



TECNOTREE

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Q2
2012

Tecnotree
Interim report

TECNOTREE CORPORATION INTERIM REPORT 1 JANUARY – 30 JUNE 2012 (UNAUDITED)

8 August 2012 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.

VISIBLE GROWTH IN SECOND QUARTER

- Net sales for the review period were EUR 31.3 million (EUR 29.1 million for the same period in the previous year) and the adjusted operating result was EUR -3.8 (-1.6) million. The operating result was EUR -6.7 (-7.7) million and the result for the period EUR -7.7 (-9.0) million.
- Second quarter net sales, EUR 21.3 million, were higher than for any quarter since 2008 and 15 % more than in the same quarter in 2011. The adjusted operating result for the quarter was a profit of EUR 2.0 million and the result was EUR 1.2 million positive.
- The order book at the end of the period stood at EUR 58.8 (30 June 2011: 21.5) million. The high order book was due to major orders obtained in Latin America.
- Cash flow after investments was EUR 1.1 (-12.2) million.
- The Company's share issue was completed successfully.

KEY FIGURES	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Net sales, MEUR	21.3	18.5	31.3	29.1	62.3
Adjusted operating result, MEUR*	2.0	3.3	-3.8	-1.6	-1.7
Operating result, MEUR	0.6	0.6	-6.7	-7.7	-11.1
Result before taxes, MEUR	0.4	0.6	-7.6	-7.2	-9.9
Result for the period	1.2	-0.9	-7.7	-9.0	-15.6
Earnings per share, basic, EUR **	0.01	-0.01	-0.09	-0.11	-0.18
Order book, MEUR			58.8	21.5	40.4
Cash flow after investments, MEUR	0.8	-5.5	1.1	-12.2	-18.1
Change in cash and cash equivalents, MEUR	5.1	-2.6	4.4	-6.3	-9.8
Cash and cash equivalents, MEUR			11.0	10.4	6.7
Equity ratio %			50.0	57.4	50.7
Net gearing %			32.4	23.9	43.1
Personnel at end of period			1,109	930	926

* 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 all periods presented to reflect the share issue.

Unless otherwise stated, all figures presented below are for the review period 1-6/2012 and the figures for comparison are for the corresponding period 1-6/2011.

President and CEO Kaj Hagros:

"Net sales in the second quarter of 2012 totalled EUR 21.3 million, which is 15 % more than in the same period in the previous year (EUR 18.5 million). Despite the low net sales in the first quarter, net sales in the first half of the year increased 8 % from the previous year. Our order book stands at a record high level, and we consider this to be encouraging proof that the strategy is being effective. In accordance with the reorganisation we announced in October 2011, we have continued to invest in product development in line with the strategy. Cash flow from operating activities has improved significantly compared to the previous year. The EUR 5.9 million rights issue in June and the new EUR 5.0 million credit facility reinforce the company's financial position."

SALES AND NET SALES

Tecnotree's net sales in the review period increased 7.6 per cent to EUR 31.3 (29.1) million.

EUR 15.1 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 16.2 million on delivery (IAS 18 Revenues).

	1-6/2012	1-6/2011	1-6/2012	1-6/2011
NET SALES BY MARKET AREA	MEUR	MEUR	%	%
Americas (North, Central and South America)	15.4	10.2	49.3	35.1
Europe	3.9	3.4	12.5	11.8
MEA (Middle East and Africa)	10.3	13.6	32.8	46.6
APAC (Asia and Pacific)	1.7	1.9	5.3	6.4
TOTAL	31.3	29.1	100.0	100.0

	30.6.2012	30.6.2011	30.6.2012	30.6.2011
CONSOLIDATED ORDER BOOK	MEUR	MEUR	%	%
Americas (North, Central and South America)	43.8	9.7	74.6	45.1
Europe	2.9	2.9	4.9	13.5
MEA (Middle East and Africa)	11.7	8.2	20.0	38.1
APAC (Asia and Pacific)	0.3	0.7	0.5	3.4
TOTAL	58.8	21.5	100.0	100.0

Maintenance and service sales totalled EUR 11.4 (13.0) million or 36.5 per cent (44.7 %) 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 (excluding the capitalisation of product development costs and one-time costs) and then the operating result after the capitalisation and amortisation of product development costs and one-time costs.

