



**TECNOTREE**

*powering the digital marketplace*

**Q1**  
**2013**

***Tecnotree***  
***Interim review***

# TECNOTREE CORPORATION INTERIM REVIEW 1 JANUARY – 31 MARCH 2013 (UNAUDITED)

29 April 2013 at 8:30 am

Tecnotree is a global supplier of telecom IT solutions, providing products and services for charging, billing, customer care, and messaging and content services. The company's product portfolio comprises virtually the full range of business management systems for telecom operators, with standard solutions for fixed networks, mobile services and broad band and for managing subscriptions, services and cash flows for prepaid and post-paid customers. Tecnotree has a strong footing especially in developing markets.

## **NORMAL SEASONAL FLUCTUATION IN FIRST QUARTER**

- Net sales for the review period were EUR 13.9 million (EUR 10.0 million for the same period in the previous year) and the adjusted operating result was EUR -4.0 (-5.8) million. The operating result was EUR -4.6 (-7.2) million and the result for the period EUR -5.5 (-8.8) million.
- Cash flow after investments was EUR 1.6 (0.3) million and the company's cash and cash equivalents were EUR 10.5 (6.0) million.
- The order book at the end of the period stood at EUR 55.3 (36.2) million.
- Tecnotree reached agreement with LapGreenN, a company owned by the Libyan government, on outstanding receivables and on renewing their strategic partnership. Under the agreement Tecnotree will receive a total of USD 5.5 million in payments to be spread across 2013 and 2014. After the end of the review period, LapGreenN has paid Tecnotree USD 0.5 million.

KEY FIGURES	1-3/ 2013	1-3/ 2012	1-12/ 2012
Net sales, MEUR	13.9	10.0	73.4
Adjusted operating result, MEUR*	-4.0	-5.8	-4.9
Operating result, MEUR	-4.6	-7.2	-12.4
Result before taxes, MEUR	-5.6	-8.0	-13.7
Result for the period	-5.5	-8.8	-17.0
Earnings per share, basic, EUR **	-0.04	-0.10	-0.16
Order book, MEUR	55.3	36.2	54.2
Cash flow after investments, MEUR	1.6	0.3	-1.3
Change in cash and cash equivalents, MEUR	-1.0	-0.7	4.8
Cash and cash equivalents, MEUR	10.5	6.0	11.3
Equity ratio %	41.4	48.6	42.2
Net gearing %	46.7	50.9	47.5
Personnel at end of period	1,174	981	1116

\* Adjusted operating result = operating result before R & D capitalisation, amortisation of this and one-time costs. Details of these are given in the section "Result analysis".

\*\* This key figure has been adjusted for the comparative periods to reflect the share issue.

Unless otherwise stated, all figures presented below are for the review period 1-3/2013 and the figures for comparison are for the corresponding period 1-3/2012.

### President and CEO Kaj Hagros:

"Net sales rose 39 per cent in the first quarter from the corresponding period in the previous year, even though no net sales were recorded during this quarter for the two largest projects in the order book because of the phasing of the projects. These projects will generate net sales later this year and will continue after this financial year. The order book also continued to grow and was 53 per cent higher at the end of the period than at the same time in the previous year. Cash flow after investments remained positive. Our customer relationships developed encouragingly. In February we announced that we were expanding our strategic partnership with MTN Group, the leading telecommunications provider in Africa. At the beginning of April we reported that we had reached agreement on historical receivables and renewing our partnership with LapGreenN, an Africa-wide group of operators. We also reported on changes to our organisational structure, aiming to boost the scalability of product development and the productivity of the delivery process. These measures lend support to our guidance of an increase in net sales and an improvement in profitability in the current year. "

## SALES AND NET SALES

Tecnotree's net sales in the review period increased 39.3 per cent to EUR 13.9 (10.0) million.

EUR 2.7 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 11.2 million on delivery (IAS 18 Revenues).

