet as well as on income and expenses for the financial year. The estimates are based on the management's current best knowledge, and therefore the outcomes may deviate from these estimates. Information about the matters in which the management has exercised judgment in the application of the Group accounting principles, and which have the greatest impact on the figures disclosed in the financial statements, is presented under 'Critical accounting judgments and key sources of uncertainty'.

Subsidiaries

The consolidated financial statements include the financial statement information of Etteplan Oyj and subsidiaries belonging to the Group, from which all intra-Group transactions, internal receivables, and liabilities as well as internal distribution of profit have been eliminated. The accounting policies applied in the financial statements of the subsidiaries have been adjusted, if necessary, in accordance with the accounting policies of Etteplan Oyj. Subsidiaries are companies in which the Group has a controlling interest. Controlling interest is generated when the Group has more than half of the voting power or otherwise holds a controlling interest. Control means the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intra-Group share ownership has been eliminated according to the acquisition cost method.

Subsidiaries acquired during the financial year are included in the consolidated financial statements from the time when the Group obtained control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. 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 excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. In the consolidated financial statements, the non-controlling interest in subsidiaries is stated as a separate item. The allocation of profit for the financial year to equity-holders of the parent and to non-controlling interest is presented in the income statement, and the non-controlling interest is shown in the consolidated balance sheet under equity, separately from the parent shareholders' equity.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, 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. 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 are reclassified to profit or loss where appropriate.

Subsidiaries divested during the financial year are reported as discontinuing operation, if they are real separate businesses or geographically separated businesses, in the consolidated financial statements up to the date of sale. This includes all revenues, costs, translation differences and the losses if the booked value is higher than the selling price.

If the Group's share of associates' losses exceeds the carrying amount, Group's share will be booked to zero value in balance sheet and losses in excess of the carrying amount are not consolidated unless the Group has committed to fulfilling the obligations of the associates. The Group's share of the associated companies' result is disclosed separately after operating profit.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as 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. Etteplan business was reorganized early 2011 and is conducted in one operating segment. Change in operating segments does not have impact on the reporting segments. In financial year 2010 the previous two segments were reported as one according to IFRS 8.12.

Foreign currency translation

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 consolidated financial statements are presented in euros, the currency of the business environment and the presentation currency of the Group's parent company. Foreign-currency transactions have been translated into the Presentation currency at the exchange rate prevailing at the transaction date. Foreign-currency-denominated receivables and liabilities in the balance sheet on the balance sheet date have been translated into euros at the exchange rate for the balance sheet date. Exchange differences resulting from transactions denominated in a foreign currency are recorded in the corresponding accounts in the income statement above operating profit. Exchange differences in financing transactions are recorded in financial income and expenses.

The balance sheet items of subsidiaries outside the euro zone are translated into euros at the exchange rate for the balance sheet date and their income statement items at the average exchange rate for the financial year. Translating the profit for the financial year with different rates in the income statement and the balance sheet leads to a translation difference that is recorded in other comprehensive income. Cumulative translation differences on post-acquisition equity items, which have arisen on the elimination of the acquisition cost of foreign subsidiaries, are recorded in other comprehensive income.

Tangible assets

Tangible assets are measured for the balance sheet at cost less accumulated depreciation and impairment. Tangible assets are depreciated on a straight-line basis over the estimated useful life. Land areas are not depreciated, because they are considered to have an unlimited useful life. The useful lives of tangible assets are:

computers	3 years
vehicles	5 years
office furniture	5 years
renovation of premises	5 to 7 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. The useful lives of assets are checked at the end of each financial year. Capital gains and losses from the retirement and sale of tangible assets are included in either other operating income or expenses.

Intangible assets

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. The goodwill arising from the combination of businesses prior to January 1, 2004 corresponds to the carrying amount according to the FAS system, used previously, which has been used as the deemed cost. Neither the classification of these acquisitions nor their treatment in the financial statements has been adjusted in preparation of the Group's opening IFRS balance sheet. 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 and level of reporting.

Other intangible assets

Intangible assets include software licenses, intangible rights and intangible assets acquired in business combination; order backlog and technology. Intangible assets are recorded in the balance sheet at historical cost. Intangible assets acquired in business combination 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 to 7 years
other intangible assets	3 to 7 years

Research and development

Etteplan participates in its customers' product development. Customers' product development assignments represent Etteplan's daily business and the intellectual property rights are owned by Etteplan's customers. Therefore, the Company does neither follow nor report any research or development costs.

Impairment of assets

Goodwill is not amortized but is tested for impairment annually and whenever there is objective evidence of goodwill impairment. If there is objective evidence of goodwill impairment, the recoverable amount is determined for that cash-generating unit to which the goodwill relates. That cash-generating unit is the smallest possible independent cash-generating group of assets. The recoverable amount is the utility value of the capital, the estimated future net cash flow discounted to present value from the cash-generating unit in question. The essential assumptions for impairment tests are presented in Note 22 to the financial statements ('impairment testing'). Material acquisitions of companies and goodwill arising from them are presented in Note 4 ('Business combinations').

The assets from which amortization has been recognized are always tested for impairment if there is objective evidence of impairment. On each balance sheet date, it is evaluated whether there is objective evidence of impairment in the financial assets recognized in the balance sheet. The recoverable amount for financial assets is either their fair value or the present value of future cash flows.

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 are classified as finance leases. The fair value of leased assets is recorded, at the inception of the lease, under assets in the balance sheet and as a finance lease liability on the liabilities side.

Assets leased under agreements that are classified as finance leases are capitalized under assets in the consolidated balance sheet at the fair value of the leased asset or the present value of the minimum lease payments, whichever is lower. In calculation of the present value, the discount rate applied is either the internal rate of return in the lease or, if this cannot be determined, the interest rate on incremental borrowing as determined by the management. Lease obligations arising from finance lease agreements are presented in non-current and current liabilities. Finance leases lead to depreciation and interest expenses on assets that are capitalized during the relevant financial periods. Assets acquired under a finance lease agreement are depreciated over their useful life. If the Group does not assume ownership of the asset at the end of the lease period, depreciation is recorded over the lease period or the useful life, whichever is shorter.

Discontinued operations and non-current assets held for sale

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and

A. Represents a separate major line of business or geographical area of operations
B. Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
C. Is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations as well as amounts related to assets held for sale and recognized in other comprehensive income statement are presented separately on the face of the consolidated statement of comprehensive income. Assets held for sale, disposal groups that are classified as held for sale, and the liabilities included in disposal groups held for sale are presented separately on the face of the consolidated statement of financial position.

Receivables

Receivables are entered in the balance sheet at cost or at the lower fair value. Receivables are assessed regularly in terms of collectability and available collateral. If a credit loss is observed on a trade receivable, the credit loss is recorded in other operating expenses in the income statement.

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.

Income from services

As a rule, services are recognized when the service is rendered.

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.

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.

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.

Interests and dividends

Interest income is recorded according to the effective interest rate method. Dividend income is recognized when the shareholder gains the right to receive payment.

Employee benefits

Pension obligations

The Group's pension arrangements are defined contribution plans. In such plans, the Group makes fixed payments to an external insurance company. The Group does not have a legal or constructive obligation to make additional payments, if the recipient cannot pay the pension benefits in question. The payments for defined contribution plans are expensed in the accounting period to which they are allocated.

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.

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.

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.

Income taxes

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 taxes are recognized on all temporary differences between carrying amounts and their taxable values. The most significant temporary differences arise from the amortization of tangible 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.

Shareholders' equity

Shareholders' equity includes the share capital, the share premium fund, the invested unrestricted shareholders' equity fund, and other equity items in accordance with the legislation of the relevant countries. When Etteplan Oyj buys back its own shares, the compensation paid for the shares and the buyback costs reduce shareholders' equity. Etteplan Oyj has one series of shares.

Hybrid loan

Etteplan Oyj issued a EUR 10 million hybrid loan in November 2009. The loan had no specific maturity date. The company paid the EUR 10 million capital as well as the accumulated 9.50% coupon rate according to bond terms and within the time limits of the bond terms on December 1, 2011.

Financial assets and liabilities

The Group's financial assets and liabilities are classified into the following categories in accordance with IAS 39, Financial Instruments: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

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 carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. 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 and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Financial assets at fair value through profit or loss include financial assets classified as available-for-sale maturing within 12 months. Those assets are measured at fair value on the basis of published price quotations in well-functioning markets. Both realized and unrealized profits and losses due to changes in fair value are recognized in the income statement in the financial year in which they have arisen.

Other receivables are financial assets with fixed or measurable payments that are not quoted on well-functioning markets and are not held for trading. They are measured at the periodized cost and included under "Trade receivables and other receivables" in the balance sheet. If a receivable falls due no later than within 12 months, it is recorded in current financial assets; if it is payable in more than 12 months, it is recorded in non-current financial assets.

Available-for-sale financial assets are assets that have not been classified in another category. They are included in non-current assets unless the Company intends to hold them for less than 12 months from the balance sheet date, in which case they are presented in current assets. Available-for-sale financial assets comprise shares that are measured at fair value or, when the fair value cannot be reliably measured, at historic cost. Changes in the fair value of the available-for-sale financial assets are recorded in the statement of 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.

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.

Financial liabilities are classified as financial liabilities recognized at fair value through profit or loss or as other financial liabilities. 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 liabilities recognized at fair value through profit or loss are liabilities from derivative contracts which do not fulfill the terms of IAS 39 policies of hedge accounting. Other financial liabilities are measured at amortized cost using the effective interest method. Financial debts are included in current and non-current debts and may be either interest-bearing or non-interest-bearing. Derivative contracts are originally entered in the books under purchase costs representing their fair value. Following the acquisition, derivative contracts are measured at fair value. Group uses derivatives to hedge against interest rate and currency risks. Interest rate swaps are used to hedge against changes in market rates of interest. Currency forward contracts are used to hedge receivables and debts in foreign currencies. The changes in the fair values of derivatives are entered under financial income and expenses. Detailed specification is disclosed in Note 2.

