

2014

Annual Report

Smart way to
smart products



Etteplan

2014

Profit improved
and market position
strengthened

02–13

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Our competence translates into our customers' success
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Case Fortum
We save our customers' valuable time
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CASE / KONE

Etteplan has been one of KONE's key engineering partners for more than 15 years, supplying engineering services and technical documentation solutions for KONE's projects worldwide.

KONE is known for its innovative and technically advanced product development. Competence is naturally our most important resource. Our market position requires an insightful eye to the future and an understanding of how to develop the right kind of competence.

Etteplan's competence management system caters to the needs of KONE's product development organization in a flexible manner. We regularly review our competence needs and jointly set development targets. We use indicators to monitor the development of a specific competency level or the number of people with the competency in question.

Etteplan's advanced way of serving KONE has led to successful long-term cooperation.

Etteplan was involved in the development of a new innovation that KONE launched in January 2014. Thanks to the KONE NanoSpace™ solution, replacing an elevator in a residential building is now easier and faster than before.

Samu Salmelin (on right)
Vice President, Technology Finland
KONE Corporation

Jyri Pirttimäki (on left)
Business Unit Director &
Global Key Account Manager
Etteplan



Our competence translates into our customers' success



Developing competence together with the customer

Developing our customers' products requires world-class expertise. Etteplan's competence management system is an important tool when setting up the best team for customers' product development projects.

Etteplan's competence management system covers the entire Group and its almost 1,900 people around the world. The information system contains a total of approximately 700 technical competencies. The competencies are developed and measured according to customers' needs.

Intelligent products efficiently



Etteplan is a specialist in industrial equipment and machinery engineering and technical documentation solutions.

Etteplan's engineering expertise and service products cover the entire life cycle of the customer's products.



Engineering

Etteplan has diverse expertise in multiple engineering and technology areas. Our services fulfill the most stringent requirements for cost-efficiency and quality.

Our services include:

- Product development projects
- Engineer-to-Order projects
- Engineering analysis
- Project management
- Product safety
- Product cost analyses

Technical documentation

Etteplan is among Europe's leading and largest providers of technical documentation solutions. Our services are geared to improve the cost-efficiency and quality of our customers' service and maintenance business.

Our services include:

- Technical writing and illustrations
- Animations and simulations
- Electronic systems for distributing technical documentation to service and maintenance personnel
- Software and methods for producing high-quality technical content

1,859



employees
at year-end 2014

39



places of business
across the world

131.9



revenue in 2014,
EUR million



Etteplan is the market leader in Finland, providing the most diverse service offering in its industry.

Etteplan has the SRO permits required for engineering in the Russian market.

Etteplan's climate technology testing laboratory in Gothenburg is the largest in the Nordic region, and our expertise is world-class.

Etteplan has operated in China longer than any other Nordic engineering company.

Etteplan's unit in the Netherlands specializes in the development of technical documentation methods and software.

'In 2014 we received **significant recognitions** from our customers.

President and CEO
Juha Näkki



Strong market position creates profitability

Etteplan's services and expertise cover the customer's engineering needs.

Etteplan's business is divided into engineering services and technical documentation services. Our market position is based on high value-added service solutions, which are advanced in the industry. Our customers are global machinery and equipment manufacturers that are leaders in their industries.

Engineering services refer to the innovation, engineering, and calculation of the technical features of machinery or equipment for the purpose of manufacturing. For example, assignments may be **product development projects** in which Etteplan is the customer's product development partner with full responsibility, or for which Etteplan supplies special technical expertise. Engineering services also include **Engineer-to-Order projects** in which the customer's product is customized according to end customer requirements and local legislation. Engineer-to-Order projects are typical of customers whose products are large and highly automated industrial machinery and equipment with low production volumes.

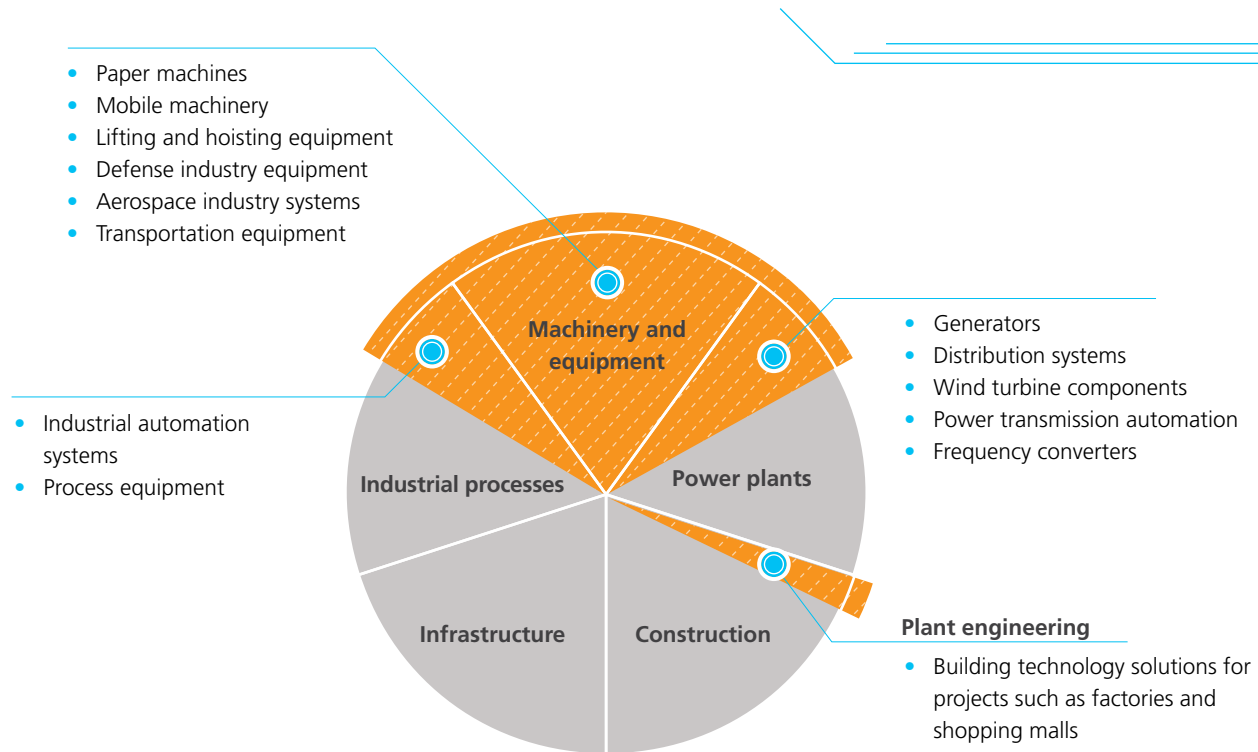
Technical documentation refers to product-related documentation, such as manuals and instructions for the users of a product. The quality of technical documentation is highly significant to the efficiency and fluidity of maintenance and service business. In practice, technical documentation comprises the production of texts and illustrations for manuals and other technical documents, as well as the distribution of content in the form of electronic or printed materials.

THE ENGINEERING MARKET



Etteplan's primary market

Etteplan's expertise and service offering in the field of engineering and technical documentation **is diverse.**



ETTEPLAN'S CUSTOMERS ARE PRIMARILY:

- Transportation and vehicle industry companies
- Energy and power transmission industry equipment manufacturers
- Aerospace and defense industry equipment manufacturers
- Lifting and hoisting equipment manufacturers
- Mining equipment manufacturers
- Medical equipment manufacturers
- Steel industry equipment manufacturers
- Forest industry equipment manufacturers
- Industrial machinery and component manufacturers
- Steel industry companies



Trends support growth



The consolidation and outsourcing trends affect positively on Etteplan's business.



Etteplan's business is affected by global megatrends as well as industry-specific developments. Industrial internet, requirements concerning environmentally friendly products, shorter product life cycles, the ageing of the population and emerging markets are creating engineering needs and new business opportunities for the Company.

The consolidation and outsourcing trends in the industry affect positively on Etteplan's business. The organic growth of large operators is faster than that of the market and they are also making more acquisitions than other players. There is also consolidation among customer companies. Thanks to its service solutions Etteplan has been successful when the customers have reduced the number of suppliers and sought closer partnerships with the most important ones.

By outsourcing functions to a partner, the customer can focus on its core competencies. More and more companies rely on Etteplan's expertise and ability to increase the cost-efficiency of engineering and technical documentation through the Company's outsourcing service model.

MEGATRENDS

Industrial internet

Intelligent communication between industrial equipment, and their capacity to transmit information as part of an industrial process, will continue to grow in the future. The industrial internet is estimated to create **business worth thousands of billions of euros.**

Sustainable development

Sustainable product design affects the environmental friendliness of a product throughout its entire life cycle.

Outsourcing

Companies are focusing on their core business and outsourcing functions in which a partner has superior cost-efficiency and quality.

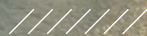
There are many small companies in the engineering industry and **the trend of consolidation is continuing.**

The industry is consolidating

The demand for engineering services is growing faster than the GDP. The global market for industrial technology is estimated to amount to approximately **EUR 30 billion.**

The market is growing

INDUSTRY TRENDS IN ENGINEERING



Etteplan's strategy creates competitive advantage

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Acquisitions are an important element of Etteplan's growth strategy. Etteplan's acquisitions are focused on increasing its competence capital and the Company's geographical expansion.

//////

Etteplan's target is on average 15 per cent annual revenue growth. The Company's strategy is built on its strengths and opportunities to take advantage of the trends affecting the engineering industry.

Organic growth is based on the following focus areas in business:

- 1. Growth in key accounts:** Etteplan seeks organic growth by growing its current key accounts.
- 2. Revenue growth through high value-added services:** Etteplan's key strategic goal is to leverage the competitive advantage derived from high value-added Managed Services, and to increase their share of total revenue.
- 3. Growth in the sales of technical documentation solutions:** The Company's technical documentation service solutions are unique in the field.
- 4. Growth in business operations in China:** Etteplan has developed operating models that make it easy to relocate engineering and technical documentation work to China. In addition we leverage the fast growing Chinese domestic markets.

VISION

OUR CUSTOMERS GET THE BEST SERVICE SOLUTIONS ANYWHERE AT ANY TIME

FOCUS AREAS IN BUSINESS OPERATIONS

3.4%

Growth in key accounts

40%

Share of revenue accounted for by high value-added services

SIGNIFICANT OUTSOURCINGS

Growth in sales of technical documentation service solutions

100%

Growth in business operations in China

CORNERSTONES OF STRATEGY

Customer focus

Focus on selling Etteplan's entire service offering to existing customers

Service solutions

Industry forerunner in the development of innovative service products and solutions

One Etteplan

Leverage synergies and provide our employees with development opportunities

Engineering methods

Market leader in developing advanced engineering methods

VALUES



Customer satisfaction




Professional ways of working




Personnel well-being



Etteplan is an industry forerunner



Our target is on average 15 per cent annual revenue growth. The target includes both organic growth and acquisitions.



The demand for engineering services is growing faster than the global gross domestic product. The need for engineering and technical documentation is growing due to increasing intelligence in machines and equipment. The industrial internet is estimated to create business worth thousands of billions of euros.

The Company's long-term financial targets are revenue growth, improved profitability and cash flow, and increasing the share of high value-added services of total revenue.

Etteplan's most significant sources of organic growth are its unique technical documentation service portfolio and presence in the rapidly growing Chinese market. In acquisitions, our focus is on increasing our competence capital and geographical expansion.

Etteplan creates shareholder value by implementing its strategy, a key goal of which is to increase the share of high value-added services of total revenue. High value-added services are more profitable than the traditional business model in engineering industry.

WHY INVEST IN ETTEPLAN?

1

Advanced business model

Etteplan's key strategic goal is to grow by leveraging the competitive advantage derived from high value-added services, and to increase their share of total revenue. The target is to increase the share of revenue accounted for by high value-added services to 50 per cent by 2016.



4



Global and long-term accounts

Many of our customer relationships have continued for more than a decade. Our customers are leading companies in their field, operating in various industrial sectors. Long-term accounts are based on Etteplan's in-depth understanding of the engineering industry.

2

Strong market position

- Finland's largest company specializing in engineering services, and one of the largest in Sweden
- One of Europe's largest companies specializing in technical documentation solutions
- The largest Nordic company providing engineering services in China



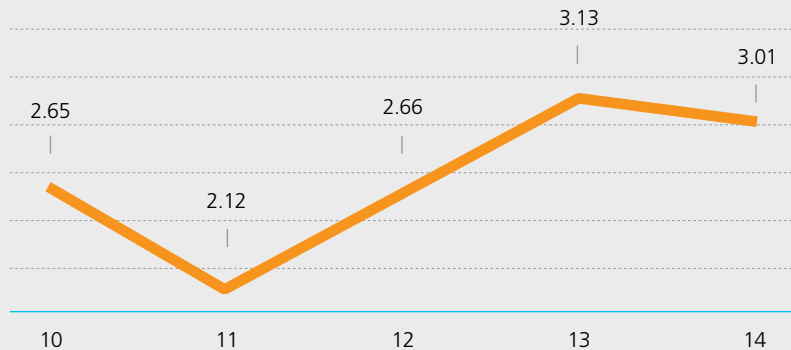
3

Stable dividend payment history

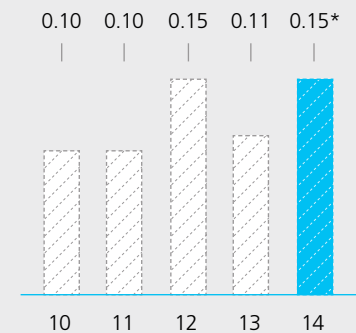
The Company has paid dividends of approximately 50 per cent of earnings per share.



Share price development 2010–2014, EUR



Dividend development, EUR



* Board's dividend proposal



CASE / Valmet

Etteplan's various units in Europe and China supply Valmet with engineering services and technical documentation solutions for the company's paper machine projects.

In the virtual collaboration model, Valmet can receive the same service from any of Etteplan's units. The engineering work is carried out in the units that have the best product knowledge from the customer's point of view. The added value generated by Etteplan is based on the company's reliable operations and high quality.

Valmet values the virtual collaboration model for its flexibility: When Valmet in China orders work from Etteplan's Chinese engineering units, quality assurance is carried out according to Valmet's requirements in Finland. Etteplan is also responsible for training and competence management for the experts taking part in Valmet's projects.

Shugang Cui
Senior Manager
Engineering Department,
Valmet China



We build bridges between Europe and China



Virtual collaboration model ensures the best expertise for the customer

In Etteplan's virtual collaboration model, project work can be distributed geographically between many offices and the customer can be located anywhere in the world. For the customer Etteplan's multisite projects bring flexibility and cost-efficiency.