NET SALES BY MARKET AREA	1-3/2013 MEUR	1-3/2012 MEUR	1-3/2013 %	1-3/2012 %
Americas (North, Central and South America)	<b>36.3</b>	24.0	<b>65.7</b>	66.5
Europe	<b>4.1</b>	3.9	<b>7.5</b>	10.7
MEA (Middle East and Africa)	<b>14.4</b>	7.9	<b>26.1</b>	21.9
APAC (Asia and Pacific)	<b>0.4</b>	0.3	<b>0.8</b>	0.9
<b>TOTAL</b>	<b>55.3</b>	36.2	<b>100.0</b>	100.0

CONSOLIDATED ORDER BOOK	31.3.2013 MEUR	31.3.2012 MEUR	31.3.2013 %	31.3.2012 %
Americas (North, Central and South America)	<b>36.3</b>	24.0	<b>65.7</b>	66.5
Europe	<b>4.1</b>	3.9	<b>7.5</b>	10.7
MEA (Middle East and Africa)	<b>14.4</b>	7.9	<b>26.1</b>	21.9
APAC (Asia and Pacific)	<b>0.4</b>	0.3	<b>0.8</b>	0.9
<b>TOTAL</b>	<b>55.3</b>	36.2	<b>100.0</b>	100.0

Maintenance and service sales totalled EUR 6.5 (4.0) million or 46.6 per cent (39.7 %) of net sales.

## RESULT ANALYSIS

The income and costs recorded for Tecnotree's business operations vary considerably from one quarter to another. For this reason it is important to base an examination of the profitability of the company on the result for more than one quarter.

Tecnotree reports its operating result in two stages: first the adjusted operating result and then the operating result after the capitalisation and amortisation of product development costs and one-time costs:

INCOME STATEMENT, KEY FIGURES, MEUR	1-3/2013	1-3/2012	1-12/2012
Net sales	<b>13.9</b>	10.0	73.4
Other operating income	<b>0.0</b>	0.0	0.1
Operating costs excluding product development capitalisation and one-time costs	<b>-18.0</b>	-15.8	-78.4
Adjusted operating result	<b>-4.0</b>	-5.8	-4.9
Product development capitalisation			
Product development amortisation	<b>-0.6</b>	-1.4	-5.4
One-time costs			-2.1
Operating result	<b>-4.6</b>	-7.2	-12.4
Result before taxes	<b>-5.6</b>	-8.0	-13.7

Tecnotree often records lower net sales in the first quarter than in the other quarters of the year. First quarter net sales were EUR 3.9 million higher in 2013 than in the previous year, but were considerably less than, for example, in the other quarters of 2012. No income was recognised in this quarter for two major projects in the order book because of the phasing of the projects. These projects will generate income later during the current year and will also continue after this financial year.

After receiving payment from LapGreenN, a company owned by the Libyan company government, EUR 0.4 million of the credit loss provision was reversed. This did not affect net sales. More information about this is given in the section 'Events after the end of period'.

The company's personnel costs increased EUR 1.0 million from the previous year. The company has invested in growth by increasing the number of personnel in India and in Argentina.

The adjusted operating result was EUR 1.8 million better than in the previous year due to the increase in net sales. Lower amortisation of capitalised R & D costs also improved the official operating result by EUR 0.8 million. Tecnotree has only EUR 1.1 million in capitalised R & D costs remaining in its balance sheet.

Taxes for the period totalled EUR 0.1 (-0.9) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-3/2013	1-3/2012	1-12/2012
Withholding tax expenses in parent company	-0.7	-0.3	-3.0
Income taxes on the results of Group companies	-0.5	0.0	-0.9
Prior year taxes	-0.0		-0.4
Change in deferred tax asset in India	0.7	-1.8	-0.4
Change in deferred tax liability based on:			
- R&D capitalisation	0.1	0.2	0.9
- dividend tax in India	0.4	0.9	0.1
Other items	0.1	0.1	0.4
TAXES IN INCOME STATEMENT, TOTAL	0.1	-0.9	-3.3

Earnings per share were EUR -0.04 (-0.10). Equity per share at the end of the period was EUR 0.26 (31 December 2012: EUR 0.28). These key figures have been adjusted for the comparative periods to reflect the share issue.

## FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 10.5 (31 December 2012: 11.3) million. The change in cash and cash equivalents for the review period was EUR -1.0 million. In addition, the company had unused credit facilities amounting to EUR 1.5 million (31.12.2012: 0.0).

The balance sheet total on 31 March 2013 stood at EUR 75.7 (31 December 2012: 81.8) million. Interest-bearing liabilities were EUR 25.7 (31 December 2012: 28.3) million. The net debt to equity ratio (net gearing) was 46.7 per cent (31 December 2012: 47.5 %) and the equity ratio was 41.4 per cent (31 December 2012: 42.2 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.1 (0.3) million or 1.0 per cent (2.5 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR xxx (-0.7) million. The exchange rate gains and losses consist mainly of exchange rate differences from intragroup payables in the parent company.