On the balance sheet date, the Group determines, whether there is evidence of impairment of a financial asset item or group. An impairment loss is recognized on trade receivables, if there is evidence that the receivables cannot be recovered in full.

Net investment hedges in foreign subsidiaries

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 subsidiary is partially disposed of or sold.

Operating profit/loss

Operating profit/loss is an item in the income statement that is obtained by adding other operating income to revenue, then deducting operational expenses, depreciation, and impairment losses. Operating profit/loss includes exchange rate differences on items related to operations.

Critical accounting judgments and key sources of uncertainty

Forward-looking estimates and assumptions are made in preparation of the financial statements. The outcomes may deviate from these estimates and assumptions. In addition, judgment must be exercised in the application of the accounting policy. The estimates are based on the management's best knowledge on the balance sheet date. Any changes to estimates and assumptions are entered in the accounts in the financial period when the estimate or assumption is amended.

The key assumptions concerning the future and uncertainties concerning the estimates made on the balance sheet date that cause a risk of changes in the carrying amounts of assets and liabilities during the next financial period are as follows:

Fair value measurement

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.

Customer agreements and accounts in acquisitions

Acquirees in general have a limited number of major customer accounts and agreements. In the management's view, these customer accounts and agreements cannot as a rule be considered to constitute an asset item that is to be recorded in the balance sheet, because the customer agreements are by nature nonbinding framework agreements and thus cannot be treated or sold separately. With respect to customer agreements and accounts, it must also be taken into account that they are valid until further notice and a probable useful life cannot be reliably set for them.

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 above. 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 are 36,331 thousand euros (2010: 36,028 thousand euros). Sensitivity analysis is disclosed in Note 22 Impairment testing.

2. MANAGEMENT OF FINANCIAL RISKS

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 centralised 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.

Foreign-currency risk

The Group is exposed to foreign-currency risks related to different currencies, which come about as a result of foreign-currency-denominated commercial transactions and from translation of foreign-currency-denominated balance sheet items into the reporting currency. The most significant of the foreign-currency risks are related to the Swedish krona.

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, hence there is no transaction risk. 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.

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). In the period under review, the Group took new loans in SEK in order to better balance the translation risk in goodwill.

A proportion of the Group's SEK denominated borrowings amounting to EUR 7,563 thousand (2010: EUR 2,788 thousand) are designated as a hedge of the net investment in the Group's Swedish subsidiaries. The foreign exchange loss of EUR 148 thousand (2010: EUR 100 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, 2011 was EUR 23,755 thousand (2010: EUR 23,587 thousand).

Sensitivity analysis

Table 'Sensitivity analysis of main currency' presents 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 on December 31, 2011. 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.

Sensitivity analysis of main currency

EUR 1,000	Effect on EBIT 2011	Effect on EBIT 2010	Effect on equity 2011	Effect on equity 2010
SEK +/- 10%	+/-137	+/-101	1,926	2,145

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 with fixed and variable interest rates, and with interest rate derivative contracts. On the balance sheet date, the total amount of interest-bearing debt excluding leasing liabilities was EUR 18,442 thousand, of which EUR 4,277 thousand was in the form of fixed-interest loans and EUR 14,165 thousand was covered with a contract in which the interest range is between 2.19 and 4.01 percent.

If interest rates would increase with 1% Etteplan-group's interests would increase with EUR 85 thousand per annum.

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 11,800 thousand of agreed credit limits, of which EUR 0 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 two different kind of financial covenants related to different loans. Breaching 25% and 30% equity ratio linked covenants calls for renegotiations of loan terms (mainly interest) with the banks. According to financial statements in 2011 the terms of these covenants are not breached.

Breaching interest-bearing debt/EBITDA (excluding onetime costs) covenant has an affect on margin level of debts. Breaching the limit of 2.5 would increase margin level to 0.2%-0.4% and breaching the limit of 3.5 calls for renegotiations of the loan terms (mainly interest) with the bank. According to financial statements in 2011 this term of covenant was 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. The credit risk related to the sold receivables is not material.

Counterparty and credit risk

Financial instrument contracts that Etteplan 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 maximum customer credit risk exposure is the book value of accounts receivable.

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	2011	2010
Total borrowings	20,240	12,102
Less: cash and cash equivalents	-3,023	-5,018
Net debt	17,217	7,084
Total equity	20,271	29,365
Net gearing ratio	84.9%	24.1%

FINANCIAL INSTRUMENTS BY CATEGORY

EUR 1,000	Note	Loans and receivables	Fair value trough P&L	Available-for-sale	Other financial liabilities	Total
31.12.2011						
Assets as per balance sheet						
Available-for-sale financial assets	21			593		593
Trade and other receivables	23,24	22,028				22,028
Cash and cash equivalents	25	3,023				3,023
Financial assets total		**25,051**	**0**	**593**	**0**	**25,644**
Liabilities as per balance sheet						
Borrowings (excluding finance lease liabilities)	28				18,441	18,441
Finance lease liabilities	29				1,798	1,798
Trade and other payables (including accrued income tax, excluding advances received)	30,31				24,402	24,402
Financial liabilities total		**0**	**0**	**0**	**44,641**	**44,641**
31.12.2010						
Assets as per balance sheet						
Available-for-sale financial assets	21			620		620
Trade and other receivables	23,24	22,898				22,898
Cash and cash equivalents	25	5,018				5,018
Financial assets total		**27,916**	**0**	**620**	**0**	**28,536**
Liabilities as per balance sheet						
Borrowings (excluding finance lease liabilities)	28				11,235	11,235
Finance lease liabilities	29				867	867
Derivatives (non-hedge accounting)*			55			55
Trade and other payables (including accrued income tax, excluding advances received)	30,31				25,477	25,477
Financial liabilities total		**0**	**55**	**0**	**37,579**	**37,634**

** IFRS 7 fair value hierarchy level 2; Other fair valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.*

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	2011 Book value	2011 Fair value	2010 Book value	2010 Fair value
Assets as per balance sheet				
Available-for-sale financial assets	593	593	620	620
Trade and other receivables	22,028	22,028	22,898	22,898
Cash and cash equivalents	3,023	3,023	5,018	5,018
Financial assets total	**25,644**	**25,644**	**28,536**	**28,536**

	2011 Book value	2011 Fair value	2010 Book value	2010 Fair value
Liabilities as per balance sheet				
Borrowings (excluding finance lease liabilities)	18,441	18,441	11,235	11,235
Finance lease liabilities	1,798	1,798	867	867
Trade and other payables	24,402	24,402	25,477	25,477
Financial liabilities total	**44,641**	**44,641**	**37,579**	**37,579**

	2011 Nominal value	2011 Book value	2011 Fair value	2010 Nominal value	2010 Book value	2010 Fair value
Derivatives (non-hedge accounting) as per balance sheet *						
Interest rate options	0	0	0	8,679	-55	-55
Derivatives total	**0**	**0**	**0**	**8,679**	**-55**	**-55**

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

31.12.2011	Less than 1 year	1-5 years
Borrowings (excluding finance lease liabilities)	5,984	12,457
Finance lease liabilities	826	972
Interest payments	593	1,073
Trade and other payables	24,402	0

3. DISCONTINUING OPERATIONS

The selling of majority holdings in Etteplan Tech AB, currently named I3TEX AB, that provides mainly design services for automotive industry in Sweden (18.9.2009), and business in Italy (11.12.2009) are treated as discontinuing operations starting from time of sale.

The sold units did not have effect on the Group's 2010 and 2011 cash flow or financial position.

The result of sold units were the following:

EUR 1,000	2011	2010
INCOME STATEMENT		
Incomes	0	522
Expenses	0	-294
Result before taxes	0	228
Income taxes	0	-126
Result after taxes	**0**	**102**

4. BUSINESS COMBINATIONS

On July 1, 2011 the Group acquired an additional 30 percent of the share base of Etteplan IT AB and in connection with that acquisition an additional 9 percent share of the share base of Etteplan Halmstad AB. The acquisition price was 858 thousand euros. After the acquisition the Group owns the entire share base of both companies. The book value of the total net assets of the acquired companies at the date of acquisition was 1,641 thousand euros. Due to the acquisition the share of non-controlling interests decreased by 244 thousand euros and retained earnings by 614 thousand euros. The effect of the acquisition on the retained earnings of the Group is presented on the table below:

EUR 1,000	2011
Group ownership 1.1.	906
The effect of increase in ownership	-614
Group's share of acquirees comprehensive income	49
Group ownership 31.12.	341

In year 2011 final payment of additional purchase prices were made related to previous acquisitions in Sweden. The fair values of the asset and liability items booked on the acquisitions in year 2008 did not differ materially from the book values prior to the business combinations.

Details of the additional purchase prices and goodwill booked are as follows:

EUR 1,000	2011	2010
Booked additional purchase price	27	284
Total purchase consideration	27	284
Goodwill	27	284

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5. SEGMENT REPORTING

The Group has one reporting segment, which mainly operates in three geographical areas; Finland, Sweden and China. 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.