INCOME STATEMENT, KEY FIGURES, MEUR	1-6/2012	1-6/2011	1-12/2011
Net sales	31.3	29.1	62.3
Other operating income	0.0	0.0	0.2
Operating costs excluding product development capitalisation and one-time costs	-35.1	-30.7	-64.2
Adjusted operating result, MEUR	-3.8	-1.6	-1.7
Product development capitalisation	0.0	0.0	0.1
Product development amortisation	-2.8	-3.7	-7.1
One-time costs		-2.4	-2.4
Operating result	-6.7	-7.7	-11.1
Result before taxes	-7.6	-7.2	-9.9

An increase of EUR 1.1 million in costs for materials and services contributed to making the adjusted operating result lower than in the period for comparison. Otherwise the increase in costs was due in particular to the efforts to boost sales.

Taxes for the period totalled EUR 0.1 (1.8) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-6/2012	1-6/2011	1-12/2011
Withholding tax expenses in parent company	-0.8	-0.6	-1.6
Income taxes on the results of Group companies	-0.2	-1.9	-3.6
Deferred tax asset based on tax allowances in India	-0.1	0.3	1.0
Change in deferred tax liability based on:			
- R&D capitalisation	0.5	0.8	1.3
- cost capitalisations in Finnish taxation	0.0	0.3	-1.7
- dividend tax in India	0.4	-0.8	-1.4
Other items	0.2	0.1	0.3
TAXES IN INCOME STATEMENT, TOTAL	-0.1	-1.8	-5.6

Earnings per share were EUR -0.09 (-0.11). Equity per share at the end of the period was EUR 0.37 (31 December 2011: EUR 0.58). These key figures have been adjusted for all periods presented to reflect the share issue.

FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 11.0 (31 December 2011: 6.7) million. The change in cash and cash equivalents for the review period was EUR 4.4 million.

The balance sheet total on 30 June 2012 stood at EUR 91.9 (31 December 2011: 99.9) million. Interest-bearing liabilities were EUR 25.9 (31 December 2011: 28.1) million. The net debt to equity ratio (net gearing) was 32.4 per cent (31 December 2011: 43.1 %) and the equity ratio was 50.0 per cent (31 December 2011: 50.7 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.4 (0.5) million or 1.4 per cent (1.9 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR -0.9 (0.5) 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	1-6/2012	1-6/2011	1-12/2011
Interest income	0.0	0.1	0.1
Exchange rate gains	0.7	0.6	1.7
Other financial income	0.0	0.5	0.6
FINANCIAL INCOME, TOTAL	0.8	1.2	2.4
Interest expenses	-1.3	-0.5	-0.6
Exchange rate losses	-0.3	-0.1	-0.1
Other financial expenses	-0.1	-0.0	-0.5
FINANCIAL EXPENSES, TOTAL	-1.7	-0.7	-1.3

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-6/2012	1-6/2011	1-12/2011
Change in trade receivables	5.1	-6.5	-9.1
Change in other short-term receivables	3.6	-3.3	-3.5
Change in inventories	-0.3	-0.1	0.2
Change in trade payables	0.2	0.6	1.0
Change in other current liabilities	-2.2	0.3	0.7
CHANGE IN WORKING CAPITAL, TOTAL	6.4	-9.0	-10.6

Tecnotree estimates that its net sales will increase in 2012. For the purposes of strengthening the balance sheet and improving the Company's liquidity, Tecnotree's Board of Directors decided on 28 May 2012 to execute a rights offering. The proceeds from the offering amounted to EUR 5.9 million before related fees and expenses. Carrying out a rights offering with a value of at least EUR 5.0 million was also a prerequisite for obtaining a credit facility of a similar amount for financing working capital. Due to the reorganizing of financing, financial costs were significantly higher in the review period than in the period for comparison.

Tecnotree has overdue receivables totalling EUR 8.0 million from a customer owned by the government of Libya, and impairment of EUR 5.5 million was recognised prior to the current review period. The company is still negotiating with the customer and its state owner on payment of the receivables. The company believes that at least the net value in the balance sheet for the receivable of EUR 2.5 million will be obtained.

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 solution 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 and the result for the operating segments are presented based on the location of customers. The result for each of the operating segments includes the costs that can be allocated to the segments on a reasonable basis. Common costs for the whole Group as well as taxes and financial items are not allocated.

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 51 % from the corresponding period in the previous year, and the order book is more than four times as high. Prospects in the area are 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, partial implementation of the first stage of project deliveries for the major order won in December, and first deliveries for the major order announced in April.