FINANCIAL INCOME AND EXPENSES, MEUR	1-3/2013	1-3/2012	1-12/2012
Interest income	0.0	0.0	0.1
Exchange rate gains	0.3	0.1	1.5
Other financial income	0.0	0.0	0.2
<b>FINANCIAL INCOME, TOTAL</b>	<b>0.3</b>	<b>0.1</b>	<b>1.8</b>
Interest expenses	-0.3	-0.4	-2.0
Exchange rate losses	-1.0	-0.4	-0.7
Other financial expenses	-0.0	-0.1	-0.5
<b>FINANCIAL EXPENSES, TOTAL</b>	<b>-1.3</b>	<b>-0.8</b>	<b>-3.1</b>
<b>FINANCIAL ITEMS, TOTAL</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-1.3</b>

  

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-3/2013	1-3/2012	1-12/2012
Change in trade receivables	4.7	4.9	-4.5
Change in other short-term receivables	2.2	4.0	9.1
Change in inventories	-0.3	0.2	0.2
Change in trade payables	0.0	-1.1	-3.4
Change in other current liabilities	0.3	-2.0	2.0
<b>CHANGE IN WORKING CAPITAL, TOTAL</b>	<b>6.8</b>	<b>6.0</b>	<b>3.4</b>

The company has begun negotiations with its main financier on renewing its financing that falls due in 2013.

## BUSINESS DESCRIPTION

Tecnotree is a global supplier of telecom IT solutions, providing products, services and solutions for charging, billing, customer care, and messaging and content services. The company's product portfolio comprises virtually the full range of business management systems for telecom operators, with standard solutions for fixed networks, mobile services and broad band and for managing subscriptions, services and cash flows for prepaid and post-paid customers. Tecnotree's solutions enable communication service providers to expand their business by creating digital market places, individual service packages and personalised subscriptions, and increase added value throughout their customers' life cycles.

Tecnotree's business is based on system project sales, system maintenance and on customising, support and operating services. Tecnotree has a strong footing especially in developing markets such as Latin America, Africa and the Middle East.

## SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the Group's management board. Net sales for the operating segments are presented based on the location of customers.

## GEOGRAPHICAL AREAS

Tecnotree Group operates in the following geographical areas: Americas (North, Central and South America), Europe, MEA (Middle East and Africa) and APAC (Asia Pacific).

### Americas (North, Central and South America)

Net sales in the Americas rose more than 24 per cent and the order book increased more than 51 per cent from the corresponding period in the previous year. Prospects in the area remain positive, with active demand for replacing critical business support systems. Sales in the area comprise expansions and upgrades of solutions installed for current customers, the renewal of annual maintenance contracts, and partial implementation of new orders. The company has succeeded in selling in the area business support systems and services that are part of its strategic core business. The area offers the company growth potential.

### Europe

Net sales in Europe declined some 21 per cent from 2012. The decline in sales in the area is due to the fall in sales of the company's established messaging solutions, while sales of the business support system products contained in the new strategy have still not compensated for this fall. The order book improved by almost 10 per cent. In Europe Tecnotree supplied completely new systems and expansions of existing systems, mainly to existing customers.

### MEA (Middle East and Africa)

The strong growth in sales that began towards the end of 2012 continued in the Middle East and Africa, which became the company's largest area in terms of net sales. First quarter sales more than doubled from 2012 and the order book rose more than 82 per cent. Tecnotree has an extremely broad customer base in the MEA region and the business of its customers is growing, so the company has considerable growth potential in the region. Implementation of Tecnotree's new strategy has made encouraging progress in the area, while demand for its established products has remained firm.

### APAC (Asia and Pacific)

Net sales in the Asia and Pacific region fell more than 45 per cent from the corresponding period in the previous year. The decline in sales in the area is due to the fall in sales of the company's established messaging solutions, while sales of the business support system products contained in the new strategy have still not compensated for this fall. Sales focused on established products to existing customers. The order book increased 33 per cent from the corresponding period in the previous year.

