Etteplan

INTERIM REPORT JANUARY–JUNE 2014

PROFITABILITY IMPROVED

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ETTEPLAN OYJ INTERIM REPORT
AUGUST 13, 2014, AT 2:00 PM

ETTEPLAN Q2: PROFITABILITY IMPROVED

Review period April-June 2014

- The Group's revenue decreased by 1.5% and was EUR 33.7 million (4-6/2013: EUR 34.2 million).
- EBITDA improved by 10.9% and was EUR 2.9 million (EUR 2.6 million).
- Operating profit (EBIT) improved by 16.3% and was EUR 2.3 million (EUR 2.0 million).
- The profit for the review period was EUR 1.8 million (EUR 1.6 million).
- Operating cash flow improved and was EUR 3.1 million (EUR 1.0 million).
- Earnings per share were EUR 0.09 (EUR 0.08).
- The Group had 1,843 employees at the end of the period (1,742).
- Etteplan keeps its financial guidance unchanged and adjusts the estimate of its market outlook.

Review period January-June 2014

- The Group's revenue decreased by 2.4% and was EUR 67.0 million (1-6/2013: EUR 68.7 million).
- EBITDA declined by 7.1% and was EUR 4.7 million (EUR 5.1 million).
- Operating profit (EBIT) decreased by 7.6% and was EUR 3.4 million (EUR 3.7 million).
- The profit for the review period was EUR 2.6 million (EUR 2.7 million).
- Operating cash flow improved and was EUR 1.4 million (EUR -0.9 million).
- Earnings per share were EUR 0.13 (0.13).

Outlook 2014

Market outlook

The most important factor in the development of Etteplan's business is the development of the machinery and metal industry. Despite increased new orders from the machinery and metal industry, the market has become more uncertain and business less predictable.

Financial guidance

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

Previous estimate of outlook

Market outlook

The most important factor in the development of Etteplan's business operations is the development of business operations in the machinery and metal industry. At the beginning of 2014, the revenues and order books of the machinery and metal industry were at a lower level than in the corresponding period in 2013. However, new orders increased on average. The demand for engineering design services showed signs of recovery at the end of the review period, but the full-year development remains uncertain.

Financial guidance

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

Etteplan

Key figures

(EUR 1,000)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Revenue	33,737	34,240	67,019	68,699	128,647
EBITDA	2,920 (8.7%)	2,632 (7.7%)	4,730 (7.1%)	5,090 (7.4%)	9,064 (7.0%)
Operating profit (EBIT)	2,273 (6.7%)	1,954 (5.7%)	3,430 (5.1%)	3,712 (5.4%)	6,366 (4.9%)
Basic earnings per share, EUR	0.09	0.08	0.13	0.13	0.22
Equity ratio, %	33.7	31.7	33.7	31.7	35.9
Operating cash flow	3,058	1,022	1,363	-938	1,789
ROCE, %	20.7	18.3	15.5	16.8	14.6
Personnel at end of the period	1,843	1,742	1,843	1,742	1,728

Juha Näkki, President and CEO of Etteplan Oyj comments on the interim report:

“Due to our strong market position and the recovery in demand at the end of the first quarter we were able to turn our business back to growth in the end of the review period. Our operating profit improved compared to the second quarter of 2013 and nearly doubled compared to the first quarter of 2014. Our cash flow improved significantly. Our revenue ceased to decrease and was slightly better than in the comparison period at comparable exchange rates. The number of temporary layoffs continued to decrease in Finland in the second quarter. Sales to key customers developed more favorably than other business operations.

In Europe, the demand for engineering design services and technical documentation improved in the review period, particularly in the projects of forest industry equipment manufacturers, while also showing signs of improvement in other sectors. Overall demand improved slightly in Finland and the Netherlands. In Sweden, demand recovered faster than in Finland and the Netherlands, but the competitive situation remained tight.

In China, the engineering design service market continued to develop favorably. During the review period, we managed to increase the number of working hours invoiced in the Chinese market by nearly 170 per cent, and our number of employees in China exceeded 200. Our acquisition of Elomatic’s engineering business in China and the outsourcing of MacGregor’s engineering design operations had a positive effect on our operations in China. Offshoring services outside China continued to grow as well. I am very pleased with the development in China in the first half of 2014, and we will continue to carry out measures to maintain growth.

The implementation of our business strategy is progressing as planned. High value-added Managed Services constituted more than one-third of our revenue. Our service products, offering cost savings to customers, are ideal for the prevailing market situation, and we received significant orders during the review period. In technical documentation, the earlier outsourcing carried out by Fortum Värme was followed by the outsourcing of technical documentation by Fortum Hydro to Etteplan in Sweden. Interest in our technical documentation and outsourcing solutions has clearly increased, and we are negotiating outsourcing cases with several customers.

During the review period, Etteplan adjusted its growth target upward to 15 per cent. The target includes both organic growth and acquisitions. We are back on the growth track, and the market situation is favorable for acquisitions. With determined work, I believe we will reach our new growth target in 2015.