Europe

Net sales in Europe increased 15 % from the corresponding period in the previous year, while the order book stood at the same level. In Europe Tecnotree supplied completely new systems and expansions of existing systems, mainly to existing customers.

MEA (Middle East and Africa)

Sales and the order book in the Middle East and Africa declined 24 % from the corresponding period in the previous year, but the trend in the second quarter was clearly upwards. The order book is 43 % higher than last year. 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.

APAC (Asia and Pacific)

Net sales in the APAC region declined slightly from the previous year. Sales focused on existing customers and were as successful as had been expected. The order book is clearly down on the previous year. There has been a delay in implementing Tecnotree's new strategy in the area.

RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 6.0 (6.3) million, corresponding to 19.2 per cent (21.8 %) of net sales. No development costs were capitalised during the review period. Previously capitalised costs are amortised over 3-5 years from the start of commercial use. R&D costs of EUR 2.8 (3.7) million were amortised during the review period.

PERSONNEL

At the end of June 2012 Tecnotree employed 1,109 (31 December 2011: 926) persons, of whom 86 (31 December 2011: 80) worked in Finland and 1,023 (31 December 2011: 846) elsewhere.

The company employed on average 1,017 (895) people during the review period. Personnel by country were as follows:

PERSONNEL	1-6/2012	1-6/2011	1-12/2011
Personnel, at end of period	1,109	930	926
Finland	86	77	80
Ireland	56	61	58
Brazil	42	42	43
India	831	705	690
Other countries	94	45	55
Personnel, average	1,017	895	922
Personnel expenses before R&D capitalisation (MEUR)	15.6	16.6	30.4

EXTRAORDINARY GENERAL MEETING

Tecnotree Corporation's Extraordinary General Meeting held on 28 May 2012 authorised the Board of Directors to decide on a rights offering. The maximum number of new shares to be issued based on the authorisation was 40,000,000 shares. The Board of Directors was authorised to decide on other terms for the rights offering. The authorisation also included the right to decide on a secondary offering of any remaining shares, as determined by the Board of Directors. The authorisation did not replace the authorisation of 28 March 2012 granted by the Annual General Meeting to the Board of Directors to decide on a share offering.

The authorisation was fully used in the rights offering carried out in the review period.

RIGHTS OFFERING

Based on the authorisations granted by the Extraordinary General Meeting of 28 May 2012 and the Annual General Meeting of 28 March 2012, the Board of Directors of Tecnotree decided on 28 May 2012 on a rights offering of approximately EUR 5.9 million such that the shareholders of Tecnotree had a pre-emptive right to subscribe for new shares in proportion to their current shareholding in Tecnotree. Altogether 48,997,451 new shares were offered for subscription in the offering. The subscription price for the offer shares was EUR 0.12 per offer share. The subscription period was from 5 June 2012 to 19 June 2012. Trading in the subscription rights commenced on 5 June 2012 and ended on 12 June 2012. A total of 31,394,457 new shares, representing 64.1 per cent of the total number of shares offered in the rights offering, were subscribed pursuant to subscription rights. The remaining 17,602,994 new shares, or 35.9 per cent of the rights offering, were subscribed without subscription rights.

The proceeds from the rights offering amounted to EUR 5.9 million before related fees and expenses. The shares subscribed in the offering were registered with the Trade Register on 29 June 2012 and trading in the new shares commenced on 2 July 2012. Since the actual value of the rights offering was at least EUR 5.0 million, the Company met the conditions for obtaining the credit facility for financing working capital.

TECNOTREE SHARES AND SHARE CAPITAL

At the end of June 2012 the shareholders' equity of Tecnotree Corporation stood at EUR 46.0 (31 December 2011: 49.5) 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, adjusted to reflect share issue, was EUR 0.37 (31 December 2011: 0.58).

A total of 15,708,983 Tecnotree shares (EUR 4,887,700) were traded on the Helsinki Exchanges during the period 1 January – 30 June 2012, representing 12.8 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.45 and the lowest EUR 0.12. The average quoted price was EUR 0.37 and the closing price on 30 June 2012 was EUR 0.16. The market capitalisation of the share stock at the end of the period was EUR 19.6 million.

CURRENT AUTHORISATIONS

The Annual General Meeting held on 28 March 2012 authorised the Board of Directors in accordance with the proposal of the Board of Directors to decide on the acquisition of a maximum of 7,360,000 of the Company's own shares. Own shares may 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 is valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

Furthermore, 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 22,500,000 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 authorisation, authorised 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 authorisation is valid for one year from the decision of the Annual General Meeting. Due to

the rights offering completed during the review period, the authorisation may be used to issue and/or convey a maximum of 13,502,549 new shares and/or the Company's own shares either against payment or for free.