## PERSONNEL

At the end of March 2013 Tecnotree employed 1,174 (31 December 2012: 1,116) persons, of whom 85 (31 December 2012: 90) worked in Finland and 1,089 (31 December 2012: 1,026) elsewhere. The company employed on average 1,156 (1,070) people during the review period. Personnel by country were as follows:

PERSONNEL	1-3/2013	1-3/2012	1-12/2012
Personnel, at end of period	<b>1,174</b>	981	1,116
Finland	<b>85</b>	84	90
Ireland	<b>50</b>	56	56
Brazil	<b>40</b>	42	40
Argentina	<b>36</b>	16	36
India	<b>911</b>	725	843
Other countries	<b>52</b>	58	51
Personnel, average	<b>1,156</b>	978	1,070
Personnel expenses before R&D capitalisation (MEUR)	<b>8.8</b>	7.8	35.4

## TECNOTREE SHARES AND SHARE CAPITAL

At the end of March 2013 the shareholders' equity of Tecnotree Corporation stood at EUR 31.4 (31 December 2012: 34.5) million and the share capital was EUR 4.7 million. The total number of shares was 122,628,428.

The company held 134,800 of these shares, which represents 0.1 per cent of the company's total number of shares and votes. Equity per share was EUR 0.26 (31 December 2012: 0.28 adjusted to reflect the share issue).

A total of 15,186,378 Tecnotree shares (EUR 2,683,262) were traded on the Helsinki Exchanges during the period 1 January – 31 March 2013, representing 12.4 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.20 and the lowest EUR 0.15. The average quoted price was EUR 0.18 and the closing price on 31 March 2013 was EUR 0.17. The market capitalisation of the share stock at the end of the period was EUR 20.8 million.

## ANNUAL GENERAL MEETING

The Annual General Meeting of Tecnotree Corporation held on 25 March 2013 confirmed the financial statements and the consolidated financial statements for the financial year 2012 and discharged the Board of Directors and the CEO from liability for the year 2012. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend be paid for the year 2012, and that the parent company's loss for the financial year, 15,445,987.34 euros, be covered by non-restricted equity reserves.

## Board of Directors

The Annual General Meeting confirmed that the Board of Directors will consist of six members. Johan Hammarén, Pentti Heikkinen, Harri Koponen, Ilkka Raiskinen, Tuija Soanjärvi and Christer Sumelius were re-elected as Board members. The Board members were elected for a period of office expiring at the end of the first Annual General Meeting following the election. In the assembly meeting of the Board of Directors following the Annual General Meeting, Harri Koponen was elected as Chairman and Ilkka Raiskinen as Vice Chairman of the Board of Directors.

The Annual General Meeting resolved that the annual remunerations to the members of the Board of Directors be 50,000 euros for the Chairman, 30,000 euros for the Vice-Chairman and



23,000 euros for a member. In addition it was decided that a compensation of 800 euros for the Chairman and 500 euros for a member of the Board of Directors be paid for attendance at Board and Committee meetings.

## Auditors

KPMG Oy Ab, Authorised Public Accountants, will continue as the Company's auditor until the end of the following Annual General Meeting. The principal auditor appointed by them is Mr. Toni Aaltonen, Authorized Public Accountant.

## Current authorisations

The Annual General Meeting authorised the Board of Directors in accordance with the proposal of the Board of Directors to decide on the acquisition of a maximum of 12,262,842 of the Company's own shares. Own shares shall be acquired with unrestricted shareholders' equity otherwise than in proportion to the holdings of the shareholders through public trading of the securities on NASDAQ OMX Helsinki Oy at the market price of the shares in public trading at the time of the acquisition. Own shares can be acquired for the purpose of developing the capital structure of the Company, carrying out corporate acquisitions or other business arrangements to develop the business of the Company, financing capital expenditure, to be used as part of the Company's incentive schemes, or to be otherwise retained in the possession of the Company, disposed of or nullified in the extent and manner decided by the Board of Directors. The Board of Directors will decide on other terms of the share acquisition. The authorisation will be valid for one year from the decision of the Annual General Meeting.