Despite slow growth and the uncertainty in Europe created by the situation in Russia, our financial guidance for 2014 remains unchanged.”

Accounting principles

The interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting) standard and the preparation and accounting policies presented in the 2013 annual financial statements.

This interim report includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management’s best knowledge at the time of interim report.

REVIEW APRIL-JUNE 2014

Business review April-June 2014

Operating environment

In engineering design services and technical documentation, demand began to recover at the end of the first quarter and continued to recover slowly in the second quarter. Demand among Ettenplan's customers was driven by the estimated growth rate of 3–4 per cent of the global market for 2014, to the extent that end products are intended for markets outside Europe and Russia. The demand for Etteplan's services remained uncertain as a result of modest development in the European market and decreasing demand in Russia. The demand for engineering design services remained weak in some of Etteplan's customer industries due to low willingness to invest in increasing production capacity in Finland. Asia continued to be the growth engine of the global economy, which was evident in the good demand for engineering design services in China. In Sweden, the demand for engineering design services and technical documentation was at a slightly higher level than in Finland, partly because of the weakening of the Swedish krona against the euro. In the Netherlands, demand continued to grow moderately, with no significant changes.

In the machinery and metal industry, new orders continued to increase in Finland in April. Due to significant deliveries of orders, however, order books did not increase. Instead in June, they were a few per cent lower than in March 2014 and at the corresponding time of the previous year. Measured in euros, orders received by Finnish companies in the machinery and metal industry in April–June increased by 26 per cent compared to the corresponding period of the previous year and by 10 per cent compared to the previous quarter. In April–June, revenue decreased slightly year-on-year (Federation of Finnish Technology Industries: Economic situation and outlook 3/2014).

The demand for engineering design services continued to vary significantly by customer industry in the review period.

The demand for engineering design services among mining industry equipment manufacturers remained unchanged, staying at a satisfactory level. The demand for engineering design services among lifting and hoisting equipment manufacturers remained at a good level. The demand for engineering design services in the energy and power transmission industry was at a satisfactory level. The demand for engineering design services among forest industry equipment manufacturers continued to improve and was at a good level in the review period. In Sweden, the demand for engineering design services in the aerospace and defense industry was at a good level. In Finland, the demand was weak. Demand in the transportation and vehicle industry remained unchanged in the review period: good demand for testing and analysis services requiring special expertise continued.

Business review

Etteplan's key accounts decreased by 0.6 per cent in the review period compared to the corresponding period of the previous year. Revenue for the review period decreased by 1.5 per cent compared to the corresponding period (4-6/2013). However, the downward trend in revenue came to an end during the review period, and revenue increased by 0.5 per cent at comparable exchange rates. This had a positive effect on the profitability. The operating profit percentage was 6.7 in the review period (4–6/2013: 5.7 per cent).

The share of Managed Services continued to grow and was more than one-third of total revenue in the second quarter.

Etteplan received a high number of new assignments during the review period, particularly from forest industry equipment manufacturers.

The utilization rate of engineering design services was at a satisfactory level during the review period, improving slightly compared to the first quarter of the year.

Business operations in China continued to develop favorably. The number of personnel exceeded 200 in the review period, and the number of working hours invoiced grew by nearly 170 per cent compared to the corresponding period (4–6/2013).

At the end of April, Etteplan and Elomatic agreed on the transfer of Elomatic's Chinese engineering operations to Etteplan. Elomatic's design engineers and customers were transferred to Etteplan, but the transaction does not include Elomatic's Cadmatic software business in China.

At the end of April, Etteplan signed a long-term engineering agreement with MacGregor for providing MacGregor's engineer-to-order projects for hatch cover projects in China. Ten engineers who had been working for MacGregor's joint venture company in China became Etteplan's employees and transferred to Etteplan's Shanghai office. Etteplan's engineering units in Finland continue to provide MacGregor Finland with engineering and project management services as well as technical documentation for hatch cover projects worldwide.

During the review period, Etteplan signed two significant technical documentation framework agreements in Sweden, one with the Swedish Defence Material Administration (FMV) and the other with Swedish National Grid (Svenska kraftnät, SvK).

Etex, a provider of automation components and maintenance, repair and overhaul services, outsourced its engineering operations to Etteplan at the beginning of May. Etex is based in Lappeenranta, Finland. As part of the transaction, three employees of Etex became Etteplan's employees.

In the review period, Etteplan signed a three-year outsourcing agreement with Fortum to manage Fortum Hydro's technical documentation function in Sweden. The agreement came into force on June 1, 2014. It comprises the documentation for the sites in Arbrå, Borlänge, Karlstad and Stockholm.

During the review period, Etteplan signed an additional framework agreement with the Swedish Defence Material Administration (FMV). The frame agreement covers engineering services in system safety for FMV's aircrafts, helicopters, unmanned aerial vehicles, army vehicles and materials as well as command and control systems.