STOCK OPTION PROGRAMMES AND INCENTIVE SCHEME

During the review period the company had in force the 2006 and 2009 stock option programmes. The exercise period for the 2009B options ended on 31 March 2012 and the exercise period for the 2006C options ended on 30 April 2012.

The state of the options on 30 June 2012 was as follows:

Option series	Maximum number of	Number of options granted	Exercise period	Exercise price
Performance based	2,280,012	876,792		
Time based	1,140,006	1,040,719		
Total based on original option program	3,420,018	1,917,511		
Increase based on share issue	312,932	285,678		
2009C total	3,732,950	2,203,189	1.4.2011–31.3.2013	0.675

The maximum number of 2009C options before the share issue was 3,420,018, of which a total of 1,917,511 options had been allocated as at 30 June 2012. Of the allocated options a total of 876,792 options become available to key personnel based on a performance appraisal in accordance with the terms and conditions of the 2009 option program. The rest of the 2009C allocated options (i.e. 1,040,719 time based options) are available during the exercise period. The stock options are part of the incentive and commitment scheme for key personnel.

Due to the share issue carried out during the review period and in accordance with the terms and conditions of the 2009 option program, the Board of Directors decided to increase the number of shares to be subscribed with the 2009C time based options by multiplying the number of shares to be subscribed by 1.2745. The Board of Directors further decided to reduce the subscription price for the 2009C time based options by the same factor, 1.2745, from EUR 0.86 to EUR 0.675.

After the increase mentioned above, altogether 3,732,950 stock options remained on 30 June 2012 of all the company's stock options in circulation. The shares that could be subscribed on the basis of these stock options accounted for a maximum of 2.95 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 30 June 2012 the Company held 1,529,761 of all the current stock options. The issued stock options had a maximum diluting effect on 30 June 2012 of 1.76 %.

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 2012 earning period is based on Tecnotree Group's earnings per share (EPS), adjusted operating profit and the Company's trade weighted average share price in December 2012, as well as on fulfilling the requirement to purchase shares. No reward will be paid for the 2012 earning period if the Group's cash flow in the 2012 financial year is negative. Share purchases under the scheme by members of the Management Board were made during the first quarter of the year.

RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the 2011 Board of Directors' Report.

Tecnotree's risks and uncertainties in the near future relate to major projects that are in progress or under negotiation, to the timing of these and progress made in them, to receivables, to changes in foreign exchange rates and to financing. Tecnotree estimates that its net sales will increase in 2012.

EVENTS AFTER THE END OF PERIOD

After the end of the review period the Company has announced that it has signed a EUR 5.0 million revolving credit facility agreement for financing working capital.

A court in India has rejected the claim for an enforcement order by Atul Chopra made at the end of 2011 and the Tecnotree funds that had been temporarily frozen have been released.

Tecnotree has agreed on annual sales of services in Latin America that will rise gradually during the second half of 2012 from USD 7 million to more than USD 10 million.

PROSPECTS IN 2012

Tecnotree estimates that net sales and the operating result in 2012 will be better than in 2011. The adjusted operating result is estimated to be positive. Variations in the quarterly figures will be considerable. The cash flow after investments is also expected to improve compared to 2011. The adjusted operating result is the operating result before R&D capitalisation, amortisation of this and one-time costs.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts and the media to announce its half year results at 10.00 am on 8 August 2012 in the Freda-Bulsa 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.

TECNOTREE CORPORATION

Board of Directors

FURTHER INFORMATION

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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	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
NET SALES	2	21.3	18.5	31.3	29.1	62.3
		0.0	0.0	0.0	0.0	0.2
Materials and services		-4.0	-3.1	-5.9	-4.8	-10.8
Employee benefit expenses		-7.8	-8.2	-15.6	-16.6	-30.5
Depreciation, amortisation and impairment charges		-1.9	-2.5	-3.9	-5.1	-9.4
Other operating expenses		-7.0	-4.1	-12.6	-10.2	-22.9
OPERATING RESULT	2	0.6	0.6	-6.7	-7.7	-11.1
Financial income		0.7	0.5	0.8	1.2	2.4
Financial expenses		-0.9	-0.5	-1.7	-0.7	-1.3
RESULT BEFORE TAXES		0.4	0.6	-7.6	-7.2	-9.9
Income taxes		0.8	-1.6	-0.1	-1.8	-5.6
RESULT FOR THE PERIOD		1.2	-0.9	-7.7	-9.0	-15.6
Allocated to:						
Equity holders of parent company		1.2	-1.0	-7.7	-9.0	-15.6
Non-controlling interest		0.0	0.0	-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 *		0.01	-0.01	-0.09	-0.11	-0.18
Earnings per share, diluted, EUR *		0.01	-0.01	-0.09	-0.11	-0.18

