

Review by the Board of Directors

January 1 – December 31, 2009

Business operations

Etteplan's customers' weakened order books reflected to the demand for design services through the year. The demand declined rapidly during the first half of the year and stabilized, in the third quarter, to 25% lower level compared to the same period in the previous year. Demand remained on this level until the end of the year. Decline in demand commenced, in the first quarter of year, with the decline in demand for design services among forest industry equipment manufacturers, and decline expanded to include most of Etteplan's customer industries during the review period. Energy and power transmission industry was an exception and demand continued on a steady level through the entire period under review.

Etteplan signed framework agreements with current and new customers steadily through the review period. Etteplan's customers' continued to concentrate their design services procurement and for Etteplan this meant improved market share.

During the review period, Etteplan renewed its Group structure and operational practices as well as adjusted operations to correspond with the declined demand.

Renewing of Group structure applied mainly to operations in Sweden. Etteplan sold its majority holding in Etteplan Tech AB and owns 19.9% of the company after the transaction. With the transaction Etteplan withdrew from automotive industry's basic design engineering.

The majority holding of business in Italy was sold to the operative management. The company has 16 employees. Etteplan continues as minority shareholder in the company with 19.0% share.

Etteplan Oyj published its updated strategy in the review period. As a result of the updated strategy, for years 2010-2012, Etteplan reorganised its operational and service principles.

With the help of the updated strategy company aims to improve its current strong market position. Etteplan's good current clientele creates a strong base for the growth.

Etteplan serves its customers by providing technical design and product information solutions for all phases of the life cycle of customers' products. In the updated strategy, Etteplan's service offering is divided into two service areas, operational services and expertise services.

Renewing operational practices included the development of cost effective technical design and product information delivery models. Etteplan received a number of new assignments during the year where work is done in China units. Delivery models offer customers' substantial cost savings in technical design and product information.

The amount of personnel reductions grew quickly in the first half of the year and was approximately 250 employees in Finland and approximately 100 employees in continuing operation in Sweden. The reductions were mainly temporary lay offs in Finland and permanent lay offs in Sweden. There was no substantial change in the amount of personnel reductions in the second half of the year.

Revenue

In 2009, Etteplan's revenue for continuing operations amounted to EUR 98.7 million (1-12/2008: EUR 134.2 million).

Result

Operating profit for continuing operations excluding non-recurring costs was EUR 0.1 million (1-12/2008: EUR 13.8 million). Operating profit for continuing operations was EUR -3.6 million (EUR 13.8 million). Operating profit for continuing operations includes EUR 3.7 million operation adjustment costs.

Profit for continuing operations before taxes for the financial year was EUR -4.3 million (1-12/2008: EUR 12.8 million). Taxes amounted to EUR -1.0 million (EUR 3.8 million). The income tax rate calculated on profit before taxes in the consolidated income statement was 23.5% (29.2%).

The profit for continuing operations for the financial year was EUR -3.3 million (1-12/2008: EUR 9.0 million). Earnings per share were EUR -0.17 (EUR 0.45). Equity per share was EUR 1.20 (EUR 1.37). Return on investment was -8.6% (31.8%).

Profit for the period for discontinuing operations was EUR -11.1 million (EUR 1-12/2008: EUR -1.0 million). This includes EUR 7.1 million goodwill write-down, which does not affect the cash flow.

Result for the review period was EUR -14.4 million (EUR 8.0 million).

New management group

As a part of the strategy process Etteplan published its new business structure in the period under review. The change aims to improve organisation's efficiency and simplicity. The change took effect on January 1, 2010. As of January 1, 2010 Etteplan Group's management group is composed of Matti Hyytiäinen, President and CEO; Pia Björk, Vice President, Operations Development and M&A; Niclas Gräns, Vice President, Etteplan Technology; Per-Anders Gådin, CFO; Outi-Maria Liedes, Vice President, HR and Communications and Juha Näkki, Vice President, Etteplan Engineering.