Operating profit improved

KEY EVENTS DURING THE YEAR

Q4

- Etteplan and Vattenfall aim at long-term partnership
- Etteplan helps Valmet develop its cost competitiveness
- Etteplan is training engineers for Valmet in China
- Etteplan expands in China

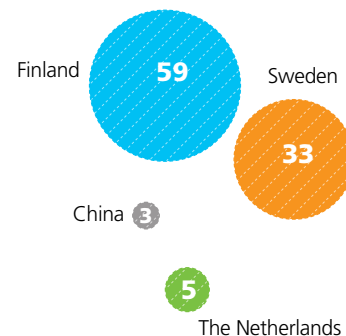
Q2

- Fortum Hydro outsources documentation management to Etteplan
- Etteplan becomes engineering service partner to MacGregor in China
- Etteplan acquires Elomatic's engineering business in China

Q1

- Etteplan awarded major engineering contracts by Valmet
- Etteplan acquires the entire share capital of the Swedish company ProAvia Konsult AB

Revenue by geographical area 2014, %



KEY FIGURES

131.9

Group's revenue, EUR million
increased by 2.5%
(EUR 128.6 million)

7.9

Group's operating profit, EUR million
grew by 23.4%
(EUR 6.4 million)

1,859

The number of personnel
at a record high (1,728)

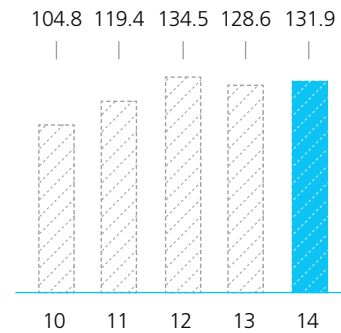
0.30

Earnings per share
improved (EUR 0.22)

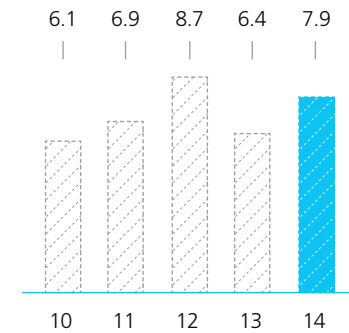
0.15 €

The Board of Director's dividend proposal
(0.11)

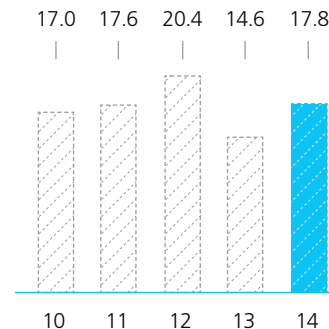
Revenue 2010–2014,
EUR million



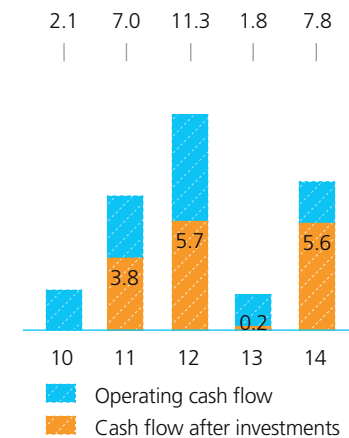
Operating profit 2010–2014,
EUR million



Return on capital employed (ROCE) 2010–2014, %



Cash flow 2010–2014,
EUR million



We raised our growth target

//////
We announced a
new revenue growth
target of 15 per cent
annually on average
//////

Our determined work to increase the share of revenue accounted for by high value-added services produced results in 2014: the profitability of business operations improved and our market position continued to strengthen. Offshoring in China grew as part of high value-added services.

Industrial investments remained at a low level in 2014, as expected. Demand improved somewhat towards the end of the year, particularly in product development projects, and our full-year revenue increased slightly. Our expectations of good demand were realized with regard to our service solutions, which are aimed at improving the customer's cost-efficiency. Thanks to these services, our market position continued to strengthen and our overall demand was, on average, at a reasonable level.

Our long-term efforts in the Chinese market produced good results. We opened our third office in China, and local revenue in China doubled during the year.

Revenue in China still accounted for only a small share of the entire Group's revenue, but its growth outpaced that of the Group. I expect growth to continue in 2015, but the relative growth of revenue will be slower than in 2014.

In the area of technical documentation, the service portfolio we have obtained as a result of acquisitions produced new extensive agreements. In the Swedish market, we signed several cooperation agreements with new customers.

During the year, Etteplan received significant awards from its customers both in Finland and Sweden. The awards indicate that we have an in-depth understanding of our customers' products and processes, and we can improve their cost-efficiency throughout the product life cycle.

In 2014, we announced the Company's new revenue growth target of 15 per cent annually on average. We intend to achieve this target through both organic growth and acquisitions. In the area of organic growth, our intention is to take advantage of the growing trend for outsourcing: in 2014, we were successful in outsourcing in the area of technical documentation. Etteplan has decades of experience in outsourcing engineering. I am confident that the growing trend for outsourcing will continue. In the area of acquisitions, we will focus on increasing our competence capital and geographical expansion. The expansion areas are Central Europe and Asia. Our growth strategy is based on taking advantage of our Chinese engineering capacity in Central Europe, a region that is facing a deepening shortage of engineers. In the Asian markets, our goal is to continue offering our cost-efficient services to European customers and take advantage of the opportunities presented by growing markets locally.

The year 2015 has started positively compared to early 2014. At the start of 2015, the number of personnel is at an all-time high in Finland as well as in China. The demand for engineering services and technical documentation is currently at a better level than in early 2014. However, the outlook for market development is short due to the politically and economically uncertain situation in Europe.

I would like to thank our personnel for their persistence and determination, which helped us achieve results in the challenging and uncertain demand situation in 2014. I also wish to thank our customers for their long-term development of cooperation, which was reflected in genuine partnerships in several accounts. Supported by a stable key owner, we are well positioned to implement our growth strategy, which is aimed at increasing shareholder value, in 2015.




**'Local revenue
in China almost
doubled during the year.'**


Juha Näkki /
President and CEO



Continued success in China



The shift in the focus of business towards high value-added services was reflected in improved profitability.



Etteplan's business strategy and service portfolio were a good match with customer needs in the economic slump of 2014. The Company's customers sought to further improve the cost-efficiency of their business operations and outsourced non-core activities.

Etteplan's revenue grew and the shift in the focus of business towards high value-added services was reflected in improved operating profit and profitability. Etteplan's business growth in China was faster than ever before. In the area of technical documentation, significant deals were made in Sweden in particular, where the shift towards high value-added services has previously been slower than in the Company's other market areas.

In 2014, Etteplan received significant recognition from its customers: the engineering company Valmet awarded Etteplan as the partner that has been the most successful in developing Valmet's cost competitiveness. In Sweden, Vattenfall gave Etteplan the A-supplier status, which is given to partners who have extensive engineering expertise in areas important to Vattenfall, and have a track record in helping customers improve cost-efficiency.

Operating environment

The year 2014 was challenging for companies in the engineering industry in almost all of Europe. Demand was stagnant and even declined in several of Etteplan's customer industries.

The demand for engineering services among forest industry equipment manufacturers was at a good level throughout the year. Demand among lifting and hoisting equipment manufacturers did not decline compared to 2013, and demand among energy and power transmission equipment manufacturers was at the 2013 level, improving towards the end of the year. Demand among mining industry equipment manufacturers was at a low level on average. Demand among defense industry equipment manufacturers varied. In testing services for the automotive industry, demand was at a good level.

In Finland, demand started off slowly in 2014 and corresponded with the weak level of demand seen in late 2013. In Finland, the revenue of companies in the Federation of Finnish Technology Industries in 2014 is forecasted to remain at the 2013 level (Source: Federation of Finnish Technology Industries). The demand for engineering services and technical documentation solutions improved significantly more slowly in the first half of the year than expected, and the improvement in demand mostly occurred later in the year.

In Sweden, the demand for engineering services and technical documentation was more active than in Finland. The number and value of assignments received by companies in the engineering industry grew (ALMEGA: Sector Review, December 2014). At the same time, price competition and competition for competent personnel remained tight. The weakened Swedish krona gave a boost to projects in the export industry.

The demand situation and macroeconomic development in the Netherlands was very similar to Finland. The demand for technical documentation was at a relatively low level, but picked up somewhat late in the year.

Growth in industrial production in China was among the highest in the world. In other growth economies, the growth in industrial production was not as fast. Strong growth in industrial production combined with a rising cost level forced production companies operating in China to consider even more carefully which activities to perform themselves and which activities to purchase from partners. More and more companies in China ended up buying engineering from an external service provider. However, the Chinese service market remains young and there are not as many service providers as in Western countries.

**The year 2014
was challenging
for companies in the
engineering industry in
almost all of Europe.**

A change in customer behavior was evident in 2014: companies became interested in the service and software solutions within technical documentation for improving the cost-efficiency and quality of their service and maintenance business. For example, the demand for maintenance and spare parts manuals, as well as electronic distribution solutions, improved compared to the previous year.

Business strategy

Etteplan's business strategy continued to be effective in the prevailing market situation. In a challenging market situation, several customers focused on improving the cost-efficiency of their operations. In the area of engineering and technical documentation, this meant growth in outsourcing, the use of lower-cost countries in service purchasing, and investments in improving the efficiency of operating processes. An increasing number of our key customers required that part of engineering services are produced in lower-cost countries.

Revenue, operating profit and profitability

Etteplan's revenue grew by 2.5 per cent in 2014, amounting to EUR 131.9 (2013: 128.6) million. Key accounts grew by 3.4 per cent. The growth in key accounts was negative in the beginning of 2014 but turned to growth in the latter part of the year. Etteplan's organic growth was 0.6 per cent.

Operating profit improved, amounting to EUR 7.9 (2013: 6.4) million. The increase in operating profit was attributable to an improved utilization rate of engineering capacity and an increase in revenue.

The main factor contributing to the improvement in profitability in 2014 was the increased share of revenue represented by high value-added Managed Services. In these services, the utilization rate of engineering capacity is typically higher than in the temporary staffing model. The service entities are also often quite extensive.

The profitability of the technical documentation business was better than that of engineering. This is due to the higher share of productized service solutions in technical documentation compared to engineering. Profitability was also affected by the software business. Etteplan's technical documentation services include software solutions and maintenance contracts.

High value-added Managed Services accounted for nearly 40 per cent of revenue in 2014. The improvement in profitability was also attributable to our ability to improve the profitability of less profitable units during the year.

Business review by market

Finland

Etteplan's business operations in Finland were still based on long-term customer relationships and market leadership in Finland. Combined, these factors ensured a solid foundation for business operations in 2014 in a market situation that was improving slowly but remained relatively weak.

The share of revenue accounted for by high value-added is higher in Finland than in Sweden. As a result, a large number of assignments were carried out in Finland involving Chinese offshoring services. The operating model involving part of the work being performed in China has become an established practice for most key customers. The allocation of engineering assignments between countries of different cost levels improved the profitability of business operations in Finland. Offshoring projects improved our market share in Finland and ensured reasonably good employment.

The political situation in Russia and Ukraine, and the subsequent downturn of the Russian economy, had an impact on Etteplan's project business in Russia. Project deliveries from Finland to Russia did not cease completely, but the number was lower than in previous years.

The personnel reductions implemented in Finland as temporary layoffs in 2013 remained at the level of approximately 150 people at the beginning of 2014. The number of temporarily laid off personnel decreased steadily towards the end of the year and amounted to approximately 40 people at the end of the year. The demand for Etteplan's services improved towards the end of the year and, despite the personnel reductions, the number of Etteplan's employees grew steadily in 2014 to a record high of 1,859.

Sweden

Etteplan remained a challenger in the Swedish market in 2014. Selling service solutions in addition to temporary staffing services produced results particularly in the area of technical documentation, in which we acquired significant new accounts thanks to Etteplan's advanced solutions.

Several significant negotiations on the outsourcing of technical documentation were started in Sweden during the year. As a new service area, Asset Management services intended for the maintenance of production facilities, was launched in Sweden. One example of these services was the agreement signed with Fortum Hydro in Sweden on outsourcing technical documentation to Etteplan. Under the agreement, Etteplan is responsible for the production and maintenance of technical

A large number of assignments were carried out in Finland involving Chinese offshoring services.

documentation for both Fortum Hydro and Fortum Heat.

Etteplan renewed its frame agreements with customers including the Swedish Defense Material Administration (FMV) and Vattenfall.

In 2014, Etteplan remained the most advanced service provider in the Nordic countries in the testing and development of automotive engines and climate systems. There was active demand in the automotive industry for Etteplan's testing services, which kept the testing laboratory's utilization rate high.

Significant product development projects included assignments from Mölnlycke, under which Etteplan is responsible for project management and prototyping of two new innovative Mölnlycke products. In addition, Etteplan brings all of the required technical and regulatory competencies to the projects.

Attrition, which has burdened Etteplan's Swedish operations for several years, declined for the third consecutive year as a result of a focus on human resource management. Nevertheless, attrition in Sweden remains higher than in Etteplan's other operating countries.

China

Fall 2014 marked the tenth anniversary of Etteplan's Chinese operations. Our long-term focus on the development of business operations in China produced good results in 2014. In response to growing demand, we opened our third office in Suzhou, near Shanghai.

Etteplan acquired several new local accounts during the year. The majority of the new customers were Western companies that have operations in China. The demand situation in China was at a good level throughout 2014. Offshoring services produced in China and local business operations both saw excellent development.

The number of working hours sold in the Chinese market grew by 100 per cent from the previous year. Revenue almost doubled compared to 2013. The number of personnel was at an all-time high, and the utilization rate of engineering capacity was good.

The organizational structure and operating practices in China were developed further. Human resource management was also developed. Etteplan has managed to keep attrition at a moderate level in its Chinese units.

The number of working hours sold in the Chinese market grew by over 100%.

The Netherlands

Etteplan's unit in the Netherlands is focused on the development and sales of technical documentation methods, software and service solutions. In addition, the Netherlands unit supports the sales of Etteplan's engineering services to Central Europe. In 2014, Etteplan received a few significant engineering projects through its unit in the Netherlands.

The Netherlands unit was acquired through the Tedopres acquisition in 2012. In 2014, Etteplan|Tedopres completed its integration into Etteplan by adopting the Etteplan brand. Interest in the methods acquired in the acquisition in the Netherlands increased substantially in all markets.

In 2014, Etteplan acquired several significant customers in the Netherlands who implemented Etteplan's STE (Simplified Technical English) methods and software for technical writing. One example of the new partnerships is Vestas, one of the world's leading producers of wind power solutions. We also started cooperation with KLM, Mitsubishi and Saab Sensis.

Market outlook 2015

The most important factor in the development of Etteplan's business operations is the global development of the machinery and metal industry. Market development remains uncertain due to the political and economic situation in Europe. Etteplan's customers also operate in the North American and Asian markets, where the demand situation is better than in Europe.

Financial guidance 2015

We expect the revenue and operating profit for the year 2015 to grow compared to 2014.

We reduce environmental impacts

Etteplan observes the principles of sustainable development in its business.

Etteplan's business is based on the principles of corporate responsibility. Ensuring the competitiveness of our customers' products, securing continued employment for our personnel and creating financial added value for our shareholders are the goals that guide our business.

Social responsibility

The Group employed 1,859 experts at the end of 2014. Etteplan is a major employer in Finland and Sweden, two countries in which we have extensive networks of offices. In Finland, Etteplan has offices in 22 locations, with a further 11 offices in Sweden. Over 90 per cent of our experts work in Finland outside the Helsinki metropolitan area.

Financial responsibility

We develop our business with a long-term approach and look after its growth and profitability. This is how we can best bear our financial responsibility towards our shareholders, personnel, customers and partners. In 2014, our business grew by 2.5 per cent, while profitability improved by 23.4 per cent.

Environmental responsibility

The environmental impacts of our business are moderate, and we set environmental goals and targets for our operations. In addition to the energy required for normal office work, our environmental footprint is caused by business travel, which we have significantly reduced by utilizing electronic meeting technology.

Etteplan's business has a strong foundation in the principles of sustainable development. Sustainable product design takes into consideration the product's full life cycle environmental footprint: from raw materials to production, product use and disposal or recycling. Etteplan's technical documentation solutions are environmentally friendly and reduce the need for printed materials, as manuals and instructions can be distributed to maintenance and service personnel electronically.

Etteplan's environmental responsibility

Etteplan implements its environmental responsibility in both direct and indirect ways. Our direct influence occurs through customer assignments when we develop environmentally friendly technologies and cleantech products for our customers, or use engineering solutions to contribute to the energy-efficiency of customers' equipment, machinery and production facilities. During the year, we carried out several significant projects for our customers that directly promote the realization of the principles of sustainability and the reduction of the environmental footprint. One example of such projects was Etteplan's work in planning a test facility for the Finnish company AW-Energy Oy. More information on the project is provided on page 36 of this Annual Report.

Etteplan's indirect environmental influence occurs through improved product safety, reliability and product compliance. Professional engineering analysis, simulation and testing ensure that products satisfy the requirements laid out in legislation and directives.

Etteplan operates in compliance with the standards specified in the ISO 14001 environmental system. The goals of our environmental policy are:

- to minimize the environmental load caused by our own operations
- to train our personnel to recognize the environmental impacts of their work
- to improve workplace safety and create a healthy work environment
- to help our partners observe responsibility in environmental matters
- to maintain open communications with customers, the authorities and other key stakeholders.

REDUCING ENVIRONMENTAL IMPACTS BY ENGINEERING

Production of machine

Material and raw material choices that minimize environmental impacts.



Use and maintenance of machine
Ecoefficient solutions in engineering and technical documentation to minimize carbon footprint.

Recycling of machine

Recycling and utilization of material.

Number of personnel at record level

//////
Despite the difficult market situation, the number of personnel grew by 8% from the previous year.



Etteplan is committed to implementing a responsible human resources policy and supporting the professional development of personnel. Human resource management continued to focus on these objectives in 2014.