EUR 1,000	2011	2010
Revenue		
Finland	70,468	57,952
Sweden	48,020	46,256
China	960	578
Total	**119,448**	**104,786**
Non-current assets *		
Finland	12,980	12,688
Sweden	24,206	23,753
China	2,225	2,179
Shares in associated companies	331	18
Total	**39,742**	**38,638**

** 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.

6. REVENUE

	2011	2010
Revenue from rendering of services	118,513	104,114
Revenue from sales of goods	935	672
Total	**119,448**	**104,786**

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

7. LONG-TERM PROJECTS

	2011	2010
Amount of project revenue recognized during the period	1,507	2,536
Cumulative expenses and income recognized by the end of the period	1,704	1,026
Advances received	178	163

8. OTHER OPERATING INCOME

	2011	2010
Sales profit of tangible and intangible assets	3	26
Unrealized gain at fair value, previously owned EVTC equity interest	0	493
Other operating income	344	642
Total	**347**	**1 161**

9. MATERIALS AND SERVICES

EUR 1,000	2011	2010
Materials	2,084	2,210
Services from associates	104	239
Services from others	6,277	7,398
Materials and services, total	**8,465**	**9,847**

10. NUMBER OF PERSONNEL AND STAFF EXPENSES

Personnel		
At year-end	1,659	1,569
Personnel, average	1,625	1,594
Personnel by category		
Design personnel	1,604	1,508
Administration personnel	55	61
Personnel, total	**1,659**	**1,569**
Staff costs		
Wages and salaries	64,713	56,049
Pension costs - defined contribution plans	9,635	8,433
Other indirect employee costs	10,203	8,886
Staff costs, total	**84,550**	**73,368**

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

11. AUDIT FEES

Auditing	59	67
Other services	75	75
Total	**134**	**142**

12. FINANCIAL INCOME

Dividend income from others	10	0
Dividend income from assets held for sale	7	6
Interest income from loans and other receivables	65	69
Unrealized gain at fair value, derivatives	55	91
Foreign exchange gain	167	596
Financial income, total	**304**	**761**

13. FINANCIAL EXPENSES

EUR 1,000	2011	2010
Impairment on investments carried as non-current assets	25	0
Interest on borrowings	605	430
Leasing interest expenses	77	36
Loss on disposal of group companies	0	10
Foreign exchange loss	86	228
Other financial expenses	73	54
Financial expenses, total	**866**	**758**

14. TRANSLATION DIFFERENCES RECOGNIZED IN INCOME STATEMENT

Translation differences included in revenue	14	41
Translation differences included in purchases and expenses	-15	-43
Foreign exchange gain	167	596
Foreign exchange loss	-86	-228
Total translation differences recognized in income statement	**80**	**366**

15. INCOME TAX EXPENSES

Tax on income from operations	-1,424	-1,009
Tax corrections for previous accounting periods	-15	-8
Change in deferred tax asset	-312	-406
Change in deferred tax liability	27	3
Income taxes in income statement	**-1,724**	**-1,420**

Reconciliation between the Income tax in Income Statement and the theoretical amount of tax that would arise using the Group's domestic tax rate (2011: 26%, 2010: 26%).

Accounting profit before tax	6,347	5,766
Income tax expense		
Mathematical tax based on parent company's tax rate	-1,650	-1,499
Differences (net)		
Effect of different tax rates in group companies	-2	17
Effect of tax rate change on deferred taxes in Finland	3	0
Calculated tax based on non-decuctible items on unit's tax rate	-108	-128
Calculated tax based on non-taxable items on unit's tax rate	132	155
Tax corrections for previous accounting periods	-15	-8
Use of previously unrecognized tax on confirmed losses	16	0
Unrecognized tax on loss for the period	-46	-28
Other tax difference	-54	71
Income tax expense	**-1,724**	**-1,420**

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

	2011 Before tax	2011 Tax charge/credit	2011 After tax	2010 Before tax	2010 Tax charge/credit	2010 After tax
Change in fair value of investments available-for-sale	-2	0	-2	188	-49	139
Impact of change in Finnish tax rate on deferred taxes	0	3	3	0	0	0
Foreign subsidiary net investment hedges	-148	0	-148	-100	0	-100
Currency translation differences	-28	0	-28	2,720	0	2,720
Other comprehensive income for the year, net of tax	**-178**	**3**	**-175**	**2,808**	**-49**	**2,759**

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders 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. When calculating profit attributable to equity holders interest expenses from hybrid loan adjusted with tax effect have been taken into account.

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.

CONTINUING OPERATIONS	2011	2010
Profit for the financial year continuing operations (EUR 1 000)	4,623	4,347
Non-controlling interest	-37	27
Hybrid loan interest adjusted with tax effect	-713	-654
Profit attributable to equity holders, continuing operations (EUR 1 000)	3,873	3,720
Weighted average number of shares (1 000 pcs)	19,708	19,709
Basic earnings per share (EUR per share)	**0.20**	**0.19**
Weighted average number of shares (1 000 pcs)	19,708	19,709
Dilution due to share based remunerations	0	0
The diluted weighted avarage number of shares for the calculation of earnings per share	19,708	19,709
Diluted earnings per share (EUR per share)	**0.20**	**0.19**

DISCONTINUING OPERATIONS	2011	2010
Profit attributable to equity holders discontinuing operations (EUR 1 000)	0	102
Weighted average number of shares (1 000 pcs)	19,708	19,709
Basic earnings per share (EUR per share)	0.00	0.01
Profit used to determine diluted earnings per share (EUR 1 000)	0	102
Weighted average number of ordinary shares for diluted earnings per share (1 000 pcs)	19,708	19,709
Diluted earnings per share (EUR per share)	**0.00**	**0.01**

17. TANGIBLE ASSETS

TANGIBLE ASSETS 2011	Land and water	Machinery and equipment	Machinery and equipment finance lease	Other tangible assets	Total
Acquisition cost at 1.1.	19	9,112	3,400	296	12,828
Translation difference	0	55	1	0	56
Additions, intra-group reorganizations	0	448	0	0	448
Additions	0	120	1,146	16	1,282
Reclassifications between items	0	0	-336	0	-336
Disposals	0	-461	-4	0	-465
Acquisition cost 31.12.	**19**	**9,274**	**4,207**	**312**	**13,813**
Cumulative depreciation 1.1.	0	-8,423	-2,553	-227	-11,203
Translation difference	0	-37	0	0	-37
Cumulative depreciation on intra-group reorganizations	0	-433	0	0	-433
Cumulative depreciation on disposals	0	433	0	0	433
Cumulative depreciation on reclassifications	0	0	75	0	75
Depreciation for the financial period	0	-354	-587	-22	-963
Cumulative depreciation 31.12.	**0**	**-8,814**	**-3,065**	**-249**	**-12,128**
Book value 31.12.2011	**19**	**460**	**1,142**	**63**	**1,685**

TANGIBLE ASSETS 2010	Land and water	Machinery and equipment	Machinery and equipment finance lease	Other tangible assets	Total
Acquisition cost at 1.1.	19	8,360	2,581	294	11,255
Translation difference	0	308	0	0	308
Acquisitions	0	347	0	0	347
Additions	0	100	819	2	921
Disposals	0	-3	0	0	-3
Acquisition cost 31.12.	**19**	**9,112**	**3,400**	**296**	**12,828**
Cumulative depreciation 1.1.	0	-7,616	-1,988	-193	-9,796
Translation difference	0	-286	0	0	-286
Cumulative depreciation on acquisitions	0	-152	0	0	-152
Cumulative depreciation on disposals	0	1	0	-7	-6
Depreciation for the financial period	0	-370	-566	-26	-962
Cumulative depreciation 31.12.	**0**	**-8,423**	**-2,553**	**-227**	**-11,203**
Book value 31.12.2010	**19**	**689**	**847**	**69**	**1,625**

18. INTANGIBLE ASSETS

INTANGIBLE ASSETS 2011	Intangible rights	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1.1.	5,866	247	0	4	6,117
Translation difference	25	19	0	0	44
Additions	96	0	602	99	797
Disposals	-5	0	0	0	-5
Reclassifications between items	4	0	336	0	340
Acquisition cost 31.12.	**5,986**	**266**	**938**	**103**	**7,293**
Cumulative amortization 1.1.	-5,090	-60	0	0	-5,150
Translation difference	-21	-5	0	0	-26
Cumulative amortization on reclassifications	7	-4	-75	0	-72
Amortization for the financial period	-362	-45	-244	0	-651
Cumulative amortization 31.12.	**-5,466**	**-114**	**-319**	**0**	**-5,899**
Book value 31.12.2011	**520**	**152**	**619**	**103**	**1,394**

INTANGIBLE ASSETS 2010	Intangible rights	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1.1.	5,573	0	0	0	5,573
Translation difference	37	0	0	0	37
Acquisitions	155	247	0	0	402
Additions	101	0	0	4	105
Disposals	-1	0	0	0	-1
Acquisition cost 31.12.	**5,866**	**247**	**0**	**4**	**6,117**
Cumulative amortization 1.1.	-4,531	0	0	0	-4,531
Translation difference	-34	-1	0	0	-35
Cumulative amortization on acquisitions	-53	0	0	0	-53
Amortization for the financial period	-473	-59	0	0	-532
Cumulative amortization 31.12.	**-5,090**	**-60**	**0**	**0**	**-5,150**
Book value 31.12.2010	**776**	**186**	**0**	**4**	**967**

19. GOODWILL

GOODWILL 2011	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	732	35,296	36,028
Translation difference	2	274	276
Additions	0	27	27
Acquisition cost 31.12.	**734**	**35,597**	**36,331**
Book value 31.12.2011	**734**	**35,597**	**36,331**

GOODWILL 2010	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	688	30,496	31,184
Translation difference	44	2,881	2,926
Additions	0	1,928	1,928
Business disposals	0	-10	-10
Acquisition cost 31.12.	**732**	**35,296**	**36,028**
Book value 31.12.2010	**732**	**35,296**	**36,028**

20. INVESTMENTS IN ASSOCIATES

	2011	2010
Acquisition cost at 1.1.	18	134
Translation difference	0	-117
Additions	0	122
Reclassifications from receivables	289	-121
Acquisition cost 31.12.	**307**	**18**
Adjustments to equity at carrying amount 1.1.	0	-134
Translation difference	0	425
Share of profit/loss in associates	24	-291
Adjustments to equity at carrying amount 31.12.	**24**	**0**
Book value, end of the period	**331**	**18**

The Group’s share of the result of its associates in financial year 2011 and their aggregated assets and liabilities were as follows:

	Assets	Liabilities	Revenue	Profit (+) / loss (-)	Interest held
Teknogram Signal AB	405	221	902	168	24%
I3TEX AB	9,585	9,598	22,258	-53	33.3%
Total	**9,990**	**9,819**	**23,160**	**115**	

21. INVESTMENTS AVAILABLE-FOR-SALE

	2011	2010
Acquisition cost 1.1.	620	691
Fair value adjustments	-2	188
Disposals	0	-3
Impairment	-25	-257
Acquisition cost 31.12.	**593**	**620**

Impairment in 2010 includes impairment of non-controlling interest in Etteplan Tech AB (19.9%, date of sale 18.9.2009), currently named I3TEX AB. Non-controlling interests are valued according to Group's share to the company's equity.
Impairment in 2011 includes impairment of 19% ownership in RA Holding Oy.