In addition, the Annual General Meeting authorised the Board of Directors in accordance with the proposal of the Board of Directors to decide to issue and/or to convey a maximum of 60,000,000 new shares and/or the Company's own shares either against payment or for free. New shares may be issued and the Company's own shares may be conveyed to the Company's shareholders in proportion to their current shareholdings in the Company or waiving the shareholder's pre-emption right, through a directed share issue if the Company has a weighty financial reason to do so. The Board of Directors may also decide on a free share issue to the Company itself. The Board of Directors is, within the authorization, authorized to grant the special rights referred to in Chapter 10, Section 1 of the Companies Act, which carry the right to receive, against payment, new shares of the Company or the Company's own shares held by the Company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. The Board of Directors shall decide on other terms and conditions related to the share issues and granting of the special rights. The said authorisations will be valid for one year from the decision of the Annual General Meeting.

## STOCK OPTION PROGRAMMES AND INCENTIVE SCHEME

During the review period the company had in force one option series 2009C of the 2009 stock option program. The exercise period for the 2009C options ended on 31 March 2013, whereas the maximum number of shares was 3,732,950 of which 2,203,189 shares were granted and 1,529,761 shares were held by the company. The exercise price was EUR 0.675. The shares that

could be subscribed on the basis of these stock options accounted for a maximum of 2.95 per cent of the Company's shares and the votes carried by the shares after any increase in share capital.

During the review period the company had a current incentive scheme that the Board of Directors had established on 25 October 2011. Any reward in the scheme for the 2013 earning period is based on Tecnotree Group's operating profit and the company's trade weighted average share price in December 2013.

## LEGAL PROCEEDINGS

An action has been brought against Tecnotree by Atul Chopra and Aparna, a company close to him, in a court of arbitration in Singapore, claimings that Tecnotree has failed to honour the Settlement Agreement dated 21 February 2011 reached with Atul Chopra. Atul Chopra and Aparna are claiming indemnity of about EUR 1.1 million.

In October 2011 Atul Chopra brought an action relating to the same matter in the High Court of Delhi. According to the decision of the High Court of Delhi in July 2012, all disputes relating to the Settlement Agreement shall be resolved in arbitration in Singapore, as pleaded by Tecnotree. In September 2012 the Division Bench of the High Court of Delhi dismissed the appeal made by Atul Chopra regarding the High Court of Delhi's decision in July.

Tecnotree denies the claims presented by Atul Chopra and is initiating legal action in order to protect its rights.

The company is not involved in any other major legal proceedings.

## RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the 2012 Board of Directors' Report and in the notes to the Financial Statements. More details of the risks that Tecnotree is exposed to are given in the listing prospectus published in connection with the share issue in June 2012.

Tecnotree's risks and uncertainties in the near future relate to major projects that are under negotiation and to their timing and costs, to receivables, to changes in foreign exchange rates and to financing. The company's current finance arrangement with the bank ends in December 2013. Under this arrangement, at the end of March 2013 the company had a loan of EUR 12.2 million and a EUR 10.0 million credit facility. In addition the company has a separate EUR 5.0 million credit facility to finance working capital. EUR 13.5 million of the credit facilities were in use. The company has to arrange replacement financing during 2013 for the loan and credit facility that mature in December.

## EVENTS AFTER THE END OF PERIOD

Tecnotree and LapGreenN, a company owned by the Libyan government, have decided to renew their strategic partnership and in connection with this have resolved their dispute over receivables mentioned previously in Tecnotree's financial statements. The parties have agreed on the terms of their future collaboration, and the total value of the agreement is USD 5.5

million, with payment being spread over 2013 and 2014. As part of the agreement, Tecnotree will resume full maintenance services for the systems at the customer's and will update the systems in use with the latest versions over the next 18 months. Tecnotree will book the income under the agreement after confirmation of each payment. With this new agreement the parties express their intention to expand their partnership into new areas.

LapGreenN has paid USD 0.5 million under the new agreement, for which impairment booked previously has been reversed.

## PROSPECTS IN 2013

Tecnotree's order book at the end of 2012 stood at EUR 54.2 million, so the company moves into 2013 in a good position. The company estimates that its net sales and operating result will improve from the previous year. Variations in the quarterly figures will be considerable.

## FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts, investors and the media to announce its first quarter results fiscal year at 10.00 am on 29 April 2013 in the Tapiola conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The interim review will be presented by CEO Kaj Hagros and the conference will be held in Finnish. The material to be presented at the press conference will be available at [www.tecnotree.com](http://www.tecnotree.com).