The year 2014 was challenging from the perspective of personnel, as the market situation remained uncertain throughout the first half of the year. This led to personnel reductions in Finland, which were implemented as temporary layoffs. The number of temporarily laid off personnel decreased steadily towards the end of the year, from approximately 150 early in the year to approximately 40 at the end of the year. In Sweden, personnel reductions only concerned a few individuals due to the better market situation in the country. No personnel reductions were implemented in the Netherlands and China.

Focus on human resource management

As in the previous years, we focused on the development of human resource management. The implementation of the career model introduced in 2013 continued. The career model is aimed at offering employees alternative paths to becoming top professionals in expert business. At the same time, we ensure that the Company's competitiveness will improve by using goal-oriented competence development in different career paths. Career paths at Etteplan are divided into

expert's, management-oriented and a project management path.

One of the most significant projects that concerned all personnel in 2014 was the development of a new internal portal. The new portal combines the Company's information systems, document management, intranet, internal social media and management system, all in a single tool.

We conducted a Company-wide personnel survey for the third consecutive time using the same method. The results of the survey showed an improvement in all of the measured areas. Based on the survey results, local offices prepared development plans, the implementation of which was monitored throughout the year.

In 2015, Etteplan's human resource management will focus increasingly on improving the effectiveness of work and measuring results. Our aim is to improve employees' personal experiences of human resource management and the development opportunities offered by the Company.

Competition for experts intensified

The recruitment of technical experts became somewhat more difficult in Finland. In Sweden, competition for skilled employees has continued for years. We increased our efforts in recruitment in China and achieved good success in recruiting and training new employees. Competition for skilled employees in the technical field is intensifying throughout Northern Europe. Etteplan is in a good position thanks to its ability to move work to its Chinese offices, where we have high growth potential. This also creates work for Etteplan's offices in Europe.

The number of personnel increased

The number of personnel increased considerably in 2014. At the end of 2014, Etteplan had a total of 1,859 (2013: 1,728) employees, of whom 1,150 (2013: 1,097) worked in Finland, 410 (2013: 413) in Sweden and 81 (2013: 83) in the Netherlands. The number of employees in Finland was an all-time high for the Company. In China, the number of Etteplan's personnel showed a strong increase, amounting to 218 (2013: 135) at the end of the year.

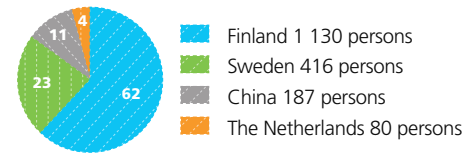
The personnel age structure remains relatively balanced and the distribution of educational backgrounds is largely unchanged from the previous years.

Etteplan paid a total of EUR 94.4 million in salary costs in 2014. Staff costs are the largest single expenditure.

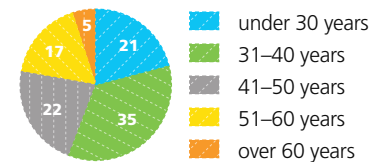
Personnel risks remained unchanged

In the professional service business, HR risks include the availability of labor and the required expertise, as well as attrition. Personnel risks are discussed in more detail on pages 33–34 of this Annual Report.

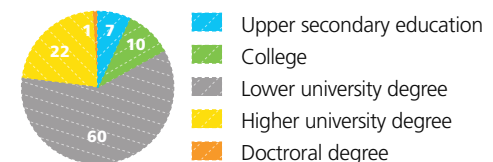
Geographical distribution and average number of personnel 2014, %




Age distribution 2014, %




Educational background 2014, %



Our risk management is systematic



Risk management seeks to anticipate future risks, ensure that targets are reached, and to ensure operations in changing conditions.



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

Etteplan regularly conducts a thorough risk assessment covering the entire business operations. We focus on proactive measures and securing our operations, and on limiting adverse impacts and utilizing opportunities in business operations. We systematically map and assess risks and adjust our operations when needed.

In 2014 the uncertainty caused by the general economic development continued and business risks were on the same elevated level as in 2013. During the year we concentrated on following the changes in the risks discovered in previous years and on identifying new business risks as well as to develop proactive risk management.

Risk management principles

Procedures and instructions

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

Organization

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

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

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

Practices

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

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

Description of risks

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

According to the estimate of the Company management the greatest risks in

**Risk
management is
a key element
in day-to-day
management.**



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

Typical risks of Etteplan's business operations are described in the following section. However, the Company's operations may be subject also to other risks. The most significant risks and uncertainties identified during the financial year are described in the Board of Directors report in the Annual Report 2014 on page 42.

Strategic risks

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

Economic downturn can have a negative effect on investments and hence also on Etteplan's business and profitability. The Group aims to reduce its vulnerability to market risks and business cycles by a balanced portfolio of assignments by customers in different industries, market and geographical areas. The engineering 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 most significant risk in achieving the goal for organic growth is the potential lack of required skilful professionals. Possible unpredictable changes in customers' business also create a risk for Etteplan's business operations.

The implementation of Etteplan's strategy proceeded in 2014 and the business strategy worked well in the prevailing market conditions.

Etteplan's strategic risks as a whole were on previous year's moderate level. The risk was clearly diminished by the good match of the Company's strategy with the market development. However, the development of general economic uncertainty and slow recovery of demand for engineering services respectively increased the risk. The competitive situation in the Swedish market continued to be tight.

Operational risks

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

Etteplan's greatest operational risks are related to assignments and personnel.

The Company's assignments involve a risk that a service or deliverable may include a professional error, omission or other negligence, which could cause significant financial or other damage. In order to manage operating risks, the following procedures are applied: compliance with management systems, codes of practice, and acceptance procedures, training of personnel and compliance with instructions concerning management of quotes and contracts, particularly in delimitation of contractual liability.

Etteplan aims to restrict inherent liability risks by using standardized contract terms and insurances. The assignments are carried out on a fixed-price, ceiling-fee or hourly-rated basis. Fixed-price and ceiling-fee assignments contain the risk that estimates regarding the work of professionals are exceeded as a result of inaccurate time and cost estimates, performance delays, disputes about compensation for additional or changed services, human error or by other unexpected circumstances. Quality management systems and project review processes are in use throughout the Group to avoid and mitigate such risks. Regular project reviews are conducted in major assignments and in assignments which are evaluated to contain 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 risk management of assignments. 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 personnel supporting project managers in their tasks.

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

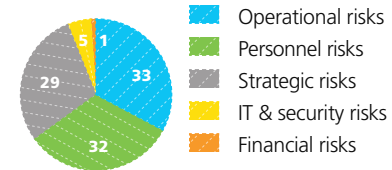
In 2014 Etteplan's operational risks were on previous year's high level. Project business risks were realized due to low price level of projects sold in the weak market situation at the end of 2013.

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. The Group maintains personnel's job satisfaction and welfare at work by developing Group-wide HR processes as well as by investing in the development of personnel.

The most significant personnel risks at Etteplan are related to personnel competence management, attrition and appropriate staffing of assignments. The re-

Risk distribution by risk category, %



alization of these risks are prevented among others by regular PDP discussions, a personnel data system covering the entire Group personnel, systematic follow-up on occupational health and welfare at work as well as by internal procedures and guidelines.

The focus areas in HR management in 2014 are presented in the Annual Report 2014 on pages 28–29.

In 2014 the personnel risks remained on the previous year's high level. The number of disability cases increased somewhat in 2014 and for this reason the risk of increasing TyEl pension insurance fees in Finland in 2014. Increased difficulties in obtaining professional staff in Sweden was an elevated business risk.

IT & security risks

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

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

IT & security risks remained in 2014 on the previous year's low level.

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 2014 on pages 53–58.

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

Financial risks decreased from the previous year's already moderate level.

In 2014 the financial risks decreased from the previous year's already moderate level. Risks related to loan interests decreased which diminished the monetary value of financial risks.

ETTEPLAN'S RISK MAP

Low  Extreme

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

CASE / AW-Energy Oy

AW-Energy took a major step towards its goal by building a wave energy trial and testing facility in Järvenpää, Finland.

At the heart of a WaveRoller wave farm located at the bottom of the ocean is the power take-off (PTO) unit that converts the wave surge phenomenon into electricity with unprecedented hydraulic output and efficiency.

Etteplan has been AW-Energy's main engineering partner in engineering and building the testing facility.

In our testing facility, we can create real ocean conditions, simulate extreme conditions and test substantial mechanical forces. Previously, wave energy testing could practically only be carried out in the natural environment.

Etteplan provided us with all the expertise needed to build our testing facility as well as insight into how to transform our requirements into efficient practical solutions. Etteplan's outstanding project management know-how proved to be of paramount importance in our demanding project.

At AW-Energy's testing facility in Järvenpää (from right):

Jussi Åkerberg
Development Manager, AW-Energy Oy

Sami Pasanen
Principal Design Engineer, AW-Energy Oy

Risto Pukki
Area Manager, Technical documentation, Etteplan



Corporate responsibility guiding Etteplan's business

Finnish wave energy

The Finnish company AW-Energy Oy has patented the WaveRoller concept, a technology that converts the mechanical energy from ocean waves into electricity. AW-Energy's goal is to launch the first commercial WaveRoller wave farm in the market in 2016.



Engineering needs are increasing

Corporate social responsibility and sustainable development are megatrends that affect the requirements set for the engineering of machinery and equipment, creating new business for both companies that offer engineering services and machinery and equipment manufacturers.

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2014

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Review by the Board of Directors

January 1–December 31, 2014

Operating environment

The year 2014 was challenging for companies in the engineering industry in almost all of Europe. Our customers' demand was stagnant and even declined in several of Etteplan's customer industries.

In Finland, demand for engineering services started off slowly in 2014 and corresponded with the weak level of demand seen in late 2013.

In Finland, the revenue of companies in the Federation of Finnish Technology Industries in 2014 is forecasted to remain at the 2013 level (Source: Federation of Finnish Technology Industries). The demand for engineering services and technical documentation solutions improved more slowly in the first half of the year than expected, and the improvement in demand mostly occurred later in the year.

In Sweden, the demand for engineering and technical documentation services was more active than in Finland. The number and value of assignments received by companies in the engineering design industry grew (ALMEGA: Sector Review, December 2014). At the same time, price competition and competition for competent personnel remained tight in the Swedish market. The weakened Swedish krona gave a boost to projects in the export industry.

The demand situation and macroeconomic development in the Netherlands was very similar to Finland. The demand for technical documentation was at a relatively low level, but picked up somewhat late in the year.

While economic growth in China slowed down, growth in industrial production in China was among the highest in the world. In other growth economies, the growth in industrial production was not as fast. Strong growth in industrial production combined with a rising cost level forced production companies operating in China to consider even more carefully which activities to perform themselves and which activities to outsource to partners. Increasingly more companies in China ended up buying design engineering from an external service provider. However, the Chinese service market remains young and there are not as many service providers as in Western countries.

Business review

Revenue decreased in the first quarter and continued to decline in the second quarter. In the second half of the year, revenue took a turn to steady growth. Etteplan's strong market position in a competitive situation that continued to be tight early in the year had a positive effect on business operations. Our market position was strengthened further throughout the year, particularly in Finland. In Sweden, our market position was strengthened in technical documentation.

Sales to key customers increased by 3.4 per cent in the review period compared to the corresponding period last year (1–12/2013). Growth in the first half of the year (1–6/2014) was negative, only turning to positive in the third quarter.

The share of total revenue represented by Managed Services continued to develop favorably throughout the review period and was approximately 40 per cent. The factors contributing to the increase in the proportion of revenue represented by Managed Services included extensive outsourcing agreements.

Business operations in China continued to develop favorably, as the number of working hours sold to the Chinese market continued to increase. The growth in working hours sold during the review period was over 100 per cent compared to the corresponding period in 2013. The number of offshoring hours completed outside China continued to grow as well. Local revenue in China nearly doubled.

The utilization rate of engineering services was at a good level on average during the review period. Reductions in personnel in Finland were implemented as temporary layoffs. The number of temporary layoffs decreased steadily throughout the review period, remaining at under 50 people in the fourth quarter. At the same time, the total number of personnel increased substantially, reaching a record-high level in both Finland and China.

In January 2014, Etteplan acquired the entire share capital of the Swedish company ProAvia Konsult AB. Established in 2003, the company provides systems engineering services, particularly for the aerospace and defense industry. The acquisition strengthens Etteplan's market position and expertise in demanding systems engineering and creates better growth opportunities for Etteplan.

At the end of April, Etteplan acquired Elomatic's Chinese engineering operations. Elomatic's engineers and accounts in China were transferred to Etteplan.

Revenue

Etteplan's revenue increased by 2.5 per cent and was EUR 131.9 million (1-12/2013: EUR 128.6 million). Revenue increased by 4.2 per cent at comparable exchange rates. Organic growth was 0.6 per cent. The growth in revenue was attributable to the strengthened market position and the improvement in demand in the latter part of the year.

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

Result

Operating profit increased by 23.4 per cent and was EUR 7.9 million (1-12/2013: EUR 6.4 million). The operating profit includes non-recurring items with a total positive effect of EUR 0.8 million (EUR 0.2 million). The positive non-recurring items totaling EUR 1.3 million resulted from the completion of acquisitions. Restructuring costs during the review period amounted to EUR 0.5 million.

Operating profit was improved by revenue growth and a better utilization rate of the engineering capacity than in the comparison period. Operating profit was weakened by the low price level of projects sold in the weak market situation of late 2013. The operational costs increased by 1.9 per cent. Operating profit percentage improved and was 6.0 (4.9). The improvement in profitability was attributable to Managed Services representing a larger share of revenue than in the comparison period. EBITDA improved by 15.7 per cent and amounted to EUR 10.5 million (EUR 9.1 million).

Financial expenses were EUR 1.1 million (1-12/2013: EUR 0.9 million).

Profit before taxes for the review period was EUR 7.2 million (1-12/2013: EUR 5.7 million). Taxes in the income statement amounted to 14.2 per cent (1-12/2013: 22.6 per cent) calculated of the result before taxes. The amount of taxes was EUR 1.0 million (EUR 1.3 million). Taxes in the income statement were affected by a tax-free portion of EUR 1.3 million reported in the result in relation to the completion of acquisitions as well as the utilization of the losses of Chinese operations from previous years in taxation.

The profit for the review period was EUR 6.1 million (1-12/2013: EUR 4.4 million). Earnings per share were EUR 0.30 (EUR 0.22). Equity per share was EUR 1.45 (EUR 1.31). Return on capital employed (ROCE) before taxes was 17.8 per cent (14.6 per cent).

Financial position and cash flow

Total assets on December 31, 2014 were EUR 75.5 million (December 31, 2013: EUR 74.5 million). Goodwill on the balance sheet was EUR 38.6 million (December 31, 2013: EUR 39.1 million).

The Group's cash and cash equivalents stood at EUR 2.6 million (December 31, 2013: EUR 1.0 million). The Group's financial liabilities at the end of the review period amounted to EUR 18.8 million (December 31, 2013: EUR 19.7 million). The total of unused short-term credit facilities stood at EUR 8.3 million (December 31, 2013: EUR 10.6 million).

The equity ratio improved and was 39.5 per cent (December 31, 2013: 35.9 per cent). Operating cash flow was EUR 7.8 million (1-12/2013: EUR 1.8 million). Cash flow after investments was EUR 5.6 million (1-12/2013: EUR 0.2 million). Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Capital expenditures

The Group's gross investments during the review period were EUR 3.6 million (1-12/2013: EUR 2.3 million). Investments comprised, among other things, of an acquisition and license fees for engineering software.

Personnel

The Group employed 1,813 (1-12/2013: 1,736) people on average during the review period and 1,859 (December 31, 2013: 1,728) at the end of the review period. At the end of the review period, 709 people (December 31, 2013: 631) were employed by the Group abroad.

Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a new share-based incentive plan for the Company's President and CEO. The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The reward to be paid on the basis of the Restricted Stock Plan 2014 will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a new share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). Approximately 15 people belong to the target group of the Plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market.

Annual General Meeting

The Annual General Meeting of Shareholders of Etteplan Oyj was held at the premises of the Company in Vantaa on March 26, 2014. In accordance with the proposal of the Board of Directors' Nomination and Remuneration Committee the Annual General Meeting re-elected Robert Ingman, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen as Board members. In addition Patrick von Essen was elected as a new member to the Board.