In June, the Board of Directors of Etteplan Oyj confirmed the company's new growth strategy for 2014–2016. Etteplan raised its target level and seeks to achieve an average annual growth rate of 15 per cent. The target includes both organic growth and acquisitions. The company's other long-term financial targets – profitability, improved cash flow and an increased proportion of high value-added services of total revenue – remain unchanged.

Financial development April-June 2014

Etteplan's revenue in April-June 2014 declined by 1.5 per cent and stood at EUR 33.7 million (4-6/2013: EUR 34.2 million). The Easter holidays during the review period had a negative effect on revenue for the review period. Revenue increased by 0.5 per cent at comparable exchange rates. Organic growth was -3.6 per cent. Revenue remained on the same level as in the previous quarter (1-3/2014: EUR 33.3 million).

The operating profit improved and was EUR 2.3 million (4-6/2013: EUR 2.0 million). Non-recurring items and the end of the downward trend in revenue had a positive effect on the operating profit. The operating profit includes a positive non-recurring item related to the Tedopres acquisition and non-recurring costs, with a total positive effect of EUR 0.2 million. Operating profit was also affected by the low price level of projects sold in the weak market situation of late 2013.

The operating cash flow improved and was EUR 3.1 million (4-6/2013: EUR 1.0 million). The end of the downward trend in revenue and the higher proportion of short payment terms had a positive effect on cash flow.

REVIEW JANUARY-JUNE 2014

Business review January-June 2014

Operating environment

The operating environment was marked by economic uncertainty throughout the first half of the year. The recovery in the demand for engineering design services was slower than expected in the first quarter and improved slowly in the second quarter.

Economic development was uneven in Etteplan's areas of operation. In Finland, new orders from Etteplan's key customers increased on average, but order books diminished rapidly at the same time and were at a slightly lower level than in the first half of 2013. In Sweden, expectations of improved demand for engineering design services remained at a good level throughout the first half of the year. However, investments in increased production capacity continued to be weak. In Sweden, the competition for resources in the engineering design service sector is expected to become even more intense (Swedish Federation of Consulting Engineers and Architects: The Investment Signal, June 2014). In China, the demand for engineering design services developed favorably despite slower economic growth. In the Netherlands, economic growth and the demand for technical documentation improved slightly.

The situation in Russia does not have a significant direct effect on Etteplan's business, and the effects were minor in the review period.

The demand for engineering design services among mining industry equipment manufacturers was at a satisfactory level in the review period. The demand for engineering design services among lifting and hoisting equipment manufacturers was at a good level on average. The demand for engineering design services in the energy and power transmission industry was at a satisfactory level. The demand for engineering design services among forest industry equipment manufacturers improved clearly throughout the review period and was at a good level. In the aerospace and defense industry, demand was at a good level throughout the review period in Sweden, while demand in Finland was weak. In the transportation and vehicle industry, order books were at a good level, but new projects requiring engineering design services were launched at a slow pace. Good demand for testing and analysis services requiring special expertise continued.

Business review

Revenue for the first half of the year (1–6/2014) decreased by 2.4 per cent year-on-year. Most of the decrease came from the first quarter of 2014. The decrease was markedly slower in the second quarter (4–6/2014). Although new orders received by industry grew compared to the corresponding period of the previous year, the growth did not yet significantly affect Etteplan's revenue for the first half of the year. Etteplan's strong market position in a competitive situation that continued to be tight had a positive effect on the company's business.

Sales to key customers decreased by 4.0 per cent in the review period compared to the corresponding period of the previous year (1–6/2013).

The share of Managed Services continued to grow and exceeded one-third of total revenue in the review period.

Business operations in China continued to develop favorably throughout the review period, 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 more than 150 per cent year-on-year. The number of offshoring hours sold outside China continued to grow as well.

The utilization rate of engineering design services was at a satisfactory level during the review period, improving slightly in the second quarter. Reductions in personnel in Finland were implemented as temporary layoffs. The number of temporary layoffs decreased steadily throughout the review period, decreasing from 150 people at the beginning of the year to less than 50 people.

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 the company.

Changes in management

At the end of June Etteplan communicated that Robert Berg, a member of Etteplan Oyj's Management Group and Senior Vice President of Solutions & Business Development unit will leave Etteplan. As of June 26, 2014 Petri Ikonen, Vice President, Technical Information and Riku Riikonen, Vice President, General Manager of Etteplan China have been responsible for business operations in Solutions & Business Development unit. They report to Juha Näkki, President and CEO.

As of June 26, 2014 Etteplan's Management Group is in addition to President and CEO Juha Näkki consisted of Per-Anders Gådin, Senior Vice President, Finance & IT, Veikko Lamminen, Senior Vice President, Operations Finland, Outi-Maria Liedes, Senior Vice President, Communications & Operational Development and Mikael Vatn, Senior Vice President, Operations Sweden.

Revenue

Etteplan's revenue decreased by 2.4 per cent and was EUR 67.0 million (1-6/2013: EUR 68.7 million). Organic growth was -5.2 per cent. The decrease in revenue was caused by customers' order books and revenue being at a lower level than in the comparison period as well as weakening of the Swedish krona.