## TECNOTREE CORPORATION

### Board of Directors

### FURTHER INFORMATION

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### DISTRIBUTION

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## TABLE SECTION

The financial figures in the income statement, balance sheet and key indicators are presented in million euros. The figures shown here have been calculated using exact values.

CONSOLIDATED INCOME STATEMENT, MEUR	Note	1-3/ 2013	1-3/ 2012	1-12/ 2012
NET SALES	2	13.9	10.0	73.4
Other operating income		0.0	0.0	0.1
Materials and services		-3.7	-1.9	-14.4
Employee benefit expenses		-8.8	-7.8	-35.4
Depreciation, amortisation and impairment charges		-1.0	-2.0	-8.9
Other operating expenses		-5.1	-5.6	-27.2
OPERATING RESULT		-4.6	-7.2	-12.4
Financial income		0.3	0.1	1.8
Financial expenses		-1.3	-0.8	-3.1
RESULT BEFORE TAXES		-5.6	-8.0	-13.7
Income taxes		0.1	-0.9	-3.3
RESULT FOR THE PERIOD		-5.5	-8.8	-17.0
Allocated to:				
Equity holders of parent company		-5.4	-8.8	-17.0
Non-controlling interest		-0.0	-0.0	-0.0
Earnings per share calculated from the profit attributable to equity holders of parent company:				
Earnings per share, basic, EUR *		-0.04	-0.10	-0.16
Earnings per share, diluted, EUR *		-0.04	-0.10	-0.16

\* This key figure has been adjusted for the comparative periods to reflect the share issue.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR		1-3/ 2013	1-3/ 2012	1-12/ 2012
RESULT FOR THE PERIOD		-5.5	-8.8	-17.0
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign operations		2.3	0.6	-3.4
Tax relating to components of other comprehensive income		0.0	-0.1	0.1
Other comprehensive income, net of tax		2.3	0.6	-3.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-3.1	-8.3	-20.3
Allocated to:				
Equity holders of parent company		-3.1	-8.2	-20.3
Non-controlling interest		-0.0	-0.0	-0.0

## CONSOLIDATED BALANCE SHEET

Note **31.3.2013** 31.3.2012 31.12.2012

	Note	<b>31.3.2013</b>	31.3.2012	31.12.2012
<b>Assets</b>				
Goodwill		<b>18.0</b>	19.4	17.4
Other intangible assets		<b>2.3</b>	8.2	3.0
Tangible assets		<b>4.6</b>	6.0	4.7
Deferred tax assets		<b>3.3</b>	1.4	2.5
Other non-current trade and other receivables		<b>0.8</b>	0.5	0.4
<b>Current assets</b>				
Inventories		<b>0.9</b>	0.6	0.6
Trade receivables		<b>18.1</b>	18.1	22.2
Other receivables		<b>16.6</b>	26.3	19.0
Investments		<b>0.6</b>	0.0	0.6
Cash and cash equivalents		<b>10.5</b>	6.0	11.3
<b>TOTAL ASSETS</b>		<b>75.7</b>	86.3	81.8
<b>Shareholders' equity</b>		<b>31.4</b>	41.3	34.5
<b>Non-current liabilities</b>				
Deferred tax liabilities		<b>2.2</b>	3.3	2.8
Non-current interest-bearing liabilities	3	<b>0.0</b>	12.2	0.0
Other non-current liabilities		<b>0.5</b>	0.4	0.4
<b>Current liabilities</b>				
Current interest-bearing liabilities	3	<b>25.7</b>	14.8	28.3
Trade payables and other liabilities		<b>15.9</b>	14.3	15.6
<b>EQUITY AND LIABILITIES, TOTAL</b>		<b>75.7</b>	86.3	81.8

CALCULATION OF CHANGES IN  
SHAREHOLDERS' EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2013	4.7	0.8	-0.1	-4.2	18.0	5.2	10.1	34.5	0.1	34.5
Covering of loss					-12.6	-2.9	15.4	0.0		0.0
Other changes							-0.0	-0.0	0.0	-0.0
Total comprehensive income for the period				2.3			-5.4	-3.1	-0.0	-3.1
<b>Shareholders' equity 31 Mar. 2013</b>	<b>4.7</b>	<b>0.8</b>	<b>-0.1</b>	<b>-1.9</b>	<b>5.5</b>	<b>2.3</b>	<b>20.1</b>	<b>31.3</b>	<b>0.0</b>	<b>31.4</b>