The Annual General Meeting approved the Financial Statements for financial year 2013 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. Certified Auditor Olli Wesamaa was elected as the second 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 26, 2014 and ending on September 25, 2015. The authorization replaced the corresponding previous authorization.

The Annual General Meeting resolved, in accordance with proposal of the Board of Directors, to authorize the Board of Directors to decide to issue a maximum of 4,000,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Companies Act in one or more issues. The authorization includes a right to issue new shares or assign Company's own shares held by the Company.

The authorization includes a right to deviate from the existing shareholders' pre-emptive subscription right as set forth in the Companies Act Chapter 9,

Section 3. Therefore, the Board of Directors has a right to direct the share issue, or issuance of the option rights or other special rights entitling to shares. The authorization includes also a right to determine on all the terms of share issue, option rights or other special rights entitling to shares. The authorization includes therefore a right to determine on share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the Company must have a substantial financial reason such as financing of a company acquisition, other arrangement in connection with the development of the Company's business or equity or an incentive scheme to the personnel. In connection of the share issuance the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes a right to determine whether the subscription price will be entered into the share capital or into the reserve of invested non-restricted equity.

The authorization is valid for 2 years from the date of the resolution of the Annual General Meeting starting on March 26, 2014 and ending on March 25, 2016. The authorization replaced the corresponding previous authorization.

Dividend

The Annual General Meeting on March 26, 2014 passed a resolution, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.11 per share be paid for the financial year 2013 and the remaining funds shall be left to the unrestricted equity. The dividend was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date of the payment of dividend was March 31, 2014. The dividend was paid on April 7, 2014.

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, 2014 was EUR 5,000,000.00, and the total number of shares was 20,179,414. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The Company held 308,886 of its own shares on December 31, 2014, which corresponds 1.53 per cent of all shares and voting rights (December 31, 2013: 461,791). In January-December 2014, the Company did not acquire any company-held shares. On October 8, 2014, Etteplan disposed of 152,905 company-held shares as part of the payment of Tedopres International B.V. acquisition earn-out.

The number of Etteplan Oyj shares traded during the review period was 614,203, to a total value of EUR 2.0 million. The share price low was EUR 2.91, the high EUR 3.34, the average EUR 3.18 and the closing price EUR 3.04. Market capitalization on December 31, 2014 was EUR 60.4 million.

On December 31, 2014, the members of the Company's Board of Directors and the President and CEO owned a total of 41,876 (December 31, 2013: 41,876) shares, or 0.21 per cent of the total share base.

Flaggings

Etteplan Oyj received no flagging notices in January-December 2014.

Major events after the review period

Global outsourcing agreement with Husqvarna Group

In January 2015 Etteplan and Husqvarna Group have entered into a long-term cooperation agreement, whereby Husqvarna Group will outsource the production and maintenance of the technical documentation of all the Group's products and brands to Etteplan. The implementation of the global agreement will start in Sweden, where nine of Husqvarna Group's employees will be offered employment at Etteplan's office in Jönköping. In the second phase, the plan is to implement the agreement at Husqvarna Group's sites in Ulm, Germany, and Charlotte, USA. In the third phase, Husqvarna Group's sites in China and Japan will follow suit.

Operating risks and uncertainty factors

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

Etteplan's risk management review will be included in the 2014 Annual Report published in week 10/2015.

Operating risks and uncertainty factors in the review period

The uncertainty caused by the general economic development continued throughout the review period 1–12/2014. The demand for engineering and technical documentation services recovered slowly toward the end of the year.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. During the period under review, increased difficulties in recruiting professional staff in Sweden was an elevated business risk that materialized and burdened the revenue and operating profit for the review period. In Sweden, attrition, which has previously been at a significant level, declined somewhat in 2014.

Estimate of operating risks and uncertainty factors in the near future

The uncertainty caused by the general economic development continues to be a risk for Etteplan's business. Uncertainty is maintained particularly by slow economic growth in Russia and Europe. The possibility of changes in customers' business operations are a significant risk to Etteplan's operations.

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

Risks related to business operations are still at a significant level.

Market outlook 2015

The most important factor in the development of Etteplan's business operations is the global development of the machinery and metal industry. Market development remains uncertain due to the political and economic situation in Europe. Etteplan's customers also operate in the North American and Asian markets, where the demand situation is better than in Europe.

Financial guidance 2015

We expect the revenue and operating profit for the year 2015 to grow compared to 2014.

The Board's proposal for distribution of 2014 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2014, is EUR 14,119,569.84. The Board of Directors will propose to the Annual General Meeting, which will convene on March 27, 2015, that on the dividend payout date a dividend of EUR 0.15 per share be paid on the Company's externally owned shares, for a total amount of EUR 3,026,912.10 at most, and that the remaining profit be transferred to retained earnings. It is the Board's opinion that the proposed distribution of dividends will not endanger the Company's solvency. In accordance with the Board's proposal, the record date for the dividend payout is March 31, 2015, and the date of dividend payout is April 9, 2015.

Annual General Meeting 2015

Etteplan Oyj's Annual General Meeting will be held in Vantaa, Finland, on March 27, 2015, starting at 1 p.m. Summons to the AGM will be published as a separate release.

Corporate Governance Statement

Etteplan Oyj is publishing the Corporate Governance statement for 2014 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 2014 on pages 90–97.

Etteplan Oyj

Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1.1.–31.12.2014	1.1.–31.12.2013
Revenue	7	131,916	128,647
Other operating income	9	1,567	1,134
Materials and services	11	-9,524	-11,605
Staff costs	12	-94,367	-90,250
Other operating expenses		-19,108	-18,862
Depreciation and amortization	19, 20	-2,629	-2,697
Operating profit (EBIT)		7,856 6.0%	6,366 4.9 %
Financial income	14	394	306
Financial expenses	15	-1,082	-947
Share of the result of associate		0	-54
Profit before taxes		7,168	5,672
Income taxes	17	-1,020	-1,282
Profit for the financial year		6,147	4,390
Other comprehensive income, that may be subsequently reclassified to profit or loss			
Foreign subsidiary net investment hedge	4.1.1	154	125
Currency translation differences		-1,599	-882
Change in fair value of investments available-for-sale		1	38
Tax from items, that may be subsequently reclassified to profit or loss	17	-31	80
Other comprehensive income for the year, net of tax		-1,475	-639
Total comprehensive income for the year		4,673	3,751
Income attributable to			
Equity holders of the parent company		5,930	4,291
Non-controlling interest		218	98
		6,147	4,390
Total comprehensive income attributable to			
Equity holders of the parent company		4,466	3,649
Non-controlling interest		207	102
		4,673	3,751
Earnings per share calculated from the result attributable to equity holders of the parent company			
Basic earnings per share, EUR	18	0.30	0.22
Diluted earnings per share, EUR	18	0.30	0.22

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Tangible assets	19	1,866	2,043
Goodwill	21	38,642	39,131
Other intangible assets	20	5,876	5,895
Investments available-for-sale	23	642	641
Deferred tax assets	35	110	100
Non-current assets, total		47,136	47,809
Current assets			
Trade and other receivables	25	25,442	25,709
Current tax assets	26	321	0
Cash and cash equivalents	27	2,575	975
Current assets, total		28,337	26,684
TOTAL ASSETS		75,474	74,493

EUR 1,000	Note	31.12.2014	31.12.2013
EQUITY AND LIABILITIES			
Capital attributable to equity holders of the parent company			
Share capital	28	5,000	5,000
Share premium account	28	6,701	6,701
Unrestricted equity fund	28	2,364	2,614
Own shares	28	-912	-1,912
Cumulative translation adjustment	28	-1,472	-20
Other reserves	28	177	189
Retained earnings	28	11,030	8,889
Profit for the financial year	28	5,930	4,291
Capital attributable to equity holders of the parent company, total		28,818	25,753
Non-controlling interest		-65	-272
Equity, total		28,753	25,481
Non-current liabilities			
Deferred tax liabilities	35	1,087	1,010
Financial liabilities	30	9,137	10,831
Other non-current liabilities	32	57	2,438
Non-current liabilities, total		10,280	14,279
Current liabilities			
Financial liabilities	30	9,681	8,837
Trade and other payables	33	26,666	25,478
Current income tax liabilities	34	94	418
Current liabilities, total		36,441	34,734
Liabilities, total		46,721	49,012
TOTAL EQUITY AND LIABILITIES		75,474	74,493

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-31.12.2014	1.1.-31.12.2013
OPERATING CASH FLOW		
Cash receipts from customers	131,858	127,633
Operating expenses paid	-121,506	-122,910
Operating cash flow before financial items and taxes	10,352	4,724
Interest and payment paid for financial expenses	-743	-778
Interest received	24	35
Income taxes paid	-1,879	-2,192
Operating cash flow (A)	7,754	1,789
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	-885	-1,749
Acquisition of subsidiaries	-1,396	0
Disposal of associates	0	100
Proceeds from sale of tangible and intangible assets	80	9
Proceeds from sale of investments	1	0
Loan receivables, decrease	1	9
Loan receivables, increase	0	-2
Investing cash flow (B)	-2,200	-1,634
Cash flow after investments (A+B)	5,554	154
FINANCING CASH FLOW		
Short-term loans, increase	266	2,516
Short-term loans, decrease	-4,562	-3,370
Long-term loans, increase	3,048	3,000
Long-term loans, decrease	0	-2,792
Payment of finance lease liabilities	-879	-1,045
Dividend paid and other profit distribution	-2,169	-2,956
Financing cash flow (C)	-4,295	-4,647
Variation in cash (A+B+C) increase (+) / decrease (-)	1,258	-4,493
Assets at the beginning of the financial period	975	5,402
Exchange gains or losses on cash and cash equivalents	341	65
Assets at the end of the financial period	2,575	975

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Share premium account	Unrestricted equity fund	Other reserves	Own shares	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interest	Equity total
Equity 1.1.2013	5,000	6,701	2,584	150	-1,936	660	11,889	25,051	-374	24,678
Comprehensive income										
Profit for the financial year							4,291	4,291	98	4,390
Fair value reserve available-for-sale assets				38				38		38
Foreign subsidiary net investment hedge						205		205		205
Cumulative translation adjustment						-886		-886	4	-882
Total comprehensive income for the year	0	0	0	38	0	-681	4,291	3,649	102	3,751
Transactions with owners										
Dividends							-2,956	-2,956		-2,956
Reclassifications							2	2		2
Share based incentive plan			29		24		-46	7		7
Transactions with owners, total	0	0	29	0	24	0	-3,001	-2,947	0	-2,947
Equity 31.12.2013	5,000	6,701	2,614	189	-1,912	-21	13,180	25,753	-272	25,482
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 1.1.2014	5,000	6,701	2,614	189	-1,912	-21	13,180	25,753	-272	25,481
Comprehensive income										
Profit for the financial year							5,930	5,930	218	6,147
Fair value reserve available-for-sale assets				1				1		1
Foreign subsidiary net investment hedge						123		123		123
Cumulative translation adjustment						-1,588		-1,588	-11	-1,599
Total comprehensive income for the year	0	0	0	1	0	-1,465	5,930	4,466	207	4,673
Transactions with owners										
Dividends							-2,169	-2,169		-2,169
Reclassifications				-14		13	19	19		19
Change in contingent consideration			-250		747			497		497
Share based incentive plan					252			252		252
Transactions with owners, total	0	0	-250	-14	999	13	-2,150	-1,401	0	-1,401
Equity 31.12.2014	5,000	6,701	2,364	177	-912	-1,472	16,960	28,818	-65	28,753

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

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

The Etteplan Oyj Board of Directors approved these financial statements for publication at its meeting on February 11, 2015.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost

convention, as modified by the revaluation of land areas, available-for-sale financial assets and financial liabilities at fair value through profit or loss.

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

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

There are several new standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014, none of which are material to the Group.

(b) New standards, amendments and interpretations issued, but not effective for the financial year beginning January 1, 2014 and not early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

IFRS 15, 'Revenue from contracts with customers' establishes principles for recognizing revenue from the entity's contracts with customers and for the related disclosures. Recognition of revenue can happen over time or at a certain point in time depending on when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after



1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

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

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. A contingent consideration classified as liability is revalued to fair value at the end of each financial year and the resulting profit or loss is recognized in the income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

b) Transactions and balances

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

(c) Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) all resulting exchange differences are recognized in other comprehensive income.

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

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

2.5 Tangible assets

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

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

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

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

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

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

2.6 Intangible assets

(a) Goodwill

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

(b) Other intangible assets

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

software.....	3 to 7 years
other intangible assets.....	3 to 10 years

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

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

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

2.7 Impairment of non-financial assets

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

The essential assumptions for impairment tests are presented in Note 24 to the financial statements ('Impairment testing').

2.8 Financial assets

2.8.1 Classification

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

(a) Loans and receivables

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

(b) Available-for-sale financial assets

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

2.8.2 Recognition and measurement

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

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

value is permanently impaired, the accumulated fair value adjustments are included in the income statement.

2.9 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

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

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

(b) Assets classified as available-for-sale

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

2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or

less, they are classified as current assets. If not, they are presented as non-current assets.

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

2.11 Cash and cash equivalents

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

2.12 Share capital

Etteplan Oyj has one series of shares. Share capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

2.13 Financial liabilities

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

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

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

2.14 Trade payables

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

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

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest

method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.16 Current and deferred income tax

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

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

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

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

2.17 Employee benefits

(a) Pension obligations

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



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

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

(b) Termination benefits

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

(c) Profit-sharing and bonus plans

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

(d) Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a new share-based incentive plan for the Company's President and CEO. The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a new share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes calendar years 2014, 2015 and 2016.

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.

2.18 Recognition of income

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

(a) Income from services

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

(b) Income from sales of materials

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

(c) Government grants

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

(d) Long-term projects

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

2.19 Interest and dividend income

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

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

2.20 Lease agreements

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

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

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

2.21 Dividend distribution

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

2.22 Foreign subsidiary net investment hedge

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

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

2.23 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income and expense that have been shown separately due to the significance of their nature or amount.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical accounting estimates and assumptions

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

(a) Fair value measurement in connection with acquisitions

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

(b) Impairment testing

The Group tests goodwill and intangible assets with unlimited useful lives for impairment annually. Indications of impairment are evaluated in the manner described in note 2.7. Recoverable amounts for cash-generating units are based on value-in-use calculations. Estimates are required in making these calculations.

Values recorded in the balance sheet in the end of the financial year were 38,642 thousand euros (2013: 39,131 thousand euros). Additional information on the sensitivity of the recoverable amounts to changes in assumptions used is disclosed in Note 24 Impairment testing.

4 MANAGEMENT OF FINANCIAL RISKS

4.1 Financial risk factors

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

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

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

4.1.1 Foreign-currency risk

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

(a) Transaction risk

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

The Group did not take steps to protect itself against transaction risks during the review period.

(b) Translation risk

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

A proportion of the Group's SEK denominated borrowings amounting to EUR 2,359 thousand (2013: EUR 3,059 thousand) are designated as a hedge of the net investment in the Group's Swedish subsidiaries. The foreign exchange gain of EUR 154 thousand (2013: gain EUR 125 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, 2014 was EUR 23,098 thousand (2013: EUR 23,897 thousand).

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

EUR 1,000	Effect on EBIT		Effect on equity	
	2014	2013	2014	2013
SEK +/-10%	+/-26	+/-45	2,069	2,107

4.1.2 Interest risk

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

The Group manages the interest risk by diversifying its loan portfolio to include loans based on different reference rates. On the balance sheet date, the total amount of interest-bearing debt excluding leasing liabilities was EUR 17,411 thousand covered with contracts in which the interest range is between 1.25 and 5.0 percent.

If interest rates increased by 1 percentage point, the Group's interest expenses would increase by EUR 59 thousand per annum.

4.1.3 Financing and liquidity risk

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

The Group uses credit limits tied to cash-pool arrangements for short-term financing. On the balance sheet date, the Group had EUR 10,110 thousand of available credit limits, of which EUR 1,773 thousand was in use.

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

The Company has financial covenants, which are tied to the equity ratio of the Group and to the debt/EBITDA -ratio of the Group. In case the Group's equity ratio at the time of the financial statement is below 25% or the debt/EBITDA -ratio is higher than 3.5, the financier has the right to demand immediate payment of all the Group's loans. According to financial statements in 2014 the terms of these covenants are not breached.