* This key figure has been adjusted for all periods presented to reflect the share issue.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR		4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
RESULT FOR THE PERIOD		1.2	-0.9	-7.7	-9.0	-15.6
Other comprehensive income:						
Translation differences from foreign operations		-2.0	-0.9	-1.3	-3.8	-7.3
Tax relating to components of other comprehensive income		0.1	0.0	0.0	0.1	0.3
Other comprehensive income, net of tax		-1.9	-0.8	-1.3	-3.7	-7.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-0.7	-1.8	-9.0	-12.7	-22.6
Allocated to:						
Equity holders of parent company		-0.7	-1.8	-8.9	-12.7	-22.6
Non-controlling interest		0.0	0.0	-0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET	Note	30.6.2012	30.6.2011	31.12.2011
Assets				
Goodwill		18.9	20.2	19.2
Other intangible assets		6.5	13.5	9.7
Tangible assets		5.8	6.4	6.1
Deferred tax assets		2.9	2.6	3.1
Other non-current trade and other receivables		0.4	0.7	1.3
Current assets				
Inventories		1.1	1.2	0.8
Trade receivables		17.6	22.4	23.7
Other receivables		27.7	26.7	29.3
Investments		0.0	0.9	0.0
Cash and cash equivalents		11.0	10.4	6.7
TOTAL ASSETS		91.9	105.1	99.9
Shareholders' equity		46.0	59.5	49.5
Non-current liabilities				
Deferred tax liabilities		3.3	2.7	4.4
Non-current interest-bearing liabilities	3	11.1	13.4	12.2
Other non-current liabilities		0.4	0.5	0.4
Current liabilities				
Current interest-bearing liabilities	3	14.8	12.2	15.8
Trade payables and other liabilities		16.3	16.9	17.6
EQUITY AND LIABILITIES, TOTAL		91.9	105.1	99.9

CALCULATION OF CHANGES IN
SHAREHOLDERS' EQUITY, MEUR

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
Share issue					5.4			5.4		5.4
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				-1.3			-7.7	-8.9	-0.0	-9.0
Shareholders' equity 30 June 2012	4.7	0.8	-0.1	-2.3	18.1	5.2	19.5	45.9	0.1	46.0

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2011	4.7	0.8	-0.1	6.1	12.6	29.4	18.5	72.1	0.1	72.1
Covering of loss						-10.4	10.4	0.0		0.0
Share-based payments							0.0	0.0		0.0
Total comprehensive income for the period				-3.7			-9.0	-12.7	0.0	-12.7
Shareholders' equity 30 June 2011	4.7	0.8	-0.1	2.4	12.6	19.0	19.9	59.4	0.1	59.5

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	1-6/2012	1-6/2011	1-12/2011
Cash flow from operating activities			
Result for the period	-7.7	-9.0	-15.6
Adjustments of the result	5.1	8.4	14.2
Changes in working capital	6.4	-9.0	-10.6
Interest paid	-0.6	-0.5	-0.7
Interest received	0.0	0.3	0.1
Income taxes paid	-1.8	-1.5	-4.7
Net cash flow from operating activities	1.5	-11.4	-17.3
Cash flow from investing activities			
Investments in intangible assets	-0.2	-0.4	-0.3
Investments in tangible assets	-0.3	-0.3	-0.7
Proceeds from disposal of intangible and tangible assets	0.0	0.0	0.0
Investments in other securities	0.0	-0.3	-0.2
Interest received from investments	0.0		0.1
Dividends received from investments	0.0	0.2	0.2
Net cash flow from investing activities	-0.4	-0.8	-0.9
Cash flow from financing activities			
Proceeds from share issue	5.4		
Borrowings received		7.0	9.5
Repayments of borrowings	-2.2	-1.1	-1.1
Repayments of finance lease liabilities	-0.0	-0.0	-0.1
Net cash flow from financing activities	3.3	5.9	8.3
Increase (+) and decrease (-) in cash and cash equivalents	4.4	-6.3	-9.8
Cash and cash equivalents at beg. of period	6.7	16.7	16.7
Impact of changes in exchange rates	-0.1	0.0	-0.2
Change in fair value of investments	-0.0	-0.0	0.0
Cash and cash equivalents at end of period	11.0	10.4	6.7