Financial position and cash flow

Total assets on December 31, 2009, were EUR 61.7 million (December 31, 2008: EUR 78.9 million). Goodwill on the balance sheet was EUR 31.2 million (December 31, 2008: EUR 33.2 million). The goodwill includes estimated EUR 3.7 million additional purchase prices of companies purchased in 2008. The Group's cash and cash equivalents stood at EUR 6.7 million (December 31, 2008: EUR 1.9 million). The Group's financial liabilities amounted to EUR 11.6 million (December 31, 2008: EUR 16.6 million) at period end. The equity ratio was 38.5% (December 31, 2008: 34.2%). The cash flow before investments and financial items was positive and totalled EUR 2.1

million (1-12/2008: EUR 9.2 million). Cash flow after investments was EUR 0.1 million (1-12/2008: EUR -0.1 million).

Etteplan Oyj issued a EUR 10 million hybrid loan in November. The coupon rate of the loan is 9.50% per annum. The loan has no maturity but the company may call the loan after two years. The loan was sold to a limited number of investors. The loan strengthens Group's capital structure and the arrangement provides prerequisites for expanding the business among others with company acquisitions.

Capital expenditure

The Group's gross investments in the period under review were EUR 4.8 million (1-12/2008: EUR 12.1 million). The investments consisted mainly of the additional purchase prices of companies purchased in 2008 that will be paid in 2010 and 2011.

Personnel

The number of the Group's personnel averaged 1,765 (1-12/2008: 1,763) during the review period and was 1,544 (December 31, 2008: 1,749) at end of the year. Outside Finland, the Group employed 571 people (December 31, 2008: 676) at period end.

Incentive plan for key personnel

The Etteplan Oyj Board of Directors decided on a share-based incentive plan for key personnel in March 2008. The plan includes three earnings periods: calendar years 2008, 2009 and 2010. The plan had a target group of 37 people in 2008 and 39 people in 2009. The remuneration paid from the plan corresponds to the value of about 720,000 Etteplan Oyj shares at maximum.

The Board of Directors of Etteplan Oyj has in its meeting held on February 11, 2009 made a resolution upon disposal of company-held shares pursuant to the authorization granted to it by the Annual General Meeting of Shareholders' held on March 28, 2008. The authorization was renewed in the Annual General Meeting on March 26, 2009.

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

Pursuant to the authorization granted to it by the Annual General Meeting of Shareholders', held on March 26, 2009, the Board of Directors of Etteplan Oyj has in its meeting, on February 10, 2010, made a resolution that there will be no disposal of company-held shares for the 2009 earnings period.

Estimate of operating risks and uncertainty factors

Etteplan's financial results are exposed to number of strategic, operational and financial risks. A detailed risk analysis can be found in Etteplan's annual report 2009.

External risks

During the period under review, economic development on the whole and unpredictable changes in customers' order books continued to be a significant risk. The customer related risks will continue to pose an increased risk for Etteplan's operations.

Internal risks

Internally Etteplan does not foresee changes in its risk position compared to previously stated.

Reviews concerning financing risks are presented in the notes to the financial statements.

In addition to the write-down done during the review period, the current impairment test shows no reason for goodwill write-down.

Annual General Meeting

The Etteplan Oyj Annual General Meeting was held in Lahti on March 26, 2009. The Board of Directors was confirmed to have six members. Tapio Hakakari, Heikki Hornborg, Tapani Mönkkönen, Pertti Nupponen, and Matti Virtaala were re-elected as members of the Board and Robert Ingman was elected as a new member of the Board. At its organizational meeting of March 26, 2009, the Board elected Heikki Hornborg as chairman and Tapani Mönkkönen as vice-chairman.

The Annual General Meeting approved the Financial Statements for the financial year 2008 and discharged the members of the Board of Directors and the CEO from liability.

The auditor elected was PricewaterhouseCoopers Oy, a firm of authorized public accountants, with Mika Kaarisalo APA as the auditor in charge. The fees for the auditor are paid according to invoice.

The Annual General Meeting authorized the Board of Directors to acquire company's own shares in one or more lots using the company's unrestricted equity. A maximum of 2,000,000 of the company's own shares can be acquired. The Board of Directors shall have the right to decide who the shares are acquired from or, the Board of Directors has the right to decide on a directed acquisition of own shares.