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

4.1.4 Counterparty and credit risk

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

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

A considerable proportion of the Group's business operations focus on large, financially solid companies that operate internationally. Credit risk is also reduced by the customer companies being divided among several different sectors of operation.

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

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

The maximum customer credit risk exposure is the book value of accounts receivable at the end of the financial period.

4.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total gross interest-bearing debt 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	2014	2013
Gross interest-bearing debt	18,818	19,668
Less: cash and cash equivalents	-2,575	-975
Net debt	16,243	18,693
Total equity	28,753	25,481
Net gearing ratio	56.5%	73.4%

Fair value hierarchy

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Available for sale financial assets recognized at fair value through profit or loss

EUR 1,000	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed shares	134	0	0	134	133	0	0	133
Premises shares	0	480	0	480	0	480	0	480
Unlisted shares	0	0	29	29	0	0	29	29
Total	134	480	29	642	133	480	29	641

Reconciliation of available for sale financial assets recognized at fair value through profit or loss

EUR 1,000	2014				2013			
	Listed shares	Premises shares	Unlisted shares	Total	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at Jan 1	133	480	29	641	96	480	29	604
Gain/loss recognized in other comprehensive income	1	0	0	1	37	0	0	37
Closing balance Dec 31	134	480	29	642	133	480	29	641

Financial liabilities recognized at fair value through profit or loss

EUR 1,000	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Contingent liability from acquisitions	0	0	434	434	0	0	1,823	1,823
Total	0	0	434	434	0	0	1,823	1,823

Reconciliation of financial liabilities recognized at fair value through profit or loss

EUR 1,000	2014		2013	
	Contingent liability from acquisitions	Total	Contingent liability from acquisitions	Total
Opening balance at Jan 1	1,823	1,823	2,600	2,600
Additions	226	226	0	0
Gain/loss recognized in the income statement	-1,111	-1,111	-777	-777
Reclassification booked in equity	-505	-505	0	0
Closing balance Dec 31	434	434	1,823	1,823

Financial instruments by category

Financial assets 31.12.2014

EUR 1,000	Note	Loans and receivables	Available-for-sale	Book value total	Fair value
Available-for-sale financial assets	23		642	642	642
Accrued income (excluding prepayments)	25	7,627		7,627	7,627
Trade and other receivables	25	17,540		17,540	17,540
Cash and cash equivalents	27	2,575		2,575	2,575
Financial assets total		27,741	642	28,384	28,384

Financial liabilities 31.12.2014

EUR 1,000	Note	Financial liabilities at fair value through profit and loss	Other financial liabilities	Book value total	Fair value
Loans from financial institutions	30		17,411	17,411	17,411
Finance lease liabilities	30		1,407	1,407	1,407
Contingent liability from acquisition	33	434		434	434
Pension liabilities	32		57	57	57
Trade payables	33		3,034	3,034	3,034
Accrued expenses	33		14,390	14,390	14,390
Other payables	33		2,138	2,138	2,138
Financial liabilities total		434	38,436	38,870	38,870

Financial assets 31.12.2013

EUR 1,000	Note	Loans and receivables	Available-for-sale	Book value total	Fair value
Available-for-sale financial assets	23		641	641	641
Accrued income (excluding prepayments)	25	9,970		9,970	9,970
Trade and other receivables	25	15,380		15,380	15,380
Cash and cash equivalents	27	975		975	975
Financial assets total		26,326	641	26,967	26,967

Financial liabilities 31.12.2013

EUR 1,000	Note	Financial liabilities at fair value through profit and loss	Other financial liabilities	Book value total	Fair value
Loans from financial institutions	30		18,390	18,390	18,390
Finance lease liabilities	30		1,278	1,278	1,278
Contingent liability from acquisition	32	1,823		1,823	1,823
Pension liabilities	32		614	614	614
Trade payables	33		4,281	4,281	4,281
Accrued expenses	33		12,432	12,432	12,432
Other payables	33		2,201	2,201	2,201
Financial liabilities total		1,823	39,196	41,020	41,020

Maturity analysis of financial liabilities

2014

EUR 1,000	Less than 1 year	1–5 years
Borrowings	8,977	8,434
Finance lease payments	883	824
Interest payments	172	95
Contingent liability from acquisition	434	0
Trade and other payables	5,172	0
Financial liabilities total	15,637	9,353

2013

EUR 1,000	Less than 1 year	1–5 years
Borrowings	8,136	10,254
Finance lease payments	911	633
Interest payments	278	274
Contingent liability from acquisition	0	1,823
Trade and other payables	6,482	0
Financial liabilities total	15,807	12,984

5 BUSINESS COMBINATIONS

ProAvia Konsult AB

On January 9, 2014 Etteplan Oyj acquired the the entire share capital of Swedish ProAvia Konsult AB. The company, founded in 2003, provides services in the field of systems engineering targeted especially to defense industry. ProAvia employs about 30 people and it has offices in Stockholm and Linköping. The acquisition strengthens Etteplan's market position and expertise in the area of demanding systems engineering and creates better growth opportunities for Etteplan. With the acquisition, Etteplan becomes one of the largest companies providing systems engineering in Sweden. The acquisition enhances Etteplan's opportunities to offer services to aerospace and defense customers also outside Sweden.

The total consideration transferred includes a contingent consideration, according to which the Group is required to pay the former owners of ProAvia Konsult AB an amount between EUR 0 and 226 thousand (undiscounted amount). The Group is required to pay the contingent consideration in full provided that the cumulative EBIT of ProAvia Konsult AB in 2014 reaches a certain threshold amount, a new framework agreement is signed by Etteplan Industry AB and the Swedish defense organization by March 31, 2015 and the attrition rate among ProAvia Konsult AB's employees fulfils certain terms specified in the acquisition agreement. The fair value of the contingent consideration arrangement is estimated by applying the income approach. At the time of acquisition the fair value of the contingent consideration was EUR 226 thousand.

The goodwill of EUR 594 thousand arising from the acquisition is attributable to the synergies and economies of scale expected from combining the operations of the Group and the acquired company. None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for ProAvia Konsult AB and the assets acquired and liabilities assumed recognized at the acquisition date.

EUR 1,000	
Consideration transferred:	
Cash	1,544
Contingent consideration	226
Total consideration transferred	1,770
Fair value of identifiable assets acquired and liabilities assumed:	
Tangible assets	9
Intangible assets	115
Customer relations (intangible assets)	1,226
Trade and other receivables	1,299
Cash and cash equivalents	152
Total assets	2,800
Non-current liabilities	34
Current liabilities	1,320
Deferred tax liability	270
Liabilities total	1,624
Total identifiable net assets	1,176
Formation of Goodwill:	
Consideration transferred	1,770
Total identifiable net assets	1,176
Goodwill	594

Acquisition-related costs, EUR 42 thousand, are included in other operating expenses in the consolidated income statement. The revenue included in the consolidated income statement since January 1, 2014 contributed by ProAvia Konsult AB was EUR 2,496 thousand. ProAvia Konsult AB contributed profit of EUR 237 thousand over the same period.

Due to the fair value revaluation of the contingent consideration on Dec 31, 2014, a profit of EUR 226 thousand was booked in the income statement.

Tedopres International B.V.

Etteplan Oyj and the former owners of Tedopres International B.V. agreed on changing the terms of the contingent consideration agreement included in the acquisition of Tedopres International B.V. The new terms include the fixed contingent consideration to be paid partly in Etteplan Oyj shares and partly in cash. Etteplan Oyj disposed 152,905 company-held shares on October 8, 2014. The proportion to be paid in cash, EUR 440 thousand, will be paid in the first quarter of 2015.

A profit of EUR 885 thousand was booked in the income statement due to the change in the amount of the contingent consideration.

6 SEGMENT REPORTING

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

EUR 1,000	2014	2013
Revenue		
Finland	78,150	74,756
Sweden	43,095	45,219
China	4,091	2,218
The Netherlands	6,580	6,455
Total	131,916	128,647
Non-current assets *		
Finland	13,200	13,193
Sweden	24,553	24,182
China	2,366	2,091
The Netherlands	6,259	7,603
Total	46,378	47,069

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

In financial year 2014 the revenue from one individual customer were EUR 13,969 thousand, which is over 10 per cent of the Group's total revenue.

7 REVENUE

EUR 1,000	2014	2013
Revenue from rendering of services	131,916	128,647
Revenue from sales of goods	0*	0*
Total	131,916	128,647

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

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

8 LONG-TERM PROJECTS

EUR 1,000	2014	2013
Amount of project revenue recognized during the financial year	7,200	5,662
Cumulative expenses and income recognized by the end of the period	5,397	3,024
Advances received	2,362	2,414

9 OTHER OPERATING INCOME

EUR 1,000	2014	2013
Revaluation of the contingent consideration	1,271	777
Sales profit of tangible and intangible assets	2	74
Other operating income	294	283
Total	1,567	1,134

10 EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. Revaluation of the additional purchase prices included in Tedopres and ProAvia acquisitions and certain reorganization expenses are such items. The lines in which they are included in the income statement are specified in the table below:

EUR 1,000	2014	2013
Other operating income	1,271	777
Staff costs and other operating expenses	-508	-621
Operating profit (EBIT)	763	156
Financial expenses	-160	0
Profit for the financial year	603	156

11 MATERIALS AND SERVICES

EUR 1,000	2014	2013
Materials	1,716	2,814
Services from associates	0	95
Services from others	7,808	8,696
Total	9,524	11,605

12 NUMBER OF PERSONNEL AND STAFF COSTS

EUR 1,000	2014	2013
Personnel		
Personnel at year-end	1,859	1,728
Personnel, average	1,813	1,736
Personnel by category		
Design personnel	1,772	1,648
Administrative personnel	87	80
Total	1,859	1,728
Staff costs		
Wages and salaries	73,869	70,363
Pension costs - defined contribution plans	10,712	10,086
Pension costs - defined benefit plans	0	18
Other indirect employee costs	9,787	9,783
Total	94,367	90,250

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

In Sweden and the Netherlands a part of the pension arrangements are defined benefit plans, which are secured through an insurance. These arrangements are defined benefit plans as described in IAS 19, of which there is not sufficient information available to be treated as defined benefit plans. Therefore these plans are treated as defined contribution plans. Total amount paid to the insurer in 2014 in Sweden is EUR 1,116 thousand (2013: EUR 1,094 thousand) and In The Netherlands EUR 377 thousand (2013: EUR 378 thousand).

13 AUDIT FEES

EUR 1,000	2014	2013
PricewaterhouseCoopers:		
Auditing	61	51
Other services	33	66
Other auditors:		
Auditing	23	24
Other services	7	19
Total	123	160

14 FINANCIAL INCOME

EUR 1,000	2014	2013
Dividend income from others	1	0
Dividend income from assets available-for-sale	8	6
Interest income from loans and other receivables	15	29
Foreign exchange gain	370	271
Total	394	306

15 FINANCIAL EXPENSES

EUR 1,000	2014	2013
Interest on borrowings	584	637
Leasing interest expenses	55	70
Foreign exchange loss	209	179
Loss from reversal of liability discounting	160	0
Other financial expenses	75	60
Total	1,082	947

16 TRANSLATION DIFFERENCES RECOGNIZED IN INCOME STATEMENT

EUR 1,000	2014	2013
Translation differences included in revenue	0	6
Foreign exchange gain included in financial income	370	271
Foreign exchange loss included in financial expenses	-209	-179
Total	161	98

17 INCOME TAXES

EUR 1,000	2014	2013
Tax on income from operations	-1,315	-1,461
Tax corrections for previous accounting periods	66	-4
Change in deferred tax asset	12	90
Change in deferred tax liability	216	93
Total	-1,020	-1,282

Reconciliation between income taxes in the income statement and the theoretical amount of tax that would arise using the Group's domestic tax rate (2014: 20.0%, 2013: 24.5%)

EUR 1,000	2014	2013
Accounting profit before tax	7,168	5,672
Income tax expense		
Mathematical tax based on parent company's tax rate	-1,434	-1,390
Differences (net)		
Effect of different tax rates in group companies	-56	-12
Effect of tax rate changes on deferred taxes	0	-9
Calculated tax based on non-deductible items on unit's tax rate	-178	-100
Calculated tax based on non-taxable items on unit's tax rate	390	36
Tax corrections for previous accounting periods	66	-4
Deferred tax corrections for previous accounting periods	0	129
Use of previously unrecognized tax on confirmed losses	198	91
Unrecognized tax on loss for the period	-4	-13
Other tax difference	-2	-10
Income tax expense	-1,020	-1,282

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

EUR 1,000	2014			2013		
	Before tax	Tax charge / credit	After tax	Before tax	Tax charge / credit	After tax
Change in fair value of investments available-for-sale	1	0	1	37	2	38
Foreign subsidiary net investment hedges	154	-31	123	125	80	205
Currency translation differences	-1,599	0	-1,599	-882	0	-882
Other comprehensive income for the year, net of tax	-1,444	-31	-1,475	-721	82	-639

18 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent company for the financial year by the weighted average number of externally owned shares during the financial year. In the calculation the shares purchased by the Company are excluded. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to reflect the conversion of all dilutive effect ordinary shares.

	2014	2013
Profit for the financial year (EUR 1,000)	6,147	4,390
Non-controlling interest (EUR 1,000)	-218	-98
Profit attributable to equity holders of the parent company (EUR 1,000)	5,930	4,291
Weighted average number of shares (1,000 pcs)	19,753	19,718
Basic earnings per share (EUR per share)	0.30	0.22
Weighted average number of shares (1,000 pcs)	19,753	19,718
Dilution due to share based remunerations	0	0
The diluted weighted average number of shares for the calculation of earnings per share	19,753	19,718
Diluted earnings per share (EUR per share)	0.30	0.22

19 TANGIBLE ASSETS

2014

EUR 1,000	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost at 1.1.	19	10,327	5,317	918	16,581
Translation difference	0	-74	-33	0	-107
Acquisition of subsidiaries	0	0	0	8	8
Additions	0	350	859	42	1,250
Reclassifications between items	0	-12	0	12	0
Disposals	0	-157	-9	-567	-732
Acquisition cost 31.12.	19	10,434	6,133	414	17,000
Cumulative depreciation 1.1.	0	-9,681	-4,561	-297	-14,538
Translation difference	0	91	23	0	115
Cumulative depreciation on disposals	0	145	9	0	154
Cumulative depreciation on reclassifications	0	12	0	-12	0
Depreciation for the financial period	0	-229	-618	-17	-864
Cumulative depreciation 31.12.	0	-9,661	-5,147	-326	-15,134
Book value 31.12.2014	19	772	987	88	1,866

2013

EUR 1,000	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost at 1.1.	19	10,215	4,885	338	15,458
Translation difference	0	-88	-15	0	-103
Additions	0	259	447	580	1,285
Disposals	0	-59	0	0	-59
Acquisition cost 31.12.	19	10,327	5,317	918	16,581
Cumulative depreciation 1.1.	0	-9,601	-3,828	-274	-13,703
Translation difference	0	88	8	0	97
Cumulative depreciation on disposals	0	53	0	0	53
Depreciation for the financial period	0	-221	-741	-23	-985
Cumulative depreciation 31.12.	0	-9,681	-4,561	-297	-14,538
Book value 31.12.2013	19	646	756	621	2,043

20 INTANGIBLE ASSETS

2014

EUR 1,000	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1.1.	8,469	1,398	4,512	1,429	0	15,808
Translation difference	24	0	28	-12	0	40
Acquisition of subsidiaries	108	0	1,155	0	0	1,263
Additions	320	68	0	157	0	545
Disposals	-122	122	0	0	0	0
Reclassifications between items	-71	0	0	0	0	-71
Acquisition cost 31.12.	8,729	1,588	5,696	1,573	0	17,585
Cumulative amortization 1.1.	-7,004	-572	-1,378	-960	0	-9,914
Translation difference	-17	0	-21	11	0	-27
Amortization for the financial period	-427	-265	-809	-267	0	-1,769
Cumulative amortization 31.12.	-7,448	-837	-2,208	-1,216	0	-11,710
Book value 31.12.2014	1,281	751	3,488	357	0	5,876

2013

EUR 1,000	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1.1.	7,132	980	4,517	1,256	891	14,776
Translation difference	-15	0	-5	-6	0	-26
Additions	462	419	0	179	0	1,060
Disposals	-2	0	0	0	0	-2
Reclassifications between items	891	0	0	0	-891	0
Acquisition cost 31.12.	8,469	1,399	4,512	1,429	0	15,808
Cumulative amortization 1.1.	-6,535	-351	-692	-652	0	-8,230
Translation difference	11	0	3	5	0	19
Cumulative amortization on disposals	1	0	0	0	0	1
Amortization for the financial period	-481	-221	-689	-313	0	-1,704
Cumulative amortization 31.12.	-7,004	-572	-1,378	-960	0	-9,914
Book value 31.12.2013	1,465	827	3,135	469	0	5,895

21 GOODWILL

2014

EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	737	38,395	39,131
Translation difference	-20	-1,149	-1,169
Additions	121	559	680
Acquisition cost 31.12.	837	37,805	38,642
Book value 31.12.2014	837	37,805	38,642

2013

EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	748	39,182	39,930
Translation difference	-12	-787	-799
Acquisition cost 31.12.	737	38,395	39,131
Book value 31.12.2013	737	38,395	39,131

22 INVESTMENTS IN ASSOCIATES

EUR 1,000	2014	2013
Acquisition cost at 1.1.	-102	187
Disposals	0	-289
Acquisition cost 31.12.	-102	-102
Adjustments to equity at carrying amount 1.1.	102	-104
Share of profit/loss in associates	0	206
Adjustments to equity at carrying amount 31.12.	102	102
Book value 31.12.	0	0

23 INVESTMENTS AVAILABLE-FOR-SALE

EUR 1,000	2014	2013
Acquisition cost 1.1.	641	604
Fair value adjustments	1	37
Acquisition cost 31.12.	642	641

24 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 2015 were done and is based on goodwill as per September 30, 2014. The calculations are based on profit after tax. Cash flows after tax are based on budget figures approved by management for a next five year period. When defining the cash flow, the attention is paid on anticipated price and margin development, costs, net working capital and investment needs. Management determined these based on past performance and its expectations of market development.