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2012	4.7	0.8	-0.1	-1.0	12.6	19.0	13.3	49.4	0.1	49.5
Covering of loss						-13.9	13.9	0.0		0.0
Other changes							0.0	0.0	0.0	0.0
Total comprehensive income for the period				0.6			-8.8	-8.2	-0.0	-8.3
Shareholders' equity 31 Mar. 2012	4.7	0.8	-0.1	-0.4	12.6	5.2	18.4	41.2	0.1	41.3

A = Share capital

B = Share premium fund

C = Own shares

D = Translation differences

E = Invested non-restricted equity reserve

F = Other reserves

G = Retained earnings

H = Total equity attributable to equity holders of parent company

I = Non-controlling interest

J = Total shareholders' equity

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR **1-3/2013** 1-3/2012 1-12/2012

Cash flow from operating activities			
Result for the period	<b>-5.5</b>	-8.8	-17.0
Adjustments of the result	<b>1.8</b>	4.7	20.5
Changes in working capital	<b>6.8</b>	6.0	3.4
Interest paid	<b>-0.1</b>	-0.4	-3.2
Interest received	<b>-0.1</b>	0.0	0.1
Income taxes paid	<b>-1.4</b>	-1.0	-5.1
Net cash flow from operating activities	<b>1.7</b>	0.5	-1.3
Cash flow from investing activities			
Investments in intangible assets	<b>-0.0</b>	-0.1	-0.2
Investments in tangible assets	<b>-0.1</b>	-0.1	-0.7
Proceeds from disposal of intangible and tangible assets	<b>0.0</b>	0.0	1.0
Investments in other securities		-0.0	
Proceeds from disposal of other securities	<b>0.0</b>		0.3
Interest received from other securities	<b>0.0</b>	0.0	0.0
Dividends received from other securities		0.0	0.0
Net cash flow from investing activities	<b>-0.1</b>	-0.2	0.4
Cash flow from financing activities			
Proceeds from share issue			5.4
Borrowings received		0.0	9.8
Repayments of borrowings	<b>-2.6</b>	-1.0	-9.5
Repayments of finance lease liabilities		-0.0	-0.0
Net cash flow from financing activities	<b>-2.6</b>	-1.0	5.6
Increase (+) and decrease (-) in cash and cash equivalents	<b>-1.0</b>	-0.7	4.8
Cash and cash equivalents at beg. of period	<b>11.3</b>	6.7	6.7
Impact of changes in exchange rates	<b>0.2</b>	0.0	-0.2
Cash and cash equivalents at end of period	<b>10.5</b>	6.0	11.3

## 1. ACCOUNTING PRINCIPLES FOR THE FINANCIAL REVIEW

This interim report has been prepared in accordance with IFRS reporting and evaluation principles and applying the same accounting principles as in the previous annual financial statements, but not complying with all the requirements of IAS 34 Interim Financial Reporting. The new and revised IFRS regulations that came into force on 1 January 2013 have not had a significant impact on the accounting principles and basis for preparing the interim report.

## 2. SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the Group's management board. Net sales for the operating segments are presented based on the location of customers.

OPERATING SEGMENTS	1-3/2013	1-3/2012	1-12/2012
NET SALES, MEUR			
Americas (North, Central and South America)	4.6	3.7	38.5
Europe	1.1	1.4	6.7
MEA (Middle East and Africa)	7.7	3.8	24.9
APAC (Asia Pacific)	0.6	1.1	3.3
TOTAL	13.9	10.0	73.4

## 3. INTEREST-BEARING LIABILITIES

Tecnotree's current finance arrangement with the bank ends in December 2013 wherefore the company has no long-term loans. Short-term loans amounted to EUR 12.2 (13.3) million and used credit facilities totalled EUR 13.5 (15.0) million.