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

Result

Operating profit decreased by 7.6 per cent and was EUR 3.4 million (1-6/2013: EUR 3.7 million). Operating profit was affected by decreased revenue and a lower capacity utilization rate compared to the corresponding period in 2013. Operating profit was also affected by the low price level of projects sold in the weak market situation of late 2013.

The operational costs decreased by 1.5 per cent. The operating profit percentage decreased year-on-year and was 5.1 per cent (5.4 per cent). EBITDA declined and was EUR 4.7 million (EUR 5.1 million). EBITDA does not include amortization of intangible assets related to the acquisition of Tedopres International B.V. and ProAvia Konsult AB.

Financial expenses were EUR 0.5 million (1-6/2013: EUR 0.5 million).

Profit before taxes for the review period was EUR 3.1 million (1-6/2013: EUR 3.4 million). Taxes in the income statement amounted to 15.5 per cent (1-6/2013: 21.8 per cent) calculated of the result before taxes. The amount of taxes was EUR 0.5 million (EUR 0.7 million).

The profit for the review period was EUR 2.6 million (1-6/2013: EUR 2.7 million).

Earnings per share were EUR 0.13 (EUR 0.13). Equity per share was EUR 1.28 (EUR 1.23). Return on capital employed (ROCE) before taxes was 15.5 per cent (16.8 per cent).

Financial position and operating cash flow

Total assets on June 30, 2014 were EUR 75.6 million (December 31, 2013: EUR 74.5 million). Goodwill on the balance sheet was EUR 39.0 million (December 31, 2013: EUR 39.1 million).

The Group's cash and cash equivalents stood at EUR 1.9 million (December 31, 2013: EUR 1.0 million). The Group's financial liabilities at the end of the review period amounted to EUR 23.4 million (December 31, 2013: EUR 19.7 million). The total of unused short-term credit facilities stood at EUR 5.2 million (December 31, 2013: EUR 10.6 million).

The equity ratio improved and was 33.7 per cent (June 30, 2013: 31.7 per cent). Operating cash flow was EUR 1.4 million (1-6/2013: EUR -0.9 million). Cash flow after investments was EUR -0.4 million (1-6/2013: EUR -1.3 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 2.5 million (1-6/2013: EUR 0.9 million). Investments comprised, among other things, of an acquisition and license fees for design software.

Personnel

The Group employed 1,768 (1-6/2013: 1,739) people on average during the review period and 1,843 (June 30, 2013: 1,742) at the end of the review period. The number of personnel increased as a result of acquisitions and improved demand. At the end of the review period, 701 people (June 30, 2013: 627) were employed by the Group abroad.

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 12 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 the present members Robert Ingman, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen and elected Patrick von Essen 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 will replace 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 will replace 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.

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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 June 30, 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 461,791 of its own shares on June 30, 2014, which corresponds 2.29 per cent of all shares and voting rights (December 31, 2013: 461,791). In January-June 2014, the Company did not acquire or transfer any company-held shares.

The number of Etteplan Oyj shares traded during the review period was 432,537, to a total value of EUR 1.4 million. The share price low was EUR 3.08, the high EUR 3.34, the average EUR 3.19, and the closing price EUR 3.27. Market capitalization on June 30, 2014 was EUR 64.5 million.

On June 30, 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-June 2014.

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 is presented in the Annual Report 2013 on pages 25-29.

Operating risks and uncertainty factors in the review period

The uncertainty caused by the general economic development continued in the first half of 2014. Increased economic uncertainty was reflected in the slow recovery of the demand for engineering design services and technical documentation in early 2014.

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

Estimate of operating risks and uncertainty factors in the near future

The uncertainty caused by the general economic development continues to be a risk for Etteplan's business. Uncertainty is increasing particularly because of the situation in Russia and the potential end of growth in Europe in the second half of the year. 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 tight competitive situation in the engineering design industry is a risk associated with business operations in Sweden.

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

Outlook 2014

Market outlook

The most important factor in the development of Etteplan's business is the development of the machinery and metal industry. Despite increased new orders from the machinery and metal industry, the market has become more uncertain and business less predictable.

Financial guidance

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

Financial information in 2014

Etteplan Oyj's third quarter interim report will be published on Wednesday October 29, 2014.

Vantaa, August 13, 2014

Etteplan Oyj

Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 400 606 372

APPENDIX:

Financial Statement Summary and Notes

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Notes to the Financial Statement Summary

The information presented herein has not been audited.