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.

Fair value measurements of available-for-sale financial assets as at 31.12.2011

	Level 1	Level 2	Level 3	Total
Listed shares	82	0	0	82
Premises	0	480	0	480
Unlisted shares	0	0	31	31
Total	**82**	**480**	**31**	**593**

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

	Listed shares	Premises	Unlisted shares	Total
Opening balance at 1.1.2011	84	480	56	620
Writedowns recognized through income statement	0	0	-25	-25
Gain/loss recognized in other comprehensive income	-2	0	0	-2
Closing balance 31.12.2011	**82**	**480**	**31**	**593**

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.

22. 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 2012 were done and is based on goodwill as per September 30, 2011. 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. While 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:

Key Assumptions	2011	2010
Growth rate year 2-5	2-6%	4-5%
Growth rate after 5 years	1.0%	1.0%
Discount rate Finland	6.9%	7.9%
Discount rate Sweden	6.4%	7.9%
Discount rate China	8.2%	8.2%

The recoverable amount is compared with the goodwill of the cash-generating unit. An impairment loss is booked as cost in the income statement, if the recoverable amount is lower than 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. Due to organizational changes January 1, 2011, the CGUs have been redetermined in 2011.

Cash Generating Units (CGUs) where goodwill has been allocated for 2010:

EUR 1,000,000	2010
Engineering Sweden	15.9
Technology Sweden	7.0
Plant Engineering Finland	5.2
Technical product information	5.4
China operations	1.7
Total	**35.2**

Cash Generating Units (CGUs) where goodwill has been allocated for 2011:

EUR 1,000,000	2011
Sweden	22.9
Finland	10.8
China	1.7
Total	**35.3**

SENSITIVITY ANALYSIS

According to impairment testing the recoverable amounts exceeded the carrying amounts as follows in 2010:

EUR 1,000,000	2010
Engineering Sweden	12.1
Technology Sweden	6.3
Plant Engineering Finland	18.7
Technical product information	3.5
China operations	1.8
Total	**42.4**

According to impairment testing the recoverable amounts exceeded the carrying amounts as follows in 2011:

EUR 1,000,000	2011
Sweden	35.6
Finland	58.1
China	1.8
Total	**95.5**

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

Decrease of operating profit by 4 percent would lead to an impairment loss booking of EUR 7.6 million in Sweden. According to management understanding no potential changes in key variables would lead to impairment losses in other cash-generating units.

23. TRADE AND OTHER RECEIVABLES

EUR 1,000	2011	2010
Trade receivables	15,271	16,305
Allowances for doubtful trade receivables	-178	-40
Other receivables	967	658
Prepayments and accrued income	5,968	5,970
Trade and other receivables, total	**22,028**	**22,894**
Main items included in prepayments and accrued income		
Receivables for revenue recognized in part prior to project completion	316	131
Accruals of personnel expenses	0	3
Prepaid office rents	197	233
Prepaid leasing	35	42
Other prepayments and accrued income on sales	4,572	4,752
Other prepayments and accrued income on expenses	848	810
Prepayments and accrued income, total	**5,968**	**5,970**
Aging analysis of trade receivables		
Not due	11,455	13,993
Due 1 to 90 days	3,589	2,227
Due 91 to 120 days	58	36
Due more than 120 days	169	49
Total	**15,271**	**16,305**
Aging analysis of allowance for doubtful trade receivables		
Due 1 to 90 days	-165	0
Due 91 to 120 days	-13	-20
Due more than 120 days	0	-20
Total	**-178**	**-40**
Movements on the Group provision for impairment of trade receivables are:		
1.1.	-40	-657
Provision for receivables impairment, decrease (+) / increase (-)	-138	617
31.12.	**-178**	**-40**
Analysis of receivables by currency		
EUR	12,665	12,264
SEK	8,801	10,253
CNY	562	377
Total	**22,028**	**22,894**

24. INCOME TAX RECEIVABLES

EUR 1,000	2011	2010
Accrued income tax	0	4

25. CASH AND CASH EQUIVALENTS

Bank accounts and cash	3,023	5,018
Total	**3,023**	**5,018**

Cash and cash equivalents in the balance sheet are corresponding with the financial assets in 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 hedges. Other reserves include the fair value reserve, which consists of fair value adjustments of available-for-sale assets amounting to EUR 140 thousand (2010: EUR 139 thousand). In 2010 other reserves also included a hybrid loan amounting to EUR 10,000 thousand, which has been paid 1.12.2011.

Shares and share capital
The fully paid and registered share capital of the Company at the end of the financial year was 5,000,000 EUR 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 471,302 (2010: 471,302). During the financial year the Company has not acquired or disposed own shares.

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 0.10 to be paid.

27. INCENTIVE PLAN FOR KEY PERSONNEL

The Etteplan Oyj Board of Directors decided on a share-based incentive plan for key personnel in March 2008. The plan included three earning periods: calendar years 2008, 2009 and 2010. Rewards were paid as a combination of shares and cash. The cash payment was to cover the taxes and fiscal fees arising from share-based rewards. From the incentive plan earned shares may not be disposed, pledged or otherwise used during the engagement period. The engagement period was two years beginning from the reception of remuneration. The plan had a target group of 37 people in 2008, 39 people in 2009 and 33 people in 2010. The remuneration paid from the plan corresponded to the value of about 720,000 Etteplan Oyj shares at maximum. If employment was terminated during the earning or ownership period, the key person was not entitled to shares.

The 2008 reporting period was the first earning period in the scheme, which used consolidated revenue (with a weight of 50 %) and operating profit (50 %) as earnings criteria.

The Board of Directors of Etteplan Oyj made in its meeting held on February 11, 2009 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 28, 2008. The authorization was renewed in the Annual General Meeting on March 26, 2009.

In accordance with the decision by the Board of Directors, Etteplan Oyj, on April 30, 2009, disposed 41,177 company-held shares as the remuneration for the 2008 earning period for 36 employees who were part of share-based incentive plan in 2008. The price per share of the transferred shares was EUR 2.89, which was the volume weighted average quotation of Etteplan Oyj share on April 30, 2009. Accordingly, the total transaction price of the transferred shares was EUR 119,001.53. In addition, a monetary part and capital transfer tax, totalling at EUR 180,723.97, were paid out of the plan. The remuneration earned in 2008 was paid on April 30, 2009. Of the disposed shares 890 were returned to the Company.

The reporting period 2009 was the second earning period in the scheme, which used consolidated operating cash flow (with a weight of 50 %) and operating profit (50 %) as earnings criteria. The Board of Directors of Etteplan Oyj made in its meeting, on February 10, 2010, a resolution that there will be no disposal of company-held shares for the 2009 earnings period.

The reporting period 2010 was the third earning period in the scheme, which used consolidated operating cash flow (with a weight of 50 %) and operating profit (50 %) as earnings criteria. The Board of Directors of Etteplan Oyj made in its meeting, on February 14, 2011, a resolution that there will be no disposal of company-held shares for the 2010 earning period.

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. 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 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).

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.

28. BORROWINGS

EUR 1,000	2011	2010
Non-current		
Loans from financial institutions	12,145	4,804
Pension loans	312	1,562
Finance lease liabilities	972	414
Total	**13,429**	**6,780**
Analysis by currency		
EUR	6,796	4,444
SEK	6,622	2,336
CNY	11	0
Total	**13,429**	**6,780**
Current		
Loans from financial institutions	4,734	3,619
Pension loans	1,250	1,250
Finance lease liabilities	826	453
Total	**6,811**	**5,322**
Analysis by currency		
EUR	4,291	4,237
SEK	1,243	65
CNY	1,277	1,020
Total	**6,811**	**5,322**

29. DUE DATES OF THE FINANCIAL LEASING LIABILITIES

EUR 1,000	2011	2010
Minimum lease payments		
Within a year	892	477
More than one year but no more than 5 years	1,005	424
Minimum rentals, total	**1,897**	**901**
Future financing cost	-99	-37
Present value	**1,798**	**864**
Present value aging		
Within a year	826	452
More than one year but no more than 5 years	972	412
Present value, total	**1,798**	**864**

The average interest rate of the finance lease agreements in year 2011 was 5.3% (2010: 4.5%)

30. TRADE AND OTHER PAYABLES

	2011	2010
Advances received	225	121
Advances received, long-term projects	178	163
Trade payables to others	5,147	6,106
Derivatives	0	55
Accrued expenses	12,842	13,034
Tax payables	5,030	4,782
Other payables	915	824
Trade and other current payables	**24,337**	**25,085**
Main items included in accrued expenses		
Interest liabilities	85	42
Accrued employee expenses	12,042	10,412
Other accrued expenses	715	2,580
Main items included in accrued expenses, total	**12,842**	**13,034**
Analysis by currency		
EUR	15,987	15,491
SEK	8,051	9,502
CNY	298	89
Other	1	3
Total	**24,337**	**25,085**

31. INCOME TAX PAYABLES

	2011	2010
Accrued income tax	467	731

32. DEFERRED TAXES

DEFERRED TAXES 2011

Deferred tax assets	1.1.2011	Translation difference	In income statement	Discontinuing operations in P&L	In equity	Mergers and acquisitions	31.12.2011
Confirmed loss	434	0	-298	0	0	0	136
Other timing differences	42	0	-14	0	0	0	28
Total	**476**	**0**	**-312**	**0**	**0**	**0**	**164**

Deferred tax liabilities	1.1.2011	Translation difference	In income statement	Discontinuing operations in P&L	In equity	Mergers and acquisitions	31.12.2011
Depreciation and amortisation in excess of scheduled and discretionary provisions	149	1	-12	0	0	0	138
Other timing differences	115	2	-15	0	-3	0	99
Total	**264**	**3**	**-27**	**0**	**-3**	**0**	**237**

DEFERRED TAXES 2010

Deferred tax assets	1.1.2010	Translation difference	In income statement	Discontinuing operations in P&L	In equity	Mergers and acquisitions	31.12.2010
Confirmed loss	553	57	-176	0	0	0	434
Other timing differences	398	0	-230	-126	0	0	42
Total	**950**	**57**	**-406**	**-126**	**0**	**0**	**476**

Deferred tax liabilities	1.1.2010	Translation difference	In income statement	Discontinuing operations in P&L	In equity	Mergers and acquisitions	31.12.2010
Depreciation and amortisation in excess of scheduled and discretionary provisions	122	14	13	0	0	0	149
Other timing differences	29	-9	-16	0	49	62	115
Total	**150**	**5**	**-3**	**0**	**49**	**62**	**264**

The company tax rate in Finland has changed from 26 percent to 24.5 percent on January 1, 2012. Deferred tax assets and liabilities on 31.12.2011 have been booked according to the new tax rate.