The key assumptions used for value-in-use calculations are as follows:

	2014	2013
Aggregate growth percentage year 1-5	2–15%	2–6%
Growth rate after 5 years	1.0%	1.0%
Discount rate Finland	6.7%	7.9%
Discount rate Sweden	6.7%	8.1%
Discount rate China	9.3%	9.8%
Discount rate The Netherlands	6.7%	7.9%

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

The discount rate is determined based on the weighted average cost of capital (WACC) that depicts the overall costs of shareholders' equity and liabilities. WACC is based on risk free interest in each country the CGUs have their operations. The discount rate is determined after tax, because cash flows analysed are after tax also.

Impairment testing has been executed for the CGU's in which Group's goodwill has been allocated. Basis for allocating goodwill is the lowest level where the goodwill is monitored for internal purposes, but no larger than any operating segment.

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

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

Cash Generating Units (CGUs) where goodwill has been allocated for 2014:

EUR 1,000,000	2014
Sweden	23.9
Finland	10.0
China	2.1
The Netherlands	3.6
Total	39.6

Sensitivity analysis

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

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

According to impairment testing the recoverable amounts exceeded the carrying amounts as follows in 2014:

EUR 1,000,000	2014
Sweden	6.5
Finland	87.2
China	12.2
The Netherlands	10.3
Total	116.1

In connection with impairment testing sensitivity analyses have been performed using the following variables:

- 0-growth in net sales
- Decrease of profitability (EBIT) by 4 percentage points
- Increase of discount rate by 4 percentage points

A decrease in operating profit by 4 percentage points would lead to an impairment loss booking of EUR 20.7 million in Sweden. An increase of discount rate by 4 percentage points would lead to an impairment loss booking of EUR 6.0 million in Sweden. According to management understanding realization of the variables used in the sensitivity analysis would not lead to impairment losses in other cash-generating units.



25 TRADE AND OTHER RECEIVABLES

EUR 1,000	2014	2013
Trade receivables	17,367	15,084
Allowances for doubtful trade receivables	-206	-199
Other receivables	380	495
Prepayments and accrued income	7,902	10,328
Total	25,442	25,709

Main items included in prepayments and accrued income

Accruals of personnel expenses	28	218
Prepaid office rents	231	273
Prepaid leasing	44	85
Other prepayments and accrued income on sales	7,022	8,945
Other prepayments and accrued income on expenses	577	807
Total	7,902	10,328

Aging analysis of trade receivables

Not due	14,569	12,413
Due 1 to 30 days	2,121	1,858
Due 31 to 60 days	192	298
Due 61 to 90 days	46	107
Due 91 to 120 days	49	-50
Due more than 120 days	391	459
Total	17,367	15,084

Aging analysis of allowance for doubtful trade receivables

Due 31 to 60 days	0	-11
Due more than 120 days	-206	-187
Total	-206	-199

Movements on the Group provision for impairment of trade receivables are:

1.1.	-199	-133
Provision for impairment of receivables, decrease (+) / increase (-)	-7	-66
31.12.	-206	-199

Analysis of receivables by currency

EUR	15,768	14,996
SEK	7,936	9,060
CNY	1,686	1,495
Other currencies	51	157
Total	25,442	25,709

26 CURRENT TAX ASSETS

EUR 1,000	2014	2013
Accrued income tax	321	0

27 CASH AND CASH EQUIVALENTS

EUR 1,000	2014	2013
Bank accounts and cash	2,575	975
Total	2,575	975

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

28 EQUITY

Shareholder's Equity

Shareholders' equity consists of share capital, share premium account, unrestricted equity fund, own shares, cumulative translation adjustment, other reserves, retained earnings and non-controlling interest. Translation differences contains translation differences arising from the conversion of financial statements of foreign units and the foreign subsidiary net investment hedge. Other reserves include the fair value reserve, which consists of fair value adjustments of available-for-sale assets amounting to EUR 190 thousand (2013: EUR 189 thousand).

Shares and share capital

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

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

The number of company-held shares at the end of the financial year was 308,886 (2013: 461,791). The Company disposed 152,905 company-held shares on October 8, 2014 as part of a contingent consideration of an acquisition.

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 0.15 to be paid for the financial year 2014.

29 INCENTIVE PLAN FOR KEY PERSONNEL

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a new share-based incentive plan for the Company's President and CEO. The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The reward to be paid on the basis of the Restricted Stock Plan 2014 will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a new share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). Approximately 15 people belong to the target group of the Plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market.

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

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

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

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

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

EUR 1,000	2014	2013
Settled in equity in future	252	0
Total	252	0
Settled in cash in future	267	0
Total	267	0

30 BORROWINGS

EUR 1,000	2014	2013
Non-current		
Loans from financial institutions	8,434	10,254
Finance lease liabilities	703	577
Total	9,137	10,831
Analysis by currency		
EUR	7,265	8,220
SEK	1,808	2,600
CNY	63	10
Total	9,137	10,831
Current		
Loans from financial institutions	8,977	8,136
Finance lease liabilities	705	702
Total	9,681	8,837
Analysis by currency		
EUR	6,557	6,736
SEK	652	671
CNY	2,472	1,430
Total	9,681	8,837

31 DUE DATES OF THE FINANCIAL LEASING LIABILITIES

EUR 1,000	2014	2013
Minimum lease payments		
Within a year	883	911
More than one year, but not more than five years	824	633
More than five years	0	0
Total	1,707	1,544
Future financing cost	-57	-56
Present value	1,651	1,488
Present value aging		
Within a year	843	871
More than one year, but not more than 5 years	808	617
Total	1,651	1,488

The average interest rate of the finance lease agreements in year 2014 was 3.8% (2013: 4.6%).

32 OTHER NON-CURRENT LIABILITIES

EUR 1,000	2014	2013
Contingent liability from acquisition	0	1,823
Pension liabilities	57	614
Total	57	2,438
Analysis by currency		
EUR	15	2,438
SEK	41	0
Total	57	2,438

33 TRADE AND OTHER PAYABLES

EUR 1,000	2014	2013
Advances received	366	1,123
Advances received, long-term projects	2,362	2,414
Trade payables to others	3,034	4,281
Accrued expenses	14,390	12,432
Tax payables	3,943	3,027
Contingent liability from acquisition	434	0
Other payables	2,138	2,201
Total	26,666	25,478
Main items included in accrued expenses		
Interest liabilities	34	42
Accrued employee expenses	13,734	11,640
Other accrued expenses	622	750
Total	14,390	12,432
Analysis by currency		
EUR	19,038	16,874
SEK	6,720	8,214
CNY	940	369
Other	-32	21
Total	26,666	25,478

34 CURRENT INCOME TAX LIABILITIES

EUR 1,000	2014	2013
Income tax liability	94	418

35 DEFERRED TAXES

Deferred taxes 2014

Deferred tax assets

EUR 1,000	1.1.2014	Translation difference	In income statement	In equity	Acquisitions	Reclassifications	31.12.2014
Confirmed loss	92	-2	-89	0	0	0	0
Other timing differences	8	0	102	0	0	0	110
Total	100	-3	12	0	0	0	110

Deferred tax liabilities

EUR 1,000	1.1.2014	Translation difference	In income statement	In equity	Acquisitions	Reclassifications	31.12.2014
Depreciation and amortization in excess of scheduled and discretionary provisions	119	6	-14	0	0	7	118
Intangible assets recognized in business combinations	767	2	-172	-2	230	17	841
Other timing differences	123	0	28	0	0	-24	127
Total	1,010	8	-159	-1	230	0	1,086

Deferred taxes 2013

Deferred tax assets

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

Deferred tax liabilities

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

At December 31, 2014 the Group had gross losses carried forward of EUR 1,407 thousand (2013: EUR 2,105 thousand) of which a deferred tax asset has not been recognized. These losses have no expiry date.



36 PLEDGES, MORTGAGES AND GUARANTEES

EUR 1,000	2014	2013
For own debts		
Other contingencies	50	48
Leasing liabilities		
For payment under one year	1,450	1,325
For payment 1-5 years	1,527	1,080
Total	3,027	2,453

37 RELATED-PARTY TRANSACTIONS

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

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

GROUP COMPANIES 31.12.2014

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

The following group companies have been liquidated in 2014:

	Domicile
Panver B.V.	Best, The Netherlands

The following transactions were carried out with related parties:

EUR 1,000	2014	2013
Sales of goods and services to related parties		
Other related parties	0	135
Total	0	135
Purchases of goods and services from related parties		
Associated companies	0	95
Other related parties	0	120
Total	0	215
Receivables from related parties		
Other related parties	0	38
Total	0	38

Key management compensation

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

Salaries, fees and fringe benefits paid

EUR 1,000	2014	2013
Members of the Board		
Robert Ingman, Chairman of the Board	54	33
Tapio Hakakari, until Mar 26, 2014	8	28
Heikki Hornborg, until Mar 26, 2014	8	51
Pertti Nupponen	27	30
Teuvo Rintamäki	25	26
Leena Saarinen, Nov 18, 2013 onwards	30	3
Patrick von Essen, Mar 26, 2014 onwards	19	0
	171	172
CEO and other members of the Management Group		
Juha Näkki, salaries and fees paid	252	357
Juha Näkki, statutory pension costs	42	57
Other members of the Management Group	822	991
Total	1,287	1,576

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 2014.

Information on key management holdings

1,000 pcs	Shares 31.12.2014
Juha Näkki, President and CEO	12
Robert Ingman, Chairman of the Board	30
Per-Anders Gådin, member of the Management Group	3
Veikko Lamminen, member of the Management Group	2
Outi-Maria Liedes, member of the Management Group	3
Pertti Nupponen, member of the Board	0
Teuvo Rintamäki, member of the Board	0
Leena Saarinen, member of the Board	0
Mikael Vatn, member of Management Group	4
Patrick von Essen, member of the Board	0
Total	54

38 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.

39 KEY FIGURES FOR FINANCIAL TRENDS

EUR 1,000, financial period 1.1.–31.12.	2014 IFRS	2013 IFRS	2012 IFRS
Revenue	131,916	128,647	134,479
Change in revenue, %	2.5	-4.3	12.6
EBITDA	10,485	9,064	11,154
% of revenue	7.9	7.0	8.3
Operating profit (EBIT)	7,856	6,366	8,715
% of revenue	6.0	4.9	6.5
Profit before taxes and non-controlling interest	7,168	5,672	7,542
% of revenue	5.4	4.4	5.6
Profit for the financial year	6,147	4,390	5,585
Return on equity, %	22.7	17.5	24.8
ROCE, %	17.8	14.6	20.4
Equity ratio, %	39.5	35.9	32.4
Gross investments	3,565	2,344	9,508
% of revenue	2.7	1.8	7.1
Net gearing, %	56.5	73.4	62.8
Personnel, average	1,813	1,736	1,756
Personnel at year end	1,859	1,728	1,776
Wages and salaries	94,367	70,363	70,571

40 KEY FIGURES FOR SHARES

Financial period 1.1.–31.12.	2014 IFRS	2013 IFRS	2012 IFRS
Earnings per share, EUR	0.30	0.22	0.29
Equity per share, EUR	1.45	1.31	1.27
Dividend per share, EUR	0.15 ^{*)}	0.11	0.15
Dividend per earnings per share, %	50	50	52
Effective dividend return, %	4.9	3.5	5.6
P/E-ratio, EUR	10.1	14.2	9.2
Share price, EUR			
lowest	2.91	2.69	2.20
highest	3.34	3.54	2.93
average for the year	3.17	3.13	2.52
Market capitalization, EUR 1,000	60,406	61,717	52,818
Number of shares traded, 1,000 pcs	614	9,406	3,158
Percentage of shares traded	3	48	16
Adjusted average number of shares during the financial year, 1,000 pcs	19,753	19,718	19,708
Adjusted average number of shares at year end, 1,000 pcs	19,871	19,718	19,708

^{*)} Proposal by the Board of Directors

Formulas for the key figures

EBITDA = Operating profit (EBIT) + Depreciation and amortization

Return on equity (ROE) = $\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes}) \times 100}{(\text{Shareholders' equity} + \text{non-controlling interest}) \text{ average}}$

Return on capital employed (ROCE), before taxes = $\frac{(\text{Profit before taxes and non-controlling interest} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total} - \text{non-interest bearing debts}) \text{ average}}$

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

Net gearing, % = $\frac{(\text{Interest-bearing debts} - \text{cash and cash equivalents and marketable securities}) \times 100}{\text{Shareholders' equity} + \text{non-controlling interest}}$

Earnings per share = $\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes} - \text{non-controlling interest})}{\text{Adjusted average number of shares during the financial year}}$

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

Dividend per share = $\frac{\text{Dividend for year}}{\text{Adjusted number of shares during the financial year}}$

Dividend as percentage of earnings = $\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$

Effective dividend yield, % = $\frac{\text{Dividend per share} \times 100}{\text{Adjusted last traded share price}}$

Price/earnings ratio (P/E) = $\frac{\text{Adjusted last traded share price}}{\text{Earnings per share}}$

Share price trend = For each financial year, the adjusted low and high actual traded prices are given as well as the average price for the financial year adjusted for share issues.