Releases and other corporate information are available on Etteplan's Web site at www.etteplan.com.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1 000)	**4-6/2014**	**4-6/2013**	**1-6/2014**	**1-6/2013**	**1-12/2013**
Revenue	**33 737**	**34 240**	**67 019**	**68 699**	**128 647**
Other operating income	495	152	576	216	1 134
Materials and services	-2 437	-2 759	-5 516	-5 450	-11 605
Staff costs	-24 181	-23 131	-48 090	-47 376	-90 250
Other operating expenses	-4 693	-5 870	-9 259	-10 999	-18 862
Depreciation and amortization	-647	-678	-1 300	-1 378	-2 697
Operating profit (EBIT)	**2 273**	**1 954**	**3 430**	**3 712**	**6 366**
Financial income	143	127	197	194	306
Financial expenses	-308	-48	-541	-454	-947
Share of the result of associate	0	14	0	-54	-54
Profit before taxes	2 108	2 047	3 087	3 398	5 672
Income taxes	-324	-408	-478	-741	-1 282
Profit for the financial year	**1 783**	**1 639**	**2 609**	**2 656**	**4 390**
Other comprehensive income, that may be subsequently reclassified to profit or loss					
Foreign subsidiary net investment hedge	70	280	98	107	125
Currency translation differences	-702	-1 402	-984	-654	-882
Change in fair value of investments available-for-sale	3	9	4	12	37
Tax from items, that may be subsequently reclassified to profit or loss	-15	-2	-21	-3	82
Other comprehensive income, net of tax	-643	-1 115	-902	-538	-639
Total comprehensive income for the year	**1 140**	**524**	**1 707**	**2 119**	**3 751**
Income attributable to					
Equity holders of the parent company	1 711	1 635	2 482	2 624	4 291
Non-controlling interest	73	4	126	32	98
	1 783	1 639	2 609	2 656	4 390
Total comprehensive income attributable to					
Equity holders of the parent company	1 070	517	1 576	2 095	3 649
Non-controlling interest	70	7	130	23	102
	1 140	524	1 707	2 119	3 751
Earnings per share calculated from the result attributable to equity holders of the parent company					
Basic earnings per share, EUR	0,09	0,08	0,13	0,13	0,22
Diluted earnings per share, EUR	0,09	0,08	0,13	0,13	0,22

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1 000)	30.6.2014	30.6.2013	31.12.2013
ASSETS			
Non-current assets			
Tangible assets	1 557	1 587	2 043
Goodwill	38 973	39 424	39 131
Other intangible assets	6 422	6 188	5 895
Investments available-for-sale	645	616	641
Deferred tax assets	75	12	100
Non-current assets, total	**47 673**	**47 828**	**47 809**
Current assets			
Trade and other receivables	25 871	26 922	25 709
Current tax assets	225	85	0
Cash and cash equivalents	1 879	2 264	975
Current assets, total	**27 974**	**29 272**	**26 684**
TOTAL ASSETS	**75 648**	**77 100**	**74 493**
EQUITY AND LIABILITIES			
Capital attributable to equity holders of the parent company			
Share capital	5 000	5 000	5 000
Share premium account	6 701	6 701	6 701
Unrestricted equity fund	2 614	2 614	2 614
Own shares	-1 912	-1 912	-1 912
Cumulative translation adjustment	-930	122	-20
Other reserves	193	112	189
Retained earnings	11 030	8 937	8 889
Profit for the financial year	2 482	2 624	4 291
Capital attributable to equity holders of the parent company, total	25 179	24 199	25 753
Non-controlling interest	-141	-350	-272
Equity, total	**25 038**	**23 849**	**25 481**
Non-current liabilities			
Deferred tax liabilities	1 228	1 053	1 010
Financial liabilities	12 136	10 636	10 831
Other non-current liabilities	273	3 224	2 438
Non-current liabilities, total	**13 637**	**14 913**	**14 279**
Current liabilities			
Financial liabilities	11 260	11 614	8 837
Trade and other payables	25 625	26 332	25 478
Current income tax liabilities	88	390	418
Current liabilities, total	**36 973**	**38 337**	**34 734**
Liabilities, total	**50 610**	**53 250**	**49 012**
TOTAL EQUITY AND LIABILITIES	**75 648**	**77 100**	**74 493**

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CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1 000)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Operating cash flow					
Cash receipts from customers	34 569	33 860	65 506	64 828	127 633
Operating expenses paid	-30 629	-31 581	-62 706	-63 815	-122 910
Operating cash flow before financial items and taxes	3 940	2 279	2 801	1 013	4 724
Interest and payment paid for financial expenses	-198	-165	-387	-383	-778
Interest received	11	7	16	11	35
Income taxes paid	-695	-1 099	-1 067	-1 578	-2 192
Operating cash flow (A)	**3 058**	**1 022**	**1 363**	**-938**	**1 789**
Investing cash flow					
Purchase of tangible and intangible assets	-274	-230	-457	-512	-1 749
Acquisition of subsidiaries	-2	0	-1 394	0	0
Disposal of associates	0	100	0	100	100
Proceeds from sale of tangible and intangible assets	6	3	84	5	9
Loan receivables, decrease	4	4	4	15	9
Loan receivables, increase	0	0	0	0	-2
Investing cash flow (B)	**-266**	**-123**	**-1 763**	**-392**	**-1 634**
Cash flow after investments (A+B)	**2 792**	**899**	**-400**	**-1 330**	**154**
Financing cash flow					
Short-term loans, increase	1 857	1 323	2 388	2 860	2 516
Short-term loans, decrease	-1 478	-211	-1 629	-1 230	-3 370
Long-term loans, increase	19	0	3 019	0	3 000
Long-term loans, decrease	0	0	0	0	-2 792
Payment of finance lease liabilities	-221	-270	-455	-545	-1 045
Dividend paid and other profit distribution	-2 169	-2 956	-2 169	-2 956	-2 956
Financing cash flow (C)	**-1 992**	**-2 114**	**1 155**	**-1 871**	**-4 647**
Variation in cash (A+B+C) increase (+) / decrease (-)	**800**	**-1 215**	**755**	**-3 201**	**-4 493**
Assets at the beginning of the period	964	3 299	975	5 402	5 402
Exchange gains or losses on cash and cash equivalents	115	180	148	63	65
Assets at the end of the period	1 879	2 264	1 879	2 264	975