In 2011 the Group recognized a tax asset amounting to EUR 136 thousand (2010: EUR 434 thousand) for tax loss carry-forwards, for which a future taxable profit is probable.

At December 31, 2011 the Group had gross losses carried forward of EUR 1,236 thousand (2010: EUR 1,453 thousand) of which a deferred tax asset has not been recognized. These losses have no expiry date.

33. PROVISIONS

2011	Reorganization provision
Provisions 1.1.2011	106
Unused amount reversed	-106
Provisions 31.12.2011	**0**

34. PLEDGES, MORTGAGES AND GUARANTEES

EUR 1,000	2011	2010
Leasing liabilities		
For payment under one year	1,619	1,197
For payment 1-5 years	2,027	1,489
Total	**3,646**	**2,686**

The amount of guarantees in 2010 has been corrected by leaving out the amount of guarantees for group companies (2010: 2,133 thousand euros), because they are included in the Group's balance sheet.

35. RELATED-PARTY TRANSACTIONS

The Group's related-party includes parent company, subsidiaries and associated companies. Related-party includes also members of the Board of Directors and Management Group and CEO.

As the transactions with related-party are recognized those business transactions which are not eliminated in consolidation. Related-party transactions are priced according to Group's normal pricing basis and sales conditions.

GROUP COMPANIES 31.12.2011

Company	Domicile	Group's holding
Parent company Etteplan Oyj	Hollola, Finland	
Etteplan Design Center Oy	Hollola, Finland	100%
Etteplan Industry AB	Västerås, Sweden	100%
Etteplan Stockholm AB	Stockholm, Sweden	100%
Cool Engineering AB	Gothenburg, Sweden	100%
Etteplan IT AB	Västerås, Sweden	100%
Etteplan Halmstad AB	Halmstad, Sweden	100%
Etteplan Consulting (Shanghai) Co., Ltd.	Shanghai, China	100%
Etteplan Vataple Technology Centre, Ltd	Kunshan, China	70%
Associated companies		
Teknogram Signal AB	Hedemora, Sweden	24%
I3TEX Ab (from October 1, 2011 onwards)	Gothenburg, Sweden	33.3%

The Company started to renew its legal structure in Finland from April 1, 2010 and the concentration of business operations to Etteplan Design Center Oy was completed on July 1, 2010. Group administration units continue their operations in the parent company Etteplan Oyj. Change in legal structure did not impact the content of Group financial reporting in 2010. Legal structure change had an impact on parent company's balance sheet in 2010.

In Sweden, business operations will be concentrated to one legal company in phases during years 2012 and 2013. Business operations of Cool Engineering AB were transferred to Etteplan Industry AB on December 1, 2011. Etteplan Halmstad AB's entire sharebase was transferred from Etteplan IT AB to Etteplan Oyj on December 1, 2011. Change in legal structure did not impact the content of Group financial reporting in 2011. Legal structure change had an impact on parent company's balance sheet.

The following group companies have been merged in 2011:	Domicile	Merged to
Etteplan Sweden Holding AB	Gothenburg, Sweden	Etteplan Industry AB
Etteplan AB	Gothenburg, Sweden	Etteplan Industry AB

The following transactions were carried out with related parties:

EUR 1,000	2011	2010
Sales of goods and services to related parties		
Associated companies	536	399
Other related parties	112	54
Total	**648**	**454**
Purchases of goods and services from related parties		
Associated companies	104	287
Key personnel	66	81
Other related parties	404	311
Total	**574**	**679**
Receivables from related parties		
Associated companies	472	0
Other related parties	3	15
Total	**475**	**15**
Loans to related parties		
Associated companies	62	0
Total	**62**	**0**

Key management compensation

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

Salaries and fees paid

EUR 1,000	2011	2010
Members of the Board		
Heikki Hornborg, Chairman of the Board	82	39
Tapani Mönkkönen until March 24, 2010	0	20
Tapio Hakakari	44	20
Robert Ingman	42	20
Pertti Nupponen	38	19
Satu Rautavalta March 24, 2010 onwards	40	0
Teuvo Rintamäki March 24, 2010 onwards	40	0
Matti Virtaala until March 24, 2010	0	20
	286*)	137
CEO and other members of the Management Group		
Matti Hyytiäinen	483	300
Other members of the Management Group	899	892
Salaries and fees total	**1,668**	**1,329**

*) *The Board remuneration for 2011 and 2010 are not comparable due to a change in payment practise. In 2011 the board remuneration was paid for 20 months (from April 1, 2010 to November 30, 2011) and in 2010 for 12 months (from April 1, 2009 to March 31, 2010).*

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 2011.

Information on key management holdings

1,000 pcs	Shares 31.12.2011
Hyytiäinen Matti, President and CEO	25
Hornborg Heikki, Chairman of the Board	1,088
Gådin Per-Anders, member of the Management Group	5
Gräns Niclas, member of the Management Group	1
Hakakari Tapio/Webstor Oy, member of the Board	344
Ingman Robert, member of the Board	20
Jahn Peter, member of the Management Group	0
Liedes Outi-Maria, member of the Management Group	2
Nupponen Pertti, member of the Board	2
Näkki Juha, member of the Management Group	2
Rautavalta Satu, member of the Board	2
Rintamäki Teuvo, member of the Board	31
Total	**1,522**

36. EVENTS AFTER THE BALANCE SHEET DATE

The Group's management is not aware of any events after the balance sheet date that could have a material impact on the Group's financial position or the figures or calculations reported in these financial statements.

37. KEY FIGURES FOR FINANCIAL TRENDS

EUR 1,000, financial period 1.1-31.12.	2011 IFRS	2010 IFRS	2009 IFRS
Revenue	119,448	104,786	98,700
Increase in revenue, %	14.0	6.2	-26.5
Operating profit	6,885	6,054	-3,587
% of revenue	5.8	5.8	-3.6
Profit before taxes and non-controlling interest	6,347	5,766	-4,304
% of revenue	5.3	5.5	-4.4
Profit for the financial year	4,623	4,347	-3,287
Return on equity, %	18.6	16.4	-13.0
Return on investment, % *)	17.6	17.0	-8.6
Equity ratio, %	31.1	43.6	38.5
Gross investments	3,221	2,538	4,763
% of revenue	2.7	2.4	4.8
Net gearing, %	84.9	24.1	20.8
Personnel, average	1,625	1,594	1,765
Personnel at year end	1,659	1,569	1,544
Wages and salaries	64,713	56,049	56,962

*) *Return on investment calculated from profit before taxes*

38. KEY FIGURES FOR SHARES

Financial period 1.1.-31.12.		2011 IFRS	2010 IFRS	2009 IFRS
Earnings per share, EUR		0.20	0.19	-0.17
Equity per share, EUR		1.04	1.48	1.20
Dividend per share, EUR		0.10 *)	0.10	0.04
Dividend per profit, %		50	53	-24
Effective dividend return, %		4.5	3.6	1.4
P/E-ratio, EUR		11.2	14.4	-16.5
Share price	lowest	1.90	2.40	2.58
	highest	3.53	3.30	3.40
	average for the year	2.79	2.86	2.94
Market capitalization, EUR 1,000		44,146	54,000	54,597
Number of shares traded, (1,000 pcs)		2,617	2,466	2,604
Percentage of shares traded		13	13	13
Adjusted average number of shares during the financial year, (1,000 pcs)		19,708	19,709	19,659
Adjusted average number of shares at year end, (1,000 pcs)		19,708	19,709	19,710

*) *proposal by the Board of Directors*

FORMULAS FOR THE KEY FIGURES

Return on equity (ROE)

$$\frac{\text{(Profit before taxes and non-controlling interest - taxes) x 100}}{\text{(Shareholders' equity + minority interest) average}}$$

Return on investment (ROI), before taxes

$$\frac{\text{(Profit before taxes and non-controlling interest + interest and other financial expenses) x 100}}{\text{(Balance sheet total - non-interest bearing debts) average}}$$

Debt-equity ratio, %

$$\frac{\text{(Interest-bearing debts - cash and cash equivalents and marketable securities) x 100}}{\text{Shareholders' equity + non-controlling interest}}$$

Equity ratio, %

$$\frac{\text{(Shareholders' equity + non-controlling interest) x 100}}{\text{Balance sheet total - advances received}}$$

Earnings per share

$$\frac{\text{(Profit before taxes and non-controlling interest - taxes - non-controlling interest - hybrid loan interest adjusted with tax effect)}}{\text{Average number of shares during the financial year}}$$

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

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$$

Effective dividend yield, %

$$\frac{\text{Dividend per share x 100}}{\text{Adjusted last traded share price}}$$

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.

$$\text{Average price} = \frac{\text{Total turnover of shares in euros}}{\text{Number of shares traded during the financial year}}$$

Market capitalization

Number of outstanding shares at year-end x 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.-31.12.2011 FAS	1.1.-31.12.2010 FAS
Revenue	1	**5,534**	**12,655**
Other operating income	2	61	3,136
Materials and services	3	0	-6,850
Staff costs	4	-2,383	-5,491
Depreciation and amortization	11,12	-278	-450
Other operating expenses		-3,397	-3,019
Operating profit/loss		**-463**	**-18**
Financial income and expenses	6,7	-1,291	578
Profit before extraordinary items		**-1,754**	**560**
Extraordinary items	8	5,000	2,000
Profit before appropriations and taxes		**3,246**	**2,560**
Appropriations	9	0	130
Income taxes	10	-805	-300
Net profit/loss for the financial year		**2,441**	**2,390**