INTEREST-BEARING LIABILITIES, MEUR	31.3.2013	31.3.2012	31.12.2012
Loans from financial institutions, 1 Jan	28.3	28.0	28.0
Raised loans	0.0	0.0	9.8
Repayments of loans	-2.6	-1.0	-9.5
Loans from financial institutions, end of period	25.7	27.0	28.3
Finance lease liabilities		0.0	
Interest-bearing liabilities total	25.7	27.1	28.3



## 4. CONSOLIDATED CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	31.3.2013	31.3.2012	31.12.2012
On own behalf			
Real estate mortgages	4.4	7.7	4.4
Corporate mortgages	42.3	36.6	42.3
Pledged deposits		0.0	
Guarantees	0.5	0.8	0.5
Other liabilities			
Disputed income tax liabilities in India	0.4		0.7
<b>OTHER OPERATING LEASES, MEUR</b>	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.12.2012</b>
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.4	0.9	0.5
Between one and five years	0.2	0.8	0.2

In addition, the shares of the Indian subsidiary held by the parent company are pledged. These shares have a book value of EUR 35.4 million in the parent company. The net assets of the Indian subsidiary in the consolidated balance sheet are estimated at EUR 44.0 million.

## 5. CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-3/2013	1-3/2012	1-12/2012
Return on investment, %	-28.4	-39.1	-15.0
Return on equity, %	-66.2	-77.8	-40.5
Equity ratio, %	41.4	48.6	42.2
Net gearing, %	46.7	50.9	47.5
Investments, MEUR	0.1	0.3	0.9
% of net sales	1.0	2.5	1.2
Research and development, MEUR	3.5	2.9	13.0
% of net sales	25.4	28.7	17.7
Order book, MEUR	55.3	36.2	54.2
Personnel, average	1,156	978	1,070
Personnel, at end of period	1,174	981	1,116

CONSOLIDATED KEY FIGURES PER SHARE	1-3/2013	1-3/2012	1-12/2012
Earnings per share, basic, EUR **	<b>-0.04</b>	-0.10	-0.16
Earnings per share, diluted, EUR **	<b>-0.04</b>	-0.10	-0.16
Equity per share, EUR **	<b>0.26</b>	0.49	0.28
Number of shares at end of period, x 1,000	<b>122,494</b>	73,496	122,494
Number of shares on average, x 1,000	<b>122,494</b>	73,496	98,264
Share price, EUR			
Average	<b>0.18</b>	0.40	0.25
Lowest	<b>0.15</b>	0.30	0.12
Highest	<b>0.20</b>	0.45	0.35
Share price at end of period, EUR	<b>0.17</b>	0.36	0.17
Market capitalisation of issued stock at end of period, MEUR	<b>20.8</b>	26.5	20.8
Share turnover, million shares	<b>15.2</b>	5.5	49.7
Share turnover, % of total	<b>12.4</b>	7.5	40.5
Share turnover, MEUR	<b>2.7</b>	2.2	11.7
Price/earnings ratio (P/E)			-1.0

\*\* This key figure has been adjusted for the comparative periods to reflect the share issue.

QUARTERLY KEY FIGURES	1Q/13	4Q/12	3Q/12	2Q/12	1Q/12	4Q/11
Net sales, MEUR	<b>13.9</b>	22.4	19.7	21.3	10.0	16.1
Net sales, change %	<b>39.3</b>	39.5	14.9	15.2	-5.5	15.1
Adjusted operating result *	<b>-4.0</b>	-0.3	-0.8	2.0	-5.8	-2.0
% of net sales	<b>-28.8</b>	-1.1	-4.0	9.3	-57.8	-12.2
Operating result, MEUR	<b>-4.6</b>	-3.7	-2.1	0.6	-7.2	-3.5
% of net sales	<b>-32.9</b>	-16.3	-10.4	2.7	-72.3	-22.1
Result before taxes, MEUR	<b>-5.6</b>	-3.1	-3.0	0.4	-8.0	-3.3
Personnel at end of period	<b>1,174</b>	1,116	1,131	1,109	981	926
Earnings per share, basic, EUR **	<b>-0.04</b>	-0.05	-0.02	0.01	-0.10	-0.09
Earnings per share, diluted, EUR **	<b>-0.04</b>	-0.05	-0.02	0.01	-0.10	-0.09
Equity per share, EUR **	<b>0.26</b>	0.28	0.36	0.37	0.49	0.58
Net interest-bearing liabilities, MEUR	<b>14.6</b>	16.4	22.3	14.9	21.0	21.3
Order book, MEUR	<b>55.3</b>	54.2	59.2	58.8	36.2	40.4

\* Adjusted result = operating result before R&D capitalisation, amortization of this and one-time costs. Details of these are given in the section "Result analysis".

\*\* This key figure has been adjusted for the comparative periods to reflect the share issue.