The authorization is valid for 18 months from the date of the decision of the Annual General Meeting starting on March 26, 2009 and ending on September 26, 2010. The authorization replaces the previous authorization.

Dividend

The Annual General Meeting passed a resolution in accordance with the proposal of the Board of Directors to pay a dividend for the 2008 financial year of EUR 0.08 per share, or a total of EUR 1,573,586.30. The remaining profit was retained in non-restricted equity. The record date of the payment of dividend was March 31, 2009. The dividend was paid on April 7, 2009.

The Annual General Meeting authorized the Board of Directors to decide within their discretion on the payment of a possible additional dividend of EUR 0.07 per share, or a total maximum of EUR 1,376,888.00, should the economic situation of the company allow it. The authorization was valid until December 31, 2009. Etteplan Oyj's Board of Directors decided, in its meeting on October 28, 2009, that additional dividend will not be paid in year 2009.

Shares, share price development, and share buy-back

The Etteplan share (ETT1V) is quoted in the Nordic NASDAQ OMX's Small Cap market capitalization group in the Industrials sector.

The company's share capital on December 31, 2009, was EUR 5,000,000.00, and the number of shares outstanding was 20,179,414. There were no changes in the share capital during the period under review. The company has one series of shares. All shares confer an equal right to dividends and the company's funds.

The number of Etteplan Oyj shares traded during the financial year was 2,604,232 to a total value of EUR 7.6 million. The share price low was EUR 2.58, the high EUR 3.40, the average EUR 2.94, and the closing price EUR 2.77. Market capitalization on December 31, 2009 was EUR 54.6 million, and there were 1,907 shareholders.

The company held 469,298 of its own shares on December 31, 2009. In January-December 2009, the company acquired 10,409 of its own shares. The company disposed of 40,287 company-held shares in January-December 2009.

Notification of changes in shareholdings

Evli Pankki Oyj's share in Etteplan Oyj's voting rights and share capital fell under 5% due to the trade of forward contracts that fell due, on December 18, 2009.

Oy Fincorp Ab's forward contracts fell due on December 18, 2009 and the holdings by Oy Fincorp Ab in Etteplan Oyj exceed 10%.

Major events after the review period

Peter Jahn (45) was appointed as Vice President, Enterprise Solutions to Etteplan Group as of February 8, 2010. Jahn is a member of Etteplan Oyj's management group and reports to President and CEO Matti Hyytiäinen.

Peter Jahn came to Etteplan from Intertek Group Plc where he was Sales Director of Commercial & Electrical division in Europe. In this position Jahn was responsible for key accounts headquartered in Europe for the whole Intertek Group. Jahn has a profound knowledge of different industries' product development and design processes such as engineering industry, consumer electronics, medical technology equipment manufacturers and telecommunications.

New Enterprise Solutions unit concentrates on Etteplan's global key customers with an aim to improve competitiveness of customers' operations by offering comprehensive technical design and product information expertise and operational services that are assorted to international business environment.

Outlook for 2010

The commencement of Etteplans' customers' investment and product development projects as well as changes in order books reflect quickly to the demand for technical design and product information services and the development of Etteplan's revenue.

The revenue in 2010 is estimated to be approximately on the same level as in year 2009. Adjustments done in year 2009 improve company's profitability and operating profit is estimated to be positive. The revenue and operating profit estimates are based on Etteplan's current market outlook. Potential acquisitions in year 2010 are not included in the estimate.

Board's proposal for distribution of 2009 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2009, is EUR 9,331,564.08.

The Board of Directors will propose to the Annual General Meeting, which will convene on March 24, 2010, that on the dividend payout date a dividend of EUR 0.04 per share be paid on the company's externally owned shares 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 29, 2010 and the date of dividend payout is April 7, 2010.

Annual General Meeting in 2010

Etteplan Oyj's 2010 Annual General Meeting will be held in Vantaa, Finland, on March 24, 2010, starting at 1 p.m. Summons to the AGM will be published as a separate release.

Etteplan Oyj

Board of Directors