PARENT COMPANY'S BALANCE SHEET

EUR 1,000	Note	31.12.2011 FAS	31.12.2010 FAS
ASSETS			
Non-current assets			
Intangible assets	11	347	505
Tangible assets	12	32	53
Investments			
Shares in group companies	13	40,638	38,859
Shares in associates	13	289	0
Other investments	13	21	46
Investments, total		40,948	38,905
Non-current assets, total		**41,327**	**39,463**
Current assets			
Current receivables	14	16,230	11,725
Cash and cash equivalents	15	2,344	3,319
Current assets, total		**18,574**	**15,044**
TOTAL ASSETS		**59,901**	**54,508**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	5,000	5,000
Share premium account	16	6,701	6,701
Unrestricted equity fund	16	2,584	2,584
Retained earnings	16	6,374	5,954
Net profit/loss for the financial year	16	2,441	2,390
Equity, total		**23,100**	**22,630**
Liabilities			
Non-current liabilities	17	12,447	16,366
Current liabilities	18,19	24,354	15,512
Liabilities, total		**36,801**	**31,878**
TOTAL EQUITY AND LIABILITIES		**59,901**	**54,508**

PARENT COMPANY'S CASH FLOW STATEMENT

EUR 1,000	1.1. - 31.12.2011	1.1. - 31.12.2010
OPERATING CASH FLOW		
Cash receipts from customers	4,833	8,506
Operating expenses paid	-5,973	-9,184
Operating cash flow before financial items and taxes	**-1,140**	**-678**
Interest and payment paid for financial expenses	-1,540	-1,429
Dividends received	176	1,477
Interest received	115	84
Income taxes paid	-688	-2
Operating cash flow (A)	**-3,077**	**-548**
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	-9	-55
Acquisition of subsidiaries	-3,675	-1,700
Acquisition of associates	-271	0
Proceeds from sale of tangible and intangible assets	0	5
Loan receivables, decrease	1	1,065
Change of cash equivalents	-1,345	4,599
Proceeds from sale of investments	0	0
Investing cash flow (B)	**-5,299**	**3,914**
FINANCING CASH FLOW		
Short-term loans, increase	341	513
Addition (+) / deduction (-) of short-term borrowings	11,073	-2,738
Long-term loans, increase	10,137	2,176
Long-term loans, decrease	-4,187	-3,336
Hybrid loan, decrease	-10,000	0
Dividend paid and other profit distribution	-1,971	-788
Group contribution	2,000	0
Financing cash flow (C)	**7,393**	**-4,173**
Variation in cash (A+B+C) increase (+) / decrease (-)	**-983**	**-807**
Assets in the beginning of the period	3,319	4,431
Exchange gains or losses on cash and cash equivalents	8	370
Cash and cash equivalents in intra-group reorganizations	0	-675
Assets at the end of the period	2,344	3,319

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 AND CONSTRUCTION CONTRACTS

The parent company's accounting principles for recognition of income and construction contracts correspond to those applied in the consolidated financial statements. Business activities of Etteplan Oyj were transferred to Etteplan Design Center Oy on April 1, 2010. Group administration activities remain in the parent company. Revenue in financial year 2011 consists of software and management fees from Etteplan Group companies. Software fees from Group companies have in previous years been presented in other operating expenses. The amount of these fees in 2010 was 961 thousand euros. Revenue in financial year 2010 includes income from design activities and sales of materials for projects until March 31, 2010. The change in legal structure effects the comparability of accounting period 2011 to accounting period 2010 and the comparability of accounting period 2010 to previous accounting periods especially in revenue.

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 113 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 INCOME STATEMENT, PARENT COMPANY

EUR 1,000	2011	2010
1. Revenue		
Finland	5,534	12,655

Revenue in 2011 consists of sofware and management fees from Etteplan Group companies.
Revenue in financial year 2010 includes income from design activities and sales of materials for projects until March 31, 2010.

EUR 1,000	2011	2010
2. Other operating income		
Sales profit of tangible and intangible assets	0	5
Other operating income	61	3,131
Other operating income, total	**61**	**3,136**
3. Materials and services		
Materials	0	23
Services from others	0	6,827
Materials and services, total	**0**	**6,850**
4. Number of personnel and staff expenses		
Personnel		
Personnel at year end	27	27
Personnel, average	27	100
Personnel by category		
Administration personnel	27	27
Personnel, total	**27**	**27**
Staff costs		
Wages and salaries	2,124	4,620
Pension costs - defined contribution plans	228	658
Other indirect employee costs	31	213
Staff costs, total	**2,383**	**5,491**
5. Audit fees		
Auditing	36	35
Other services	50	33
Total	**86**	**68**

EUR 1,000	2011	2010
6. Financial income		
Dividend income		
Intra-group dividend income	171	1,472
Dividend income from others	5	5
Total	**176**	**1,477**
Other financial income		
Intra-group	94	117
Others	21	523
Total	**115**	**640**
Foreign exchange gain	19	515
Financial income, total	**310**	**2,632**
7. Financial expenses		
Impairment on investments carried as non-current assets	25	0
Interest on borrowings from group entities	66	81
Interest on borrowings from others	1,314	1,303
Loss on disposal of group companies	0	85
Impairment on receivables	0	257
Foreign exchange loss	159	287
Other financial expenses	37	41
Financial expenses, total	**1,601**	**2,054**
8. Extraordinary items		
Group contributions received	5,000	2,000
9. Appropriations		
Increase (-) / decrease (+) in depreciation in excess of plan	0	130
10. Income tax expenses		
Tax on income from operations	804	298
Tax corrections for previous accounting periods	1	2
Income taxes in income statement	**805**	**300**

EUR 1,000

11. Intangible assets, parent company

Intangible assets 2011	Intangible rights	Goodwill	Advance payments	Total
Acquisition cost at 1.1.	2,727	379	4	3,110
Additions	5	0	99	104
Disposals	-5	0	0	-5
Acquisition cost 31.12.	**2,727**	**379**	**103**	**3,209**
Cumulative depreciation 1.1.	-2,246	-360	0	-2,606
Depreciation for the financial period	-237	-19	0	-256
Cumulative depreciation 31.12.	**-2,483**	**-379**	**0**	**-2,862**
Carrying value 31.12.	**244**	**0**	**103**	**347**

Intangible assets 2010	Intangible rights	Goodwill	Advance payments	Total
Acquisition cost at 1.1.	4,339	379	0	4,718
Additions	41	0	4	45
Reclassifications between items	-1,653	0	0	-1,653
Acquisition cost 31.12.	**2,727**	**379**	**4**	**3,110**
Cumulative depreciation 1.1.	-3,434	-284	0	-3,718
Cumulative depreciation reclassifications	1,536	0	0	1,536
Depreciation for the financial period	-348	-76	0	-423
Cumulative depreciation 31.12.	**-2,246**	**-360**	**0**	**-2,606**
Carrying value 31.12.	**481**	**19**	**4**	**505**

12. Tangible assets, parent company

Tangible assets 2011	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1.1.	1,046	51	1,097
Acquisition cost 31.12.	**1,046**	**51**	**1,097**
Cumulative depreciation 1.1.	-1,011	-33	-1,044
Depreciation for the financial period	-15	-6	-21
Cumulative depreciation 31.12.	**-1,026**	**-39**	**-1,065**
Carrying value 31.12.	**20**	**12**	**32**

EUR 1,000 Tangible assets 2010	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1.1.	4,015	197	4,212
Reclassifications between classes	-2,969	-146	-3,115
Acquisition cost 31.12.	**1,046**	**51**	**1,097**
Cumulative depreciation 1.1.	-3,586	-127	-3,713
Cumulative depreciation, reclassifications	2,595	100	2,695
Depreciation for the financial period	-20	-6	-26
Cumulative depreciation 31.12.	**-1,011**	**-33**	**-1,044**
Carrying value 31.12.	**35**	**18**	**53**

13. Investments, parent company

Investments 2011	Equity in group entities	Shares in associated companies	Other shares and equity interests	Total
Acquisition cost 1.1.	38,859	0	46	38,905
Increases	1,779	0	0	1,779
Transferred from receivables	0	289	0	289
Impairment	0	0	-25	-25
Acquisition cost 31.12.	**40,638**	**289**	**21**	**40,948**
Carrying value 31.12.	**40,638**	**289**	**21**	**40,948**

Investments 2010	Equity in group entities	Shares in associated companies	Other shares and equity interests	Total
Acquisition cost 1.1.	38,429	0	303	38,732
Increases	450	0	0	450
Decreases	-20	0	0	-20
Impairment	0	0	-257	-257
Acquisition cost 31.12.	**38,859**	**0**	**46**	**38,905**
Carrying value 31.12.	**38,859**	**0**	**46**	**38,905**

EUR 1,000	2011	2010
14. Trade and other receivables		
From group companies		
Trade receivables	982	911
Other receivables	1,034	808
Internal bank account receivables	8,471	7,126
Group contribution receivables	5,000	2,000
Total	**15,487**	**10,845**
From others		
Trade receivables	480	8
Other short-term receivables	0	19
Current prepayments and accrued income	263	854
Total	**743**	**881**
Main items included in prepayments and accrued income		
Accruals of personnel expenses	0	3
Other prepayments and accrued income on sales	0	556
Other prepayments and accrued income on expenses	263	295
Total	**263**	**854**
15. Cash and cash equivalents		
Bank accounts and cash	2,344	3,319
Total	**2,344**	**3,319**

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

16. 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	2,590
Share issue	0	-6
Unrestricted equity fund 31.12.	**2,584**	**2,584**
Treasury shares 1.1.	-1,958	-1,949
Other changes	0	-9
Treasury shares 31.12.	**-1,958**	**-1,958**