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns
A) Share Capital
B) Share Premium Account
C) Unrestricted Equity Fund
D) Other Reserves
E) Own Shares
F) Cumulative Translation Adjustment
G) Retained Earnings
H) Total
I) Non-controlling Interest
J) Equity total

(EUR 1 000)	A	B	C	D	E	F	G	H	I	J
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	0	0	0	0	0	0	4 291	4 291	98	4 390
Fair value reserve available-for-sale assets	0	0	0	38	0	0	0	38	0	38
Foreign subsidiary net investment hedge	0	0	0	0	0	205	0	205	0	205
Cumulative translation adjustment	0	0	0	0	0	-886	0	-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	0	0	0	0	0	0	-2 956	-2 956	0	-2 956
Reclassifications	0	0	0	0	0	0	2	2	0	2
Share based incentive plan	0	0	29	0	24	0	-46	7	0	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**	**25 481**

(EUR 1 000)	A	B	C	D	E	F	G	H	I	J
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	0	0	0	0	0	0	2 482	2 482	126	2 609
Fair value reserve available-for-sale assets	0	0	0	3	0	0	0	3	0	3
Foreign subsidiary net investment hedge	0	0	0	0	0	79	0	79	0	79
Cumulative translation adjustment	0	0	0	0	0	-988	0	-988	4	-984
Total comprehensive income for the year	**0**	**0**	**0**	**3**	**0**	**-910**	**2 482**	**1 576**	**130**	**1 707**
Transactions with owners										
Dividends	0	0	0	0	0	0	-2 169	-2 169	0	-2 169
Reclassifications	0	0	0	0	0	0	19	19	0	19
Transactions with owners, total	**0**	**0**	**0**	**0**	**0**	**0**	**-2 150**	**-2 150**	**0**	**-2 150**
Equity 30.6.2014	**5 000**	**6 701**	**2 614**	**193**	**-1 912**	**-930**	**13 512**	**25 179**	**-141**	**25 038**

(EUR 1 000)	A	B	C	D	E	F	G	H	I	J
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	0	0	0	0	0	0	2 624	2 624	32	2 656
Fair value reserve available-for-sale assets	0	0	0	9	0	0	0	9	0	9
Foreign subsidiary net investment hedge	0	0	0	0	0	107	0	107	0	107
Cumulative translation adjustment	0	0	0	0	0	-645	0	-645	-9	-654
Total comprehensive income for the year	**0**	**0**	**0**	**9**	**0**	**-538**	**2 624**	**2 095**	**23**	**2 119**
Transactions with owners										
Dividends	0	0	0	0	0	0	-2 956	-2 956	0	-2 956
Reclassifications	0	0	0	-48	0	0	50	2	0	2
Share based incentive plan	0	0	29	0	24	0	-46	7	0	7
Transactions with owners, total	**0**	**0**	**29**	**-48**	**24**	**0**	**-2 953**	**-2 947**	**0**	**-2 947**
Equity 30.6.2013	**5 000**	**6 701**	**2 614**	**112**	**-1 912**	**122**	**11 561**	**24 199**	**-350**	**23 849**

NOTES TO THE FINANCIAL STATEMENT SUMMARY

General

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

In 2013, Etteplan had turnover of EUR 128.6 million. The Company has more than 1,800 professionals in Finland, Sweden, the Netherlands and China. Etteplan's shares are listed on NASDAQ OMX Helsinki Ltd under the ETT1V ticker.

The Etteplan Oyj Board of Directors has approved this interim report for publication at its meeting of August 13, 2014.

Basis for preparation

The interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting) standard and the preparation and accounting policies presented in the 2013 annual financial statements.

Monetary figures in the interim report are presented in thousands of euros. All figures in the tables have been rounded up or down, due to which the sums of figures may deviate from the sum totals presented.

In the interim report the accounting principles used were the same as for the 2013 annual financial statements. The annual financial statements are available at http://www.etteplan.com/investors/annual-and-interim-reports/2014.aspx and the accounting policy is detailed on pages 40-46 of the annual report 2013. Formulas for the key figures are detailed at the end of this interim report.

Use of estimates

This interim report includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management's best knowledge at the time of interim report.