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

Market capitalization = Number of outstanding shares at year-end 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 financial 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.–31.12.2014 FAS	1.1.–31.12.2013 FAS
Revenue	1	6,243	5,715
Other operating income	2	37	0
Staff costs	3	-2,679	-2,034
Depreciation and amortization	10, 11	-328	-336
Other operating expenses	5	-5,531	-4,749
Operating profit/loss		-2,258	-1,404
Financial income and expenses	6, 7	41	-161
Profit/loss before extraordinary items		-2,217	-1,564
Extraordinary items	8	6,500	4,600
Profit before appropriations and taxes		4,283	3,036
Income taxes	9	-959	-793
Net profit for the financial year		3,324	2,242

Parent company's balance sheet

EUR 1,000	Note	31.12.2014 FAS	31.12.2013 FAS
ASSETS			
Non-current assets			
Intangible assets	10	1,078	1,052
Tangible assets	11	44	37
Investments			
Shares in group companies	12	50,676	50,169
Other investments	12	20	20
Investments, total		50,696	50,189
Non-current assets, total		51,818	51,278
Current assets			
Current receivables	13	58,068	48,855
Cash and cash equivalents	14	389	533
Current assets, total		58,457	49,388
TOTAL ASSETS		110,274	100,666
EQUITY AND LIABILITIES			
Equity			
Share capital	15	5,000	5,000
Share premium account	15	6,701	6,701
Unrestricted equity fund	15	2,344	2,614
Own Shares	15	-1,165	-1,912
Retained earnings	15	9,616	9,543
Net profit/loss for the financial year	15	3,324	2,242
Equity, total		25,821	24,188
Liabilities			
Non-current liabilities	16	8,371	12,234
Current liabilities	17, 18	76,083	64,244
Liabilities, total		84,454	76,478
TOTAL EQUITY AND LIABILITIES		110,274	100,666

Parent company's cash flow statement

EUR 1,000	1.1.–31.12.2014	1.1.–31.12.2013
OPERATING CASH FLOW		
Cash receipts from customers	7,692	4,599
Operating expenses paid	-7,409	-7,069
Operating cash flow before financial items and taxes	284	-2,470
Interest and payment paid for financial expenses	-410	-446
Dividends received	6	4
Interest received	0	34
Income taxes paid	-1,014	-1,523
Operating cash flow (A)	-1,135	-4,402
INVESTING CASH FLOW		
Purchase of tangible and intangible assets	-361	-317
Acquisition of subsidiaries	-1,572	0
Disposal of associates	0	100
Change of cash equivalents	-8,676	-19,950
Investing cash flow (B)	-10,609	-20,167
FINANCING CASH FLOW		
Short-term loans, increase	0	2,249
Short-term loans, decrease	-3,964	-2,796
Addition (+) / deduction (-) of short-term borrowings	9,846	18,122
Long-term loans, increase	3,000	3,000
Long-term loans, decrease	0	-2,792
Dividend paid and other profit distribution	-2,169	-2,956
Group contribution	4,600	6,000
Financing cash flow (C)	11,314	20,827
Variation in cash (A+B+C) increase (+) / decrease (-)	-430	-3,742
Assets at the beginning of the period	533	4,142
Exchange gains or losses on cash and cash equivalents	286	134
Assets at the end of the period	389	533

Parent company's accounting policies

Basis of preparation

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

Recognition of income

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

Research and development expenditure

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

Measurement of non-current assets

Non-current assets have been capitalized in the balance sheet at historical 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 financial 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 EUR 39 thousand. The associated deferred tax assets are not recorded in the parent company's balance sheet.

Pension agreements

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

Lease agreements

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

Notes to the financial statements, parent company

1 Revenue

EUR 1,000	2014	2013
Finland	6,243	5,715

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

2 Other operating income

EUR 1,000	2014	2013
Other operating income	37	0
Total	37	0

3 Number of personnel and staff costs

EUR 1,000	2014	2013
Personnel		
Personnel at year-end	29	28
Personnel, average	29	27

Personnel by category

Administration personnel	29	28
Total	29	28

Staff costs

Wages and salaries	2,349	1,730
Pension costs - defined contribution plans	278	256
Other indirect employee costs	52	48
Total	2,679	2,034

Fringe benefits (taxable value)	38	47
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4 Audit fees

EUR 1,000	2014	2013
Auditing	42	34
Other services	14	39
Total	56	73

5 Other operating expense

EUR 1,000	2014	2013
Loss on disposal of associates	0	189
Audit fees	56	73
Other operating expenses	5,475	4,488
Total	5,531	4,749

6 Financial income

EUR 1,000	2014	2013
Dividend income from others	6	4
Other financial income from others	0	1
Foreign exchange gain	423	275
Total	429	281

7 Financial expenses

EUR 1,000	2014	2013
Interest on borrowings from group entities	12	30
Interest on borrowings from others	364	404
Foreign exchange loss	11	6
Other financial expenses	1	2
Total	387	442

8 Extraordinary items

EUR 1,000	2014	2013
Group contributions received	6,500	4,600

9 Income taxes

EUR 1,000	2014	2013
Tax on income from operations	952	793
Tax corrections for previous accounting periods	7	0
Total	959	793

10 Intangible assets, parent company

2014

EUR 1,000	Intangible rights	Goodwill	Other intangible assets	Advance payments	Total
Acquisition cost at 1.1.	4,041	379	0	0	4,420
Additions	108	121	0	0	229
Reclassifications between items	0	0	153	0	153
Acquisition cost 31.12.	4,149	500	153	0	4,802
Cumulative amortization 1.1.	-2,989	-379	0	0	-3,368
Cumulative amortization reclassifications	0	0	-45	0	-45
Amortization for the financial period	-280	-8	-22	0	-311
Cumulative amortization 31.12.	-3,269	-387	-67	0	-3,724
Book value 31.12.2014	880	112	86	0	1,078

2013

EUR 1,000	Intangible rights	Goodwill	Other intangible assets	Advance payments	Total
Acquisition cost at 1.1.	2,862	379	0	890	4,131
Additions	289	0	0	0	289
Reclassifications between items	890	0	0	-890	0
Acquisition cost 31.12.	4,041	379	0	0	4,420
Cumulative amortization 1.1.	-2,672	-379	0	0	-3,051
Amortization for the financial period	-317	0	0	0	-317
Cumulative amortization 31.12.	-2,989	-379	0	0	-3,368
Book value 31.12.2013	1,052	0	0	0	1,052

11 Tangible assets, parent company

2014

EUR 1,000	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1.1.	1,094	51	1,145
Additions	20	4	24
Acquisition cost 31.12.	1,114	55	1,169
Cumulative depreciation 1.1.	-1,057	-50	-1,108
Depreciation for the financial period	-17	-1	-18
Cumulative depreciation 31.12.	-1,074	-51	-1,126
Book value 31.12.2014	40	4	44

2013

EUR 1,000	Machinery and equipment	Other tangible assets	Total
Acquisition cost at 1.1.	1,066	51	1,117
Additions	29	0	29
Acquisition cost 31.12.	1,094	51	1,145
Cumulative depreciation 1.1.	-1,044	-45	-1,089
Depreciation for the financial period	-13	-5	-19
Cumulative depreciation 31.12.	-1,057	-50	-1,108
Book value 31.12.2013	37	1	37

12 Investments, parent company

2014

EUR 1,000	Shares in Group companies	Shares in associates	Other investments	Total
Acquisition cost 1.1.	50,168	0	20	50,189
Increases	1,572	0	0	1,572
Decreases	-1,065	0	0	-1,065
Acquisition cost 31.12.	50,676	0	20	50,696
Book value 31.12.2014	50,676	0	20	50,696

2013

EUR 1,000	Shares in Group companies	Shares in associates	Other investments	Total
Acquisition cost 1.1.	50,778	289	20	51,087
Decreases	-610	-289	0	-899
Acquisition cost 31.12.	50,168	0	20	50,189
Book value 31.12.2013	50,168	0	20	50,189

13 Current receivables

EUR 1,000	2014	2013
Current receivables from group companies		
Trade receivables	1,106	462
Other receivables	429	2,461
Internal bank account receivables	49,543	40,868
Group contribution receivables	6,500	4,600
Total	57,579	48,391
Current receivables from others		
Trade receivables	0	14
Current prepayments and accrued income	489	450
Total	489	465
Current receivables total	58,068	48,855
Main items included in prepayments and accrued income		
Tax receivables	21	0
Accruals of personnel expenses	20	20
Other prepayments and accrued income on expenses	448	431
Total	489	450

14 Cash and cash equivalents

EUR 1,000	2014	2013
Bank accounts and cash	389	533
Total	389	533

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

15 Equity

EUR 1,000	2014	2013
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.	2,614	2,584
Share based payments	0	29
Business combinations	-270	0
Unrestricted equity fund 31.12.	2,344	2,614
Treasury shares 1.1.	-1,912	-1,958
Share-based payments	0	46
Business combinations	747	0
Treasury shares 31.12.	-1,165	-1,912
Retained earnings 1.1.	11,785	12,545
Dividends paid	-2,169	-2,956
Share-based payments	0	-46
Retained earnings 31.12.	9,616	9,543
Profit for the financial year	3,324	2,242
Shareholders' equity total	25,821	24,188
Distributable funds 31.12.		
Retained earnings	9,616	9,543
Treasury shares	-1,165	-1,912
Unrestricted equity fund	2,344	2,614
Profit for the financial year	3,324	2,242
Distributable funds 31.12.	14,120	12,487
Number of shares 1.1. (1,000 pcs)	20,179	20,179
Number of shares 31.12. (1,000 pcs)	20,179	20,179

16 Non-current liabilities

EUR 1,000	2014	2013
Loans from financial institutions	8,371	10,244
Accrued liability on acquisition	0	1,990
Total	8,371	12,234

17 Current liabilities

EUR 1,000	2014	2013
Current liabilities to others		
Accrued liability on acquisition	440	0
Loans from financial institutions	6,269	5,513
Total	6,709	5,513

Current liabilities to group companies		
Internal bank account liabilities	67,510	57,664
Total	67,510	57,664

18 Trade and other current liabilities

EUR 1,000	2014	2013
Trade and other current liabilities to others		
Trade payables	330	287
Other liabilities	164	-6
Accrued expenses	1,090	406
Total	1,584	687

Trade and other current liabilities to group companies		
Trade payables	140	251
Other payables	140	129
Total	280	380

Current liabilities total	76,083	64,244
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Main items included in accrued expenses		
Interest liabilities	28	33
Tax liabilities	0	35
Accrued employee expenses	1,063	338
Total	1,090	406

19 Pledges, mortgages and guarantees

EUR 1,000	2014	2013
Guarantees for group companies	2,535	2,518
Leasing liabilities		
For payment in next financial year	927	852
For payment later	1,073	687
Total	4,535	4,057

Etteplan Oyj has given a parent company guarantee totalling EUR 3,395 thousand for loans, of which EUR 2,030 thousand is in use, for Etteplan Vatable Technology Centre, Ltd.

Etteplan Oyj has given a parent company guarantee totalling EUR 1,007 thousand for loans, of which EUR 505 thousand is in use, for Etteplan Consulting (Shanghai) Co., Ltd.

Etteplan Oyj has given a parent company guarantee totalling EUR 170 thousand for loans, of which EUR 0 is in use, for Etteplan Tedopres International B.V.



Shares and shareholders

Share capital and shares

On December 31, 2014, 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, 2014. 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 26, 2014 passed a resolution, in accordance with the proposal of the Board of Directors to pay a dividend for the 2013 financial year of EUR 0.11 per share, a total of EUR 2,168,938.53. The remaining profit was retained in non-restricted equity. The record date of the payment of dividend was March 31, 2014. The dividend was paid on April 7, 2014.

Current authorizations

Authorization to raise the share capital

The Annual General Meeting on March 26, 2014 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 two years from the time of the Annual General Meeting resolution – i.e., from March 26, 2014, through March 25, 2016. The authorization replaces the previous authorization. The Board has not exercised this authorization in 2014.

Authorization to acquire and dispose own shares

The Annual General Meeting on March 26, 2014 authorized the Board of Directors to resolve to repurchase Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 Company shares may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' holdings, i.e., the Board has the right to decide on a directed repurchase of Company shares. The authorization is valid for 18 months from the date of the decision of the Annual General Meeting starting on March 26, 2014 and ending on September 25, 2015. The authorization replaces the corresponding previous authorization. The Board has not exercised this authorization in 2014.

Etteplan Oyj held 308,886 of its own shares on December 31, 2014, which corresponds 1.53 per cent of all shares and voting rights. In January-December 2014, the Company did not acquire any company-held shares. On October 8, 2014, Etteplan disposed of 152,905 company-held shares as part of the payment of Tedopres International B.V. acquisition earn-out.

Option rights

The Company does not currently have a share option program.

Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a new share-based incentive plan for the Company's President and CEO. The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The reward to be paid on the basis of the Restricted Stock Plan 2014 will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a new share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). Approximately 15 people belong to the target group of the Plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market.

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 614,203, to a total value of EUR 2.0 million. The share price low was EUR 2.91, the high EUR 3.34, the average EUR 3.18 and the closing price EUR 3.04. Market capitalization on December 31, 2014 was EUR 60.4 million.

Shareholders

At the end of 2014, the Company had 1,402 registered shareholders. In total, 358,231 shares, or 1.78 per cent of all shares, were nominee-registered.

The Company held 308,886 of its own shares on December 31, 2014, which corresponds 1.53 per cent of all shares and voting rights. On December 31, 2014, the members of the Company's Board of Directors and the President and CEO owned a total of 41,876 shares, or 0.21 per cent of the total share capital.

Etteplan Oyj received no flagging notices in January-December 2014.

Major shareholders, December 31, 2014

Name	Number of shares	Proportion of shares and votes, %
Ingman Group Oy Ab	13,650,000	67.64
Oy Fincorp Ab	2,140,456	10.61
Varma Mutual Pension Insurance Company	821,328	4.07
Tuori Klaus	351,000	1.74
Etteplan Oyj	308,886	1.53
Tuori Aino	256,896	1.27
Sijoitusrahasto Taaleritehdas Mikro Markka	228,741	1.13
Kempe Anna	220,000	1.09
Kempe Lasse	100,000	0.50
Kempe Pia	97,700	0.48
4Capes Oy	70,000	0.35
Kylänpää Osmo	53,200	0.26
Kurra Jorma	36,300	0.18
Ingman Robert	30,000	0.15
Burmeister Dorrit	26,928	0.13
Hemholmen Oy Ab	26,000	0.13
Otavan Kirjasäätiö	24,772	0.12
Lehtivuori Pauli	20,000	0.10
Bäck Per-Erik	16,000	0.08
Lampinen Kalevi	15,200	0.08
Other shareholders	1,686,007	8.36
Total	20,179,414	100.00
Nominee-registered shares	358,231	1.78

Breakdown of shareholdings by owner group, December 31, 2014

Name of the sector	Number of shareholders	Number of shares	Number of nominee-registered shares	Proportion of shares and votes, %
National economy total (domestic sector)				
Companies	71	16,537,403	0	81.95
Financial and insurance institutions	7	8,435	284,267	1.45
Public sector entities	2	821,828	0	4.07
Households	1,304	2,412,446	0	11.96
Non-profit institutions	6	32,754	0	0.16
Foreigners				
European Union	10	6,981	73,964	0.40
Other countries and international organizations	2	1,336	0	0.01
Total	1,402	19,821,183	358,231	100.00

Breakdown of shareholdings by size class, December 31, 2014

Number of shares	Number of shareholders	Proportion of shareholders, %	Number of shares	Proportion of shares and votes, %
1-100	182	12.98	10,947	0.05
101-500	620	44.22	202,882	1.01
501-1 000	282	20.11	223,718	1.11
1 001-5 000	254	18.12	589,206	2.92
5 001-10 000	33	2.35	235,905	1.17
10 001-50 000	17	1.21	332,678	1.65
50 001-100 000	5	0.36	390,240	1.93
100 001-500 000	6	0.43	1,582,054	7.84
500 001-	3	0.21	16,611,784	82.32
Total	1,402	100.00	20,179,414	100.00

Board of Directors' dividend proposal

At December 31, 2014, the parent company's distributable shareholders' equity amounted to EUR 14.1 million, of which the net profit for the financial year was EUR 3.3 million.

The Board of Directors proposes that from the distributable funds at the disposal of the Annual General Meeting, a dividend of EUR 0.15 per share be paid on the Company's externally owned shares, for a total amount of EUR 3.0 million at most.

Dividend will not be paid out to shares that are company-held on the record date of dividend payout, March 31, 2015.

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 9, 2015.

Vantaa, February 11, 2015

Robert Ingman
Chairman of the Board

Patrick von Essen
Member of the Board

Pertti Nupponen
Member of the Board

Teuvo Rintamäki
Member of the Board

Leena Saarinen
Member of the Board

Auditor's Report (Translation from the Finnish Original)

To the Annual General Meeting of Etteplan Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Etteplan Oyj for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that

give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the Consolidated Financial Statements

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

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

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

Turku, on the 25th of February 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mika Kaarisalo
Authorised Public Accountant (KHT)

Olli Wesamaa
Chartered Accountant (HTM)

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00100 Helsinki





CASE / Fortum

More and more companies decide to focus on their core business. It's not a realistic goal to strive for excellence in everything. In design engineering and technical documentation processes there is a need for highly specialized expertise.

Often times, however, these expertise areas may not be regarded as core development areas or there are no resources to focus on them. Outsourcing is a growing trend in many industries characterized by squeezing margins and increasing customer expectations.