EUR 1,000	2011	2010
Retained earnings 1.1.	10,302	8,691
Dividends paid	-1,971	-788
Gain on share-based payments	0	10
Retained earnings 31.12.	**8,331**	**7,912**
Profit/loss for the financial year	**2,441**	**2,390**
Shareholders' equity total	**23,100**	**22,630**
Distributable funds 31.12.		
Retained earnings	8,331	7,912
Treasury shares	-1,958	-1,958
Unrestricted equity fund	2,584	2,584
Profit/loss for financial year	2,441	2,390
Distributable funds 31.12.	**11,399**	**10,928**

Shares, 1,000 pcs	2011	2010
Number of shares 1.1.	20,179	20,179
Number of shares 31.12.	**20,179**	**20,179**

EUR 1,000	2011	2010
17. Non-current liabilities		
Loans from financial institutions	12,134	4,804
Pension loans	313	1,562
Hybrid loan	0	10,000
Total	**12,447**	**16,366**
18. Current liabilities		
To others		
Loans from financial institutions	2,957	2,599
Pension loans	1,250	1,250
Total	**4,207**	**3,849**

EUR 1,000	2011	2010
To group companies		
Internal bank account liabilities	17,826	6,754
Total	**17,826**	**6,754**
19. Trade and other current liabilities		
To others		
Trade payables	576	870
Other liabilities	74	102
Accrued expenses	1,148	3,219
Total	**1,798**	**4,191**
To group companies		
Trade payables	438	137
Other	85	581
Total	**523**	**718**
Main items included in accrued expenses		
Interest liabilities	75	118
Tax liabilities	364	298
Accrued employee expenses	709	888
Other accrued expenses	0	1,915
Total	**1,148**	**3,219**
20. Pledges, mortgages and guarantees		
Guarantees for group companies	1,777	1,020
Leasing liabilities		
For payment in next financial year	1,030	790
For payment later	1,394	1,052
Total	**4,201**	**2,863**

Etteplan Oyj has given a parent company guarantee totalling EUR 3,216 thousand for loans, of which EUR 1,691 thousand is in use, for Etteplan Vataple Technology Centre, Ltd. Etteplan Oyj has given a parent company guarantee totalling EUR 545 thousand for loans, of which EUR 86 thousand is in use, for Etteplan Consulting (Shanghai) Co., Ltd.

SHARES AND SHAREHOLDERS

SHARE CAPITAL AND SHARES

On December 31, 2011, 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, 2011. 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 31, 2011 passed a resolution in accordance with the proposal of the Board of Directors to pay a dividend for the 2010 financial year of EUR 0.10 per share, or a total of EUR 1,970,811.20. The remaining profit was retained in non-restricted equity. The record date of the payment of dividend was April 5, 2011. The dividend was paid on April 12, 2011.

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 31, 2011 authorized the Board of Directors to acquire company's own shares in one or more lots using the company's unrestricted equity. A maximum of 2,000,000 of the company's own shares can be acquired. The Board of Directors shall have the right to decide who the shares are acquired from or, the Board of Directors has the right to decide on a directed acquisition of own shares. The authorization is valid for 18 months from the date of the decision of the Annual General Meeting starting on March 31, 2011 and ending on September 30, 2012. The authorization replaces the corresponding previous authorization. The Board has not exercised this authorization.

Etteplan Oyj held 471,302 of its own shares on December 31, 2011 which corresponds 2.34 per cent of all shares and voting rights. During January-December 2011 the company did not acquire nor dispose any company-held shares.

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 earnings criteria of the earning period 2011 were the Etteplan Group´s Operating profit (EBIT) and Net Sales. During the earning period 2011, 16 persons belonged to the key personnel group of the Plan.

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.

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.

SHARE PRICE TREND AND TURNOVER

The number of Etteplan Oyj shares traded during the financial year was 2,617,144, to a total value of EUR 7.2 million. The share price low was EUR 1.90, the high EUR 3.53, the average EUR 2.79, and the closing price EUR 2.24. Market capitalization on December 31, 2011 was EUR 44.1 million, and there were 1,853 shareholders.

SHAREHOLDERS

At the end of 2011, the company had 1,853 registered shareholders. In total, 360,481 shares, or 1.79% of all shares, were entered in the administrative register. On December 31, 2011, the members of the company's Board of Directors and the President and CEO owned a total of 1,509,241 shares, or 7.48% of the total share capital.

In accordance with the Securities Markets Act, Chapter 2, Article 9, Etteplan Oyj has not issued any notifications of changes in shareholding during the financial year.

MAJOR SHAREHOLDERS, DECEMBER 31, 2011

Name	Number of shares	Proportion of shares and votes, %
Mönkkönen Tapani	4,118,000	20.41
Ingman Group Oy Ab	3,800,000	18.83
Oy Fincorp Ab	2,320,314	11.50
Hornborg Heikki	1,088,320	5.39
Varma Mutual Pension Insurance Company	821,328	4.07
Alfred Berg Finland Fund	489,719	2.43
Etteplan Oyj	471,302	2.34
Tuori Klaus	351,000	1.74
OP-Finland Small Firms Fund	337,015	1.67
Hakakari Tapio/Webstor Oy	344,342	1.71
Aktia Capital Small Cap Fund	298,200	1.48
Alfred Berg Small Cap Finland Fund	289,996	1.44
Tuori Aino	256,896	1.27
Evli Bank Plc.	246,464	1.22
Kempe Anna	220,000	1.09
Tuori Kaius	173,370	0.86
Mandatum Life Insurance Company Limited	155,244	0.77
Alfred Berg Optimal Small Cap Fund	142,331	0.71
Nordea Finland Small Cap Fund	138,900	0.69
Danske Fund Finnish Small Cap	134,966	0.67
Other shareholders	3,981,707	19.71
Total	**20,179,414**	**100.00**
Nominee-registrated shares	360,481	1.79

BREAKDOWN OF SHAREHOLDINGS BY OWNER GROUP, DECEMBER 31, 2011

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	116	7,256,411	18,981	36.05
Financial and insurance institutions	18	2,244,905	258,608	12.41
Public sector entities	7	1,020,530	0	5.06
Households	1,685	9,104,088	0	45.12
Non-profit institutions	10	80,931	0	0.40
Foreigners				
European Union	14	41,932	82,892	0.62
Other countries and international organizations	3	70,136	0	0.35
Total	**1,853**	**19,818,933**	**360,481**	**100.00**

BREAKDOWN OF SHAREHOLDINGS BY SIZE CLASS, DECEMBER 31, 2011

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares and votes, %
1-100	150	8.10	9,046	0.05
101-500	785	42.36	267,547	1.33
501-1,000	384	20.72	314,772	1.56
1,001-5,000	388	20.94	891,367	4.42
5,001-10,000	66	3.56	480,657	2.38
10,001-50,000	49	2.64	1,140,567	5.65
50,001-100,000	8	0.43	597,569	2.96
100,001-500,000	18	0.97	4,329,927	21.46
500,001-	5	0.27	12,147,962	60.20
Total	**1 853**	**100.00**	**20,179,414**	**100.00**

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

At December 31, 2011, the parent company's distributable shareholders' equity amounted to EUR 11.4 million, of which the net profit for the financial year was EUR 2.4 million.

The Board of Directors proposes that from the distributable funds at the disposal of the Annual General Meeting, a dividend of EUR 0.10 per share be paid, to a total amount of EUR 2.0 million. Dividend will not be paid out to shares that are company-held on the record date of dividend payout, April 4, 2012.

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 13, 2012.

Vantaa, February 14, 2012

Heikki Hornborg
Chairman of the Board

Tapio Hakakari
Member of the Board

Robert Ingman
Member of the Board

Pertti Nupponen
Member of the Board

Satu Rautavalta
Member of the Board

Teuvo Rintamäki
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, 2011. 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, February 29th 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant

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 web pages 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, with the exception of recommendations 24 (Establishment of the audit committee), 25 (Members of the audit committee), 26 (Independence of the members of the audit committee) and 27 (Duties of the audit committee), because the Company does not have an Audit Committee. 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 website 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 website 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 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 website at least three weeks before the General Meeting.

The Company will disclose on its website 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 website within two weeks of the General Meeting. The documents related to the General Meeting shall be available on the Company website 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 or in Lahti, Vantaa 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.

Meetings of the Board
The Board meets as often as appropriate fulfilment of its obligations requires.

The Etteplan Board of Directors met 13 times in 2011. 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 94.9%.

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 Annual 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 Annual General Meeting. The Board-proposed candidates are reported upon in the summons to the meeting and on the Company's website.

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 the Annual General Meeting.

In accordance with the proposal of the Board of Directors´ Nomination and Remuneration Committee the Annual General Meeting held on 31 March 2011 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 has in its meeting on March 31, 2011 elected Heikki Hornborg as Chairman of the Board and Robert Ingman 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, Robert Ingman, Pertti Nupponen, Satu Rautavalta and Teuvo Rintamäki are independent of the Company.

Tapio Hakakari, Heikki Hornborg, Pertti Nupponen, Satu Rautavalta and Teuvo Rintamäki 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 website at www.etteplan.com and in Annual Report 2011 on page 88.

BOARD COMMITTEES

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 chapter. 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 2011, Tapio Hakakari has been Chairman of the Nomination and Remuneration Committee and Heikki Hornborg and Robert Ingman as members of the Committee. Tapio Hakakari and Robert Ingman are independent of the Company.

The Nomination and Remuneration Committee met 7 times during 2011. All members of the Nomination and Remuneration Committee attended all the meetings.

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.

Matti Hyytiäinen has been the Company's president and CEO from the beginning of 2008 until the end of 2011. He has not been a member of the Board of Directors, but he has attended Board meetings as the Secretary to the Board. In October 2011 Matti Hyytiäinen resigned from Etteplan to join another company.

In December 2011 Etteplan Oyj's Board of Directors appointed M. Sc. (Eng) Juha Näkki as the new President and CEO of Etteplan Oyj as of January 1, 2012. Juha Näkki's biographical details and information on the holdings are presented on the Company's Web site at www.etteplan.com and in Annual Report 2011 on page 89.