Income taxes

The taxes listed in the consolidated income statement have been calculated with the tax rate appropriate for the projected full-year result. The estimated average effective tax rate for the year has been set separately for each relevant country. Taxes in the income statement amounted to 15.5 per cent (1-6/2013: 21.8 per cent) calculated of the result before taxes.

Risks

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. A description of risks can be found in Etteplan's annual report 2013 on pages 25-29. A detailed financial risk analysis can be found in Etteplan's annual report 2013 on pages 47-50.

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KEY FIGURES

(EUR 1 000)	1-6/2014	1-6/2013	1-12/2013	Change to prev. year
Revenue	67 019	68 699	128 647	-2,4 %
EBITDA	4 730	5 090	9 064	-7,1 %
EBITDA, %	7,1	7,4	7,0	
Operating profit (EBIT)	3 430	3 712	6 366	-7,6 %
EBIT, %	5,1	5,4	4,9	
Profit before taxes	3 087	3 398	5 672	-9,2 %
Profit before taxes, %	4,6	4,9	4,4	
Return on equity, %	20,7	21,9	17,5	
ROCE, %	15,5	16,8	14,6	
Equity ratio, %	33,7	31,7	35,9	
Gross interest-bearing debt	23 396	22 250	19 668	5,2 %
Net gearing, %	85,9	83,8	73,4	
Balance sheet, total	75 648	77 100	74 493	-1,9 %
Gross investments	2 477	852	2 344	190,7 %
Operating cash flow	1 363	-938	1 789	245,3 %
Basic earnings per share, EUR	0,13	0,13	0,22	0,0 %
Diluted earnings per share, EUR	0,13	0,13	0,22	0,0 %
Equity per share, EUR	1,28	1,23	1,31	4,1 %
Personnel, average	1 768	1 739	1 736	1,7 %
Personnel at end of the period	1 843	1 742	1 728	5,8 %

REVENUE AND OPERATING PROFIT (EBIT) QUARTERLY

(EUR 1 000)	1-3/2014	4-6/2014
Revenue	33 282	33 737
Operating profit (EBIT)	1 157	2 273
EBIT, %	3,5	6,7

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 fullfils certain terms specified in the acquisition agreement. The fair value of the contingent consideration arrangement, EUR 226 thousand, is estimated by applying the income approach.

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 provisional amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Consideration transferred:	**(EUR 1 000)**
Cash	1 544
Contingent consideration	226
Total consideration transferred	**1 770**
Provisional 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	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 statement of comprehensive income. The revenue included in the consolidated statement of comprehensive income since January 1, 2014 contributed by ProAvia Konsult AB was EUR 1,192 thousand. ProAvia Konsult AB contributed profit of EUR 64 thousand over the same period.

Tedopres International B.V.

On June 30, 2014 a profit of EUR 500 thousand was booked, relating to the contingent consideration included in the acquisition of Tedopres International B.V., because the cumulative operating profit of Tedopres International B.V. was expected to be in the range of EUR 1,500 - 2,500 thousand.

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TANGIBLE ASSETS

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	-93	-20	0	-113
Acquisition of subsidiaries	0	0	0	9	9
Additions	0	199	315	3	517
Disposals	0	-262	0	-568	-830
Acquisition cost 30.6.	19	10 171	5 612	362	16 164
Cumulative depreciation 1.1.	0	-9 681	-4 561	-297	-14 538
Translation difference	0	90	14	0	104
Cumulative depreciation on disposals	0	245	0	0	245
Depreciation for the financial period	0	-96	-315	-7	-418
Cumulative depreciation 30.6.	0	-9 442	-4 862	-304	-14 607
Book value 30.6.2014	**19**	**729**	**750**	**58**	**1 557**

TANGIBLE ASSETS 2013 EUR 1,000	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost at 1.1.	19	10 215	4 885	338	15 458
Translation difference	0	-42	-10	0	-52
Additions	0	148	197	6	351
Reclassifications	0	5	0	0	5
Disposals	0	-4	0	0	-4
Acquisition cost 30.6.	19	10 322	5 072	344	15 758
Cumulative depreciation 1.1.	0	-9 601	-3 828	-274	-13 703
Translation difference	0	45	6	0	51
Reclassifications	0	-2	0	0	-2
Depreciation for the financial period	0	-126	-377	-13	-516
Cumulative depreciation 30.6.	0	-9 684	-4 199	-287	-14 170
Book value 30.6.2013	**19**	**638**	**873**	**57**	**1 587**

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INTANGIBLE ASSETS

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	1 399	4 512	1 429	0	15 808
Translation difference	-19	0	-4	-8	0	-31
Acquisition of subsidiaries	110	0	1 183	0	0	1 293
Additions	133	0	0	57	0	190
Disposals	-72	0	0	0	0	-72
Acquisition cost 30.6.	8 621	1 399	5 691	1 478	0	17 188
Cumulative amortization 1.1.	-7 004	-572	-1 378	-960	0	-9 914
Translation difference	15	0	3	6	0	24
Amortization for the financial period	-275	-68	-403	-131	0	-877
Cumulative amortization 30.6.	-7 264	-640	-1 778	-1 085	0	-10 767
Book value 30.6.2014	**1 357**	**759**	**3 913**	**393**	**0**	**6 421**