Fortum Heat and Fortum Hydro Power in Sweden have outsourced their technical documentation to Etteplan.

High-quality technical documentation is key in Fortum's business. Any flaws in technical documentation would be costly and harm our customers. We understand the need to develop our documentation tools and processes on a constant basis. But the fact is that we are in the business of production and distribution of electricity.

For us it makes business sense to outsource technical documentation to Etteplan. We can rest assured that our technical documentation is top class and fulfills all industry standards. Etteplan takes care of the rest.

Lars-Erik Djupenström
Manager Process & Engineering,
Fortum Värme

**We save our customers'
valuable time**



Etteplan's Managed Services feature new ways of buying engineering work

Etteplan's Managed Services are outsourced continued services or comprehensive projects, where Etteplan assumes responsibility of the customer's particular process or a part thereof. In this way we save our customers' valuable time and add value to their business.

Governance accelerates our way of working

//////
Etteplan complies
Finnish Corporate
Governance Code in
its entirety.



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

General governance principles

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

The Company is a publicly listed company that abides by the regulations of NASDAQ OMX Helsinki Ltd. Etteplan complies with the Finnish Corporate Governance Code 2010 published by the Securities Market Association. The Finnish

Corporate Governance code is available on the Securities Market Association's website at www.cgfinland.fi.

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

GENERAL MEETING

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

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

Information on General Meetings to Shareholders

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

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

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

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

Organization of the General Meeting

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

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

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

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

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



Read more at
www.etteplan.com/investors

Attendance of a prospective Director at a General Meeting

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

Shareholder agreements

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

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

BOARD

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

Charter of the Board

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

Meetings of the Board

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

The Etteplan Board of Directors met 10 times in 2014. 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 98.1.

Performance evaluation of the Board

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

Composition of the Directors

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

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

In accordance with the proposal of the Board of Directors' Nomination and Remuneration Committee the Annual General Meeting held on March 26, 2014 re-elected Robert Ingman, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen as Board members. In addition Patrick von Essen was elected as a new member to the Board. The Board of Directors of Etteplan Oyj elected on March 26, 2014 in its organization meeting subsequent to the AGM Robert Ingman as 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.

Robert Ingman, Patrick von Essen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of the Company.

Patrick von Essen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen are independent of significant shareholders.

Information reported on Directors

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

BOARD COMMITTEES

The Board of Directors of Etteplan Oyj has a Nomination and Remuneration Committee. The Board carries out the duties assigned for the Audit Committee since the Company does not have an Audit Committee.

Nomination and Remuneration Committee

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

The task of the Nomination and Remuneration Committee is to assist the Board of Directors in matters related to the appointment and compensation of the Company's CEO, the deputy CEO and other executives. In addition, the committee prepares for the Annual General Meeting a proposal on the number of Board members, Board composition and Board member compensation. The committee also recommends, prepares and proposes to the Board the CEO's and the deputy CEO's nomination, salary and compensation, and further evaluates and provides the Board and the CEO with recommendations concerning management and employees rewards and compensation systems.

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

Since the Annual General Meeting of 2014, Leena Saarinen has acted as the Chairman of the Nomination and Remuneration Committee and Robert Ingman and Pertti Nupponen as members of the Committee. All members of the Committee are independent of the Company.

The Nomination and Remuneration Committee met 6 times during 2014. 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.

M. Sc. (Eng) Juha Näkki has been the Company's President and CEO from the beginning of 2012. He has not been a member of the Board of Directors, but he has attended Board meetings as the Secretary to the Board. Juha Näkki's biographical details and information on the holdings are presented on the Company's webpage at www.etteplan.com and in Annual Report 2014.

OTHER EXECUTIVES

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

In addition to President and CEO Juha Näkki Etteplan Oyj's Management Group consists as of January 1, 2015 of Per-Anders Gådin, Senior Vice President, Finance, Petri Ikonen, Senior Vice President, Technical Documentation Services, Veikko Lamminen, Senior Vice President, Operations Finland, Outi-Maria Liedes, Senior Vice President, HR & Communications, Riku Riikonen, Senior Vice President, Engineering Services and Mikael Vatn, Senior Vice President, Operations Sweden.

Biographical details and information on the holdings of the members of the Management Group are presented on the Company's webpage at www.etteplan.com and in Annual Report 2014.



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 2014, 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 2014, 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 has an agreement of a share-based incentive plan. Statutory retirement age applies to the CEO. In the event of dismissal, the CEO is at the most entitled to receive compensation equivalent to 18 months' salary which includes the salary for a six-month term of notice.

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

The system of compensation for the members of the Management Group includes a base salary and a performance based bonus. The principles for performance based bonus are decided annually. In 2014 the bonus was based on Company's operating profit, operative cash flow, strategic goals and earnings per share. The maximum of the yearly bonus is 50-100 percent of the recipient's annual salary depending on the member's duties. No separate agreement has been made regarding early retirement for members of the Management Group. In the event of dismissal, a Management Group member is at the most entitled to receive compensation equivalent to 10 months' salary which includes the salary for a four-month term of notice.

Information on the service contract of the CEO

In 2014, President and CEO Juha Näkki's basic salary was EUR 233,667. In 2014, his car, phone and medical expenses insurance benefits totaled to EUR 18,043. Performance based bonus accrued from year 2013 was not paid to President and CEO in 2014.

According to the resolution made by the Board of Directors of Etteplan Oyj no company-held shares were disposed in 2014 for the 2013 earnings period of the share-based incentive plan.

In 2014 no additional accrual basis pension insurance policy was paid for the President and CEO Juha Näkki.

Share-based incentive plans

The Board of Directors of Etteplan Oyj decided in February 2014 on a new share-based incentive plan for the Company's President and CEO. The aim of the Plan is to combine the objectives of the shareholders and the CEO in order to increase the value of the Company, to commit the CEO to the Company, and to offer him a competitive reward plan based on earning the Company shares.

The new Restricted Stock Plan includes one three year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the CEO. No reward will be paid, if the CEO terminates his service contract before the reward payment.

The reward to be paid on the basis of the Restricted Stock Plan will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided in June 2014 to establish a new share-based incentive plan for the Group key personnel. The aim of the Plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares.

The Plan includes one earning period which includes calendar years 2014, 2015 and 2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR).

The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 15 people belong to the target group of the Plan.

The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

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

Risks and risk management are presented on Company's webpage at www.etteplan.com and in Annual report 2014.

Reviews concerning financing risks are presented in the notes to the consolidated financial statements in the Annual Report 2014 on pages 53–58.

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 observes Group level accounting principles and instructions, which are applied in all Group companies and according to which the Group's financial reporting is prepared. Together with reporting calendar and schedules, accounting principles and instructions form the framework for timely and correct Group reporting. Etteplan's business operations are in all material respects located in Finland, Sweden, China and the Netherlands and all countries have local accounting and financial reporting organizations, systems and reporting to the Group. Internal control and risk management systems and practices as de-

scribed 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's accounting team. Common chart of accounts forms the basis of Group reporting. The Group's accounting, consolidation and published financial reports are prepared by the centralised team.

Internal control over financial reporting

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

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

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

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

INSIDER ADMINISTRATION

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

Because of the nature of their position, also among Etteplan's statutory insiders are the members of the Board of Directors, the CEO, and the auditors. Moreover, the members of the Management Group are entered in the public insider register.

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

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

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

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

Information on insider holdings

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

AUDIT

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

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

The Annual General Meeting elects one or two auditors to audit corporate governance and accounts. The auditor must be a firm of independent public accountants so authorized by the Central Chamber of Commerce. In 2014, the Annual General Meeting elected PricewaterhouseCoopers Oy, a firm of authorized public accountants, with Mika Kaarisalo, APA, acting as Chief Auditor. In addition, Olli Wesamaa, CPA, was elected as the second Auditor of the Company. The auditor's term ends at the conclusion of the first Annual General Meeting after the election.

Audit fees and services not related to auditing

According to the resolution made by the Annual General Meeting 2014 the fees for the auditor are paid according to invoice approved by the Company.

The audit fees paid in 2014 totalled 83,379 euros (in 2013: 74,439 euros). In addition, 39,837 euros was paid to the firm for services not related to auditing (in 2013: 85,291 euros).

COMMUNICATIONS

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

Silent period

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

Distribution of investor information

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

BOARD OF DIRECTORS



Robert Ingman

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

Chairman of the Board since 2013, 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
- Chairman of the Board of Directors: Ingman Group Oy Ab 2009-, Ingman Finance Oy Ab 2009-, Halti Oy 2012-, Ingman Development Oy Ab 2013-
- Member of the Board of Directors: Digia Oyj 2010-, Evli Pankki Oyj 2010-, M-Brain Oy 2011-, Arla Ingman Oy Ab 2012-
- Number of Etteplan shares, December 31, 2014: 30,000, no holdings of interest parties



Teuvo Rintamäki

b. 1955, M.Sc. (Economics)

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

- Advisor, Independent Investor since 2008
- CFO of Konecranes Plc 1999-2007, Executive Director of Konecranes region Western Europe 1997-1999, Financial Director of Konecranes Group 1994-1996, Financial Director of KONE Crane Division 1988-1994
- Member of the Board of Directors: TM Voima Oy 2012-, TM Voima Service Oy 2012-, Leasegreen Group Oy 2013-, Savo-solar Oy 2013-, TM Voima Invest Oy 2014-, Invesdor Oy 2014-
- Number of Etteplan shares, December 31, 2014: 0, no holdings of interest parties



Patrick von Essen

b. 1963, M.Sc. (Eng.)

Board member since 2014. Independent of the Company and significant shareholders.

- President and CEO of Dovre Group plc since 2014
- Fiskars Oyj Abp, Vice President, Head of Business Area Real Estate 2012-2014, Neste Jacobs Oy, Vice President, Head of Business Area Oil & Gas 2011-2012, Pöyry Group Oyj, President of Business Area Renewable Energy 2009-2011, Pöyry Group Oyj, President of Business Area Pulp & Paper 2007-2008, Pöyry Group Oyj, President of Business Area North America 2005-2006
- Number of Etteplan shares, December 31, 2014: 0, no holdings of interest parties



Pertti Nupponen

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

Board member since 2005, member of Nomination and Remuneration Committee. Independent of the Company and significant shareholders.

- Managing Director, Fenestra Oy and Fenestra Group Oy 2013-2014, Group Vice President, Scandinavian and Eastern Branch of Consolis SAS 2010-2012, Group Vice President, Scandinavian Branch of Consolis SAS 2006-2010, Chief Financial Officer of Consolis Oy Ab 2002-2005
- Member of the Board of Directors: Rollock Oy 2014-, Fenestra Oy 2013-2014, Fenestra Group Oy 2013-2014
- Number of Etteplan shares, December 31, 2014: 0, no holdings of interest parties



Leena Saarinen

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

Board member since 2013, Chairman of Nomination and Remuneration Committee. Independent of the Company and significant shareholders.

- Managing Director at Suomen Lähikauppa Ltd 2007-2010, President and CEO at Altia Corporation 2005-2007 and various positions at Unilever 1990-2005. I.G.Alita Ab, Chairman of the Supervisory Council since 2011, Varma Mutual Pension Insurance Company, Member of the Advisory Board 2008-2012 and Luottokunta, Member of the Advisory Board 2008-2011
- Member of the Board of Directors: Helsingin Mylly Oy 2010-, Digia Oyj 2012-, Arla Ingman Oy Ab 2012-, Image Wear Oy 2012-, Helsingin kaupungin Palvelut Oy 2015-
- Number of Etteplan shares, December 31, 2014: 0, no holdings of interest parties

MANAGEMENT GROUP



✓ **Juha Näkki**

b. 1973, M.Sc. (Eng.)

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

- 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
- Number of Etteplan shares, December 31, 2014: 11,876, no holdings of interest parties



✓ **Per-Anders Gådin**

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

Management Group member since 2009

- CFO, Senior Vice President of Etteplan Oyj since 2009
- CFO of Etteplan Industry AB 2002-2008, Manager of Etteplan Industry AB 1999-2002
- Number of Etteplan shares, December 31, 2014: 3,250, no holdings of interest parties



✓ **Petri Ikonen**

b. 1964, B.Sc. (Eng.)

Management Group member since 2015

- Senior Vice President of Etteplan Oyj since 2015
- Vice President, Technical Product Information of Etteplan Oyj 2012-2014, General Manager of Etteplan Oyj 2010-2011, Managing Director, Sigma Kudos Finland Oy 2008-2009, Quality Manager, Sigma Kudos Finland Oy 2005-2008
- Number of Etteplan shares, December 31, 2014: 516, no holdings of interest parties



✓ **Veikko Lamminen**

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

Management Group member since 2012

- Senior Vice President of Etteplan Oyj since 2012
- Business Unit Director of Etteplan Oyj 2009-2012, Regional Manager of Etteplan Oyj 2005-2008, Manager, Project Operations & IT of Cimcorp Oy 2003-2005
- Number of Etteplan shares, December 31, 2014: 1,750, no holdings of interest parties



✓ **Outi-Maria Liedes**

b. 1956, M.Sc. (Eng.), MBA

Management Group member since 2008

- Senior Vice President, HR and Communications since 2008
- Managing Director, Stockholm School of Economics Executive Education Finland 2003-2006, SVP, Corporate Communications and IR, KONE Corporation 2002-2003 and SVP 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, 2014: 3,086, no holdings of interest parties



✓ **Riku Riikonen**

b. 1977, M.Sc. (Eng.)

Management Group member since 2015

- Senior Vice President of Etteplan Oyj since 2015
- Vice President and General Manager of Etteplan China 2014, Vice President for Sales and Key Account Management of Etteplan Oyj 2012-2013, Sales Director of Etteplan Oyj 2010-2012, Territory Sales Executive of SAP 2008-2010
- Number of Etteplan shares, December 31, 2014: 3,344, no holdings of interest parties



✓ **Mikael Vatn**

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

Management Group member since 2012

- Senior Vice President of Etteplan Oyj since 2012
- General Manager of Etteplan Oyj's Swedish operations 2011-2012, CEO of Securitas Direct Sverige AB 2009-2010, CEO and Business Unit Manager of EnergoRetea 1998-2008
- Member of the Board of Directors: Tyréns AB since 2009-
- Number of Etteplan shares, December 31, 2014: 4,000, no holdings of interest parties



INVESTOR INFORMATION

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

Etteplan's shares are listed in NASDAQ OMX Helsinki's Small cap market capitalization group in the Industrials sector under the ETT1V ticker. The total number of shares was 20,179,414 on December 31, 2014.

Periodic fluctuation

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

A solid dividend payer

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

Etteplan's investor relations principles

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

Publication of financial information

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

Outlook

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

Market estimates

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

Silent period

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

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

Investor relations contacts

Juha Näkki, President and CEO, Outi-Maria Liedes, Senior Vice President, HR & Communications and Per-Anders Gådin, Chief Financial Officer are responsible for Etteplan's IR communications.

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



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INFORMATION FOR SHAREHOLDERS

General Meeting of Shareholders

The Etteplan Oyj Annual General Meeting will be held on Friday, March 27, 2015, starting at 1 p.m. at the Company premises in Vantaa at Ensimmäinen savu, 01510 Vantaa.

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

Right to attend

Every shareholder who on March 17, 2015, 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 12 p.m. on March 24, 2015 either by e-mail to [registration\(at\)etteplan.com](mailto:registration(at)etteplan.com) or by telephone to number +358 10 307 2006.

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

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

Payment of dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.15 per share be paid for the 2014 fiscal year. If the Annual General Meeting approves the Board's proposal on the payment of dividends, a dividend will be paid to each shareholder who on the balance date of March 31, 2015, is registered in the list of shareholders maintained by Euroclear Finland Ltd. The dividend payment date proposed by the Board of Directors is April 9, 2015.

Shareholder register information

Shareholders should notify the bank, brokerage firm or other account operator with which they have a book-entry securities account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

Financial information 2015

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

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

Interim reports 2015

Etteplan Oyj will publish three interim reports in 2015:

Interim report for 1–3/2015	on Thursday, May 7, 2015
Interim report for 1–6/2015	on Wednesday, August 12, 2015
Interim report for 1–9/2015	on Thursday, October 29, 2015

Smart way to smart products

Etteplan Oyj

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