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.

In 2011 Etteplan Oyj's Management Group has consisted of Matti Hyytiäinen, President and CEO; Niclas Gräns, Vice President, Partner Network; Per-Anders Gådin, Chief Financial Officer; Peter Jahn, Vice President, Etteplan Enterprise Solutions; Outi-Maria Liedes, Vice President, HR & Communications and Juha Näkki, Vice President, Etteplan Operations.

As of January 1, 2012 Etteplan Oyj's Management Group consists of Juha Näkki, President and CEO; Niclas Gräns, Vice President, Partner Network; Per-Anders Gådin, Chief Financial Officer; Peter Jahn, Vice President, Etteplan Enterprise Solutions and Outi-Maria Liedes, Vice President, HR & Communications.

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 2011 on page 89.

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 2011, 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 2011, 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.

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 belongs to the target group of a share-based incentive plan for the key employees of Etteplan Group. 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 2011 the bonus was based on Company's operative cash flow. The maximum of the yearly bonus is 25-100 percent of the recipient's annual salary depending on the member's duties. Members of the Management Group are included in the share-based incentive plan for the Company's key personnel. 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 2011, President and CEO Matti Hyytiäinen's basic salary was EUR 307,502. In 2011, his car and phone benefits totaled to EUR 14,283. In addition, EUR 161,064 performance based bonus accrued from year 2010 was paid to President and CEO in 2011.

President and CEO Matti Hyytiäinen's employment at Etteplan ended on December 31, 2011. Basic salary was paid to him until December 31, 2011. In addition EUR 38,000 performance based bonus accrued from year 2011 will be paid to Matti Hyytiäinen in 2012.

According to the resolution made by the Board of Directors of Etteplan Oyj, no company-held shares were disposed for the 2011 earnings period of the share-based incentive plan.

In 2011 no additional accrual basis pension insurance policy was paid for the President and CEO Matti Hyytiäinen.

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 earnings period.

At the beginning of each earnings 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 earnings 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 employment is terminated during the earnings or ownership 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 earnings 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 main 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 design work.

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 2011 on pages 25-27.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2011 on page 44.

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 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 and China 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 centralized 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 organization has analyzed 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, authorizations, 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 analyzed. Prior to these meetings, financial reports have been analyzed 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 October 9, 2009. 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 Chief Auditor from the chosen auditing firm (a company of independent public accountants). 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 head 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 regular auditor 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 2011, the Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorized public accountants, with Mika Kaarisalo, APA, acting as Chief Auditor. The auditor's term ends at the conclusion of the first Annual General Meeting after the election.

Auditing was opened for competitive bidding at the beginning of 2009.

Audit fees and services not related to auditing

According to the resolution made by the Annual General Meeting 2011 the fees for the auditor are paid according to invoice by the principles approved by the Board of Directors.

The audit fees paid in 2011 totalled 58,975 euros (in 2010: 67,032 euros). In addition, 74,996 euros was paid to the firm for services not related to auditing (in 2010: 74,527 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 JANUARY 1, 2012


HEIKKI HORNBORG


TAPIO HAKAKARI


ROBERT INGMAN


PERTTI NUPPONEN


SATU RAUTAVALTA


TEUVO RINTAMÄKI

HEIKKI HORNBORG, B. 1949, M.SC. (ENG.)

Chairman of the Board of Directors since 2008, Board member 1985–1991 and since 1997, member of Nomination and Remuneration Committee. Independent of 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–, The Federation of Finnish Technology Industries 2011–, Vahterus Oy 2009–
- Number of Etteplan shares, December 31, 2011: 1,088,320, 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.

- 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
- 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–, Hollming Oy 2008–, Havator Holding Oy 2007–2010, Suomen Autoteollisuus Oy 2005–2009, Opteam Yhtiöt Oy 2011–
- Number of Etteplan shares, December 31, 2011: 200,000, holdings of interest parties: 144,342

ROBERT INGMAN, B. 1961, M.SC. (ENG.), M.SC. (ECONOMICS)

Board member since 2009, member of Nomination and Remuneration 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 2008–, Ingman Finance Oy Ab 2009–, Ingman Ice Cream Oy Ab 2009–2011
- Member of the Board of Directors: Digia Oyj 2010–, Evli Pankki Oyj 2010–, M-Brain Oy 2011–
- Number of Etteplan shares, December 31, 2011: 20,000, no holdings of interest parties

PERTTI NUPPONEN , B. 1961, D.SC. (ECON. & BUS. ADM.), M.SC. (TECH.)

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

- Group Vice President, Scandinavian and Eastern Branch of Consolis SAS since 2010
- 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.
- Number of Etteplan shares, December 31, 2011: 2,000, holdings of interest parties: 18,000 (nominee registered)

SATU RAUTAVALTA B. 1970, M.SC. (ECONOMICS)

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

- Director, Operations, Oy Orasel Ltd since 2010
- Marketing manager, Oy Orasel Ltd 2007-2010, Independent consultant 2004–2007, Sales Secretary, Marketing Coordinator of KCI Konecranes Oyj, Houston Texas and Hyvinkää Finland 1997–2003.
- Member of the Board of Directors: Movelift Oy 2003–, Oy Orasel Ltd 2011–
- Number of Etteplan shares, December 31, 2011: 2,000, holdings of interest parties: 20,204

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.
- Number of Etteplan shares, December 31, 2011: 31,128, holdings of interest parties: 1,200

MANAGEMENT GROUP JANUARY 1, 2012


JUHA NÄKKI


NICLAS GRÄNS


PER-ANDERS GÅDIN


PETER JAHN


OUTI-MARIA LIEDES

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, HVAC Engineering and System Responsible Engineer of Kvaerner Masa-Yards 1999–2002.
- Number of Etteplan shares, December 31, 2011: 2,226, no holdings of interest parties

NICLAS GRÄNS B. 1967, M.SC. (EP)

Member of the Management Group since 2010

- Vice President of Etteplan Oyj since 2010
- Director of Energy and Other Industries, Etteplan 2009, Manager of Etteplan Industry AB 2005–2008, Manager of ProTang AB 2000–2004 and Sales Manager, Business Unit Manager of ABB 1992–2000.
- Number of Etteplan shares, December 31, 2011: 890, no holdings of interest parties

PER-ANDERS GÅDIN B. 1965, M.SC (EP), BBA

Member of the Management Group since 2009

- CFO, Vice President of Etteplan Oyj since 2009
- 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, December 31, 2011: 5,490, no holdings of interest parties

PETER JAHN B. 1964, GRADUATE

Member of the Management Group since 2010

- Vice President of Etteplan Oyj since 2010
- Director of Sales, Global Key Accounts EMEA, 2009–2010 and Location Manager in Finland 2007–2008, Intertek Plc Commercial & Electrical, Area Manager, Intertek Semko AB 2006, Managing Director, Jahn Technologies Ky, Intertek Semko AB, Intertek Sales Agent 2003–2006, Account Group Manager, Elektrobit Oyj 2002–2003, Sales Support Manager, Siemens AG, IC Training Institute, München 2000–2002.
- Number of Etteplan Oyj shares, December 31, 2011: 0, no holdings of interest parties

OUTI-MARIA LIEDES B. 1956, M.SC. (ENG.), MBA

Member of the Management Group since 2008

- Vice President, Human Resources and Communications of Etteplan Oyj since 2008
- 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, December 31, 2011: 2,226, no holdings of interest parties

INVESTOR INFORMATION

ETTEPLAN AS AN INVESTMENT

Etteplan is a specialist in industrial equipment engineering and technical product information solutions and services. Etteplan's engineering expertise and service products cover the entire life cycle of the client's products. Our customers are global leaders in their fields and operate in areas like the automotive, aerospace and defense industries as well as the electricity generation and power transmission sectors, and material flow management.

Etteplan has comprehensive competence in electronics and embedded systems development, automation and electrical design, mechanical design and technical product information solutions and services.

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, 2011.

ETTEPLAN'S INVESTOR RELATIONS POLICY

The ultimate objective of Etteplan's Investor Relations is to produce accurate, sufficient and up-to-date information about the development of Etteplan's strategy, business operations, markets and financial position to ensure that the capital markets have relevant information about the company and its shares in order to determine the fair value of Etteplan's shares. To reach this objective Etteplan annually publishes 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 will be made available at www.etteplan.com immediately after their publication.

PROSPECTS

Information on Etteplan's prospects and result 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 prospects are approved by the Board of Directors. Etteplan does not publish quarterly result forecasts.

MARKET ESTIMATES

The company will review, upon request by an analyst, his or her earnings model or report only for factual accuracy or information that is in the public domain. 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 officers and employees refrain from making any contacts or comments to investors, analysts and the media about the company's business prospects, 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 CONTACT

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

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

ANALYSTS FOLLOWING ETTEPLAN

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Tel. +358 10 252 8780

INFORMATION FOR SHAREHOLDERS

GENERAL MEETING OF SHAREHOLDERS

The Etteplan Oyj Annual General Meeting will be held on Friday, March 30, 2012, 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 by March 20, 2012, 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 23, 2012, via either registration(at)etteplan.com or +358 10 307 2006. The shareholder may also register by sending a registration letter to Etteplan Oyj, Yhtiökokous, Terveystie 18, 15860 Hollola, Finland. The letter must arrive before the registration deadline.

To vote by proxy at the meeting, the shareholder must deliver a proxy form to the company before the registration deadline.

PAYMENT OF DIVIDEND

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.10 per share be paid for the 2011 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 April 4, 2012, is registered in the list of shareholders maintained by Euroclear Finland Ltd. The dividend payment date proposed by the Board of Directors is April 13, 2012.

SHAREHOLDER REGISTER INFORMATION

Shareholders should 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 2012

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

Annual report is available in electronic format in Finnish and in 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 2012

Etteplan Oyj will publish three interim reports in 2012:

Interim report for 1–3/2012 on May 8, 2012
Interim report for 1–6/2012 on August 14, 2012
Interim report for 1–9/2012 on October 31, 2012

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Etteplan