INTANGIBLE ASSETS 2013 EUR 1,000	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Total
Acquisition cost at 1.1.	7 132	980	4 517	1 256	891	14 776
Translation difference	1	0	6	-4	0	2
Additions	388	0	0	113	0	501
Disposals	-2	0	0	0	0	-2
Reclassifications between items	891	0	0	0	-891	0
Acquisition cost 30.6.	8 410	980	4 523	1 365	0	15 278
Cumulative amortization 1.1.	-6 535	-351	-692	-652	0	-8 230
Translation difference	-1	0	-3	4	0	0
Cumulative amortization on disposals	1	0	0	0	0	1
Amortization for the financial period	-351	0	-345	-164	0	-860
Cumulative amortization 30.6.	-6 886	-351	-1 040	-812	0	-9 089
Book value 30.6.2013	**1 525**	**629**	**3 483**	**553**	**0**	**6 188**

GOODWILL

GOODWILL 2014 EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	737	38 395	39 131
Translation difference	-12	-839	-851
Additions	121	573	693
Acquisition cost 30.6.	845	38 128	38 973
Book value 30.6.2014	**845**	**38 128**	**38 973**

GOODWILL 2013 EUR 1,000	Goodwill	Consolidated goodwill	Total
Acquisition cost at 1.1.	748	39 182	39 930
Translation difference	-8	-498	-506
Acquisition cost 30.6.	740	38 684	39 424
Book value 30.6.2013	**740**	**38 684**	**39 424**

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	30.6.2014				30.6.2013			
EUR 1,000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed shares	136	0	0	**136**	108	0	0	**108**
Premises shares	0	480	0	**480**	0	480	0	**480**
Unlisted shares	0	0	29	**29**	0	0	29	**29**
Total	**136**	**480**	**29**	**645**	**108**	**480**	**29**	**616**

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

	2014				2013			
EUR 1,000	**Listed shares**	**Premises shares**	**Unlisted shares**	**Total**	**Listed shares**	**Premises shares**	**Unlisted shares**	**Total**
Opening balance at Jan 1	132	480	29	**641**	96	480	29	**605**
Gain/loss recognized in other comprehensive income	4	0	0	**4**	12	0	0	**12**
Closing balance Jun 30	**136**	**480**	**29**	**645**	**108**	**480**	**29**	**616**

Financial liabilities recognized at fair value through profit or loss

	30.6.2014				30.6.2013			
EUR 1,000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Contingent liability from acquisitions	0	0	1 632	**1 632**	0	0	2 600	**2 600**
Total	**0**	**0**	**1 632**	**1 632**	**0**	**0**	**2 600**	**2 600**

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

	2014		2013	
EUR 1,000	**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	-418	**-418**	0	**0**
Closing balance Jun 30	**1 632**	**1 632**	**2 600**	**2 600**

FINANCIAL LIABILITIES

(EUR 1 000)	30.6.2014	30.6.2013	31.12.2013
Non-current	12 136	10 636	10 831
Current	11 260	11 614	8 837
Total	**23 396**	**22 250**	**19 668**

PLEDGES, MORTGAGES AND GUARANTEES

(EUR 1 000)	30.6.2014	30.6.2013	31.12.2013
Other Contingencies	48	0	48
Leasing liabilities			
For payment under one year	1 324	1 582	1 325
For payment 1-5 years	1 347	1 361	1 080
Total	**2 719**	**2 943**	**2 453**

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

THE FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH RELATED PARTIES:

(EUR 1 000)	30.6.2014	30.6.2013	31.12.2013
Sales of services to related parties			
Other related parties	0	92	135
Total	**0**	**92**	**135**
Purchase of services from related parties			
Associated companies	0	93	95
Other related parties	0	60	120
Total	**0**	**153**	**215**
Receivables from related parties			
Other related parties	0	19	38
Total	**0**	**19**	**38**

MAJOR SHAREHOLDERS JUNE 30, 2014

Name	Number of shares	Holding of shares, %
Ingman Group Oy Ab	13 650 000	67,64
Oy Fincorp Ab	2 113 721	10,47
Varma Mutual Pension Insurance Company	821 328	4,07
Etteplan Oyj	461 791	2,29
Tuori Klaus	351 000	1,74
Tuori Aino	256 896	1,27
Kempe Anna	220 000	1,09
Sijoitusrahasto Taaleritehdas Mikro Markka	214 121	1,06
Kempe Lasse	100 000	0,50
Kempe Pia	97 700	0,48
4Capes Oy	56 000	0,28
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	1 588 457	7,88
Total	20 179 414	100,00
Nominee-registrated shares	209 268	1,04

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FORMULAS FOR KEY FIGURES

EBITDA

Operating profit (EBIT) + Depreciation and amortization

Return on equity (ROE)

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

Return on capital employed (ROCE), before taxes

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

Equity ratio, %

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

Net gearing, %

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

Earnings per share

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

Equity per share

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