1. ACCOUNTING PRINCIPLES FOR THE INTERIM REPORT

This interim report has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The formulas for calculating the key figures presented and the accounting principles for the interim report are the same as the principles published in the 2011 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2012 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 and the result for the operating segments are presented based on the location of customers. The result for each of the operating segments includes costs that can be allocated to the segments on a reasonable basis, such as sales, customer service and delivery costs. Product management, product development and administrative costs, depreciation, taxes and financial items are not allocated.

OPERATING SEGMENTS	1-6/2012	1-6/2011	1-12/2011
NET SALES, MEUR			
Americas (North, Central and South America)	15.4	10.2	23.3
Europe	3.9	3.4	7.9
MEA (Middle East and Africa)	10.3	13.6	27.0
APAC (Asia Pacific)	1.7	1.9	4.0
TOTAL	31.3	29.1	62.3
RESULT, MEUR			
Americas (North, Central and South America)	4.4	2.8	7.3
Europe	2.2	1.8	3.9
MEA (Middle East and Africa)	6.6	8.4	14.9
APAC (Asia Pacific)	0.9	0.7	1.9
TOTAL	14.1	13.6	28.0
Non-allocated items	-17.9	-15.2	-29.8
OPERATING RESULT BEFORE R&D CAPITALISATION & AMORTISATION AND ONE-TIME COSTS			
Product development capitalisation	0.0	0.0	0.1
Product development amortisation	-2.8	-3.7	-7.1
One-time costs	0.0	-2.4	-2.4
OPERATING RESULT	-6.7	-7.7	-11.1
Financial items	-0.9	0.5	1.2
RESULT BEFORE TAXES	-7.6	-7.2	-9.9

3. INTEREST-BEARING LIABILITIES

INTEREST-BEARING LIABILITIES, MEUR	30.6.2012	30.6.2011	31.12.2011
Loans from financial institutions, 1 Jan	28,0	19,7	19,7
Raised loans	0,0	7,0	9,5
Repayments of loans	-2,2	-1,1	-1,1
Loans from financial institutions, end of period	25,9	25,5	28,0
Finance lease liabilities	0,0	0,1	0,0
Interest-bearing liabilities total	25,9	25,6	28,1

4. CONSOLIDATED CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	30.6.2012	30.6.2011	31.12.2011
On own behalf			
Real estate mortgages	7,7		7,7
Corporate mortgages	36,6		36,6
Pledged deposits	0,0	0,1	0,0
Guarantees	0,7	0,6	0,8
Other liabilities			
Restriction related to real estate in Ireland	0,0	0,4	0,4
OTHER OPERATING LEASES, MEUR	30.6.2012	30.6.2011	31.12.2011
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	1,1	0,4	0,9
Between one and five years	1,1	0,4	0,9

In addition, the shares of the Indian subsidiary held by the parent company are pledged. These shares have a book value of EUR 34.2 million in the parent company. The net assets of the Indian subsidiary in the consolidated balance sheet are estimated at EUR 47.8 million.

The company had funds of EUR 1.6 million temporarily frozen in India at the end of June, while Atul Chopra's claim was being processed in court. After the end of the period, the court rejected the claim and released the funds.

5. RELATED PARTY TRANSACTIONS

During the review period, Tecnotree raised a variable-interest short-term working capital finance loan with market-based conditions of EUR 0.35 million from certain shareholders of the company included under related parties. The loans were entirely repaid before end of June.

6. CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-6/2012	1-6/2011	1-12/2011
Return on investment, %	-15.7	-14.7	-10.2
Return on equity, %	-32.1	-27.4	-25.6
Equity ratio, %	50.0	57.4	50.7
Net gearing, %	32.4	23.9	43.1
Investments, MEUR	0.4	0.5	0.9
% of net sales	1.4	1.9	1.4
Research and development, MEUR	6.0	6.3	12.1
% of net sales	19.2	21.8	19.4
Order book, MEUR	58.8	21.5	40.4
Personnel, average	1,017	895	922
Personnel, at end of period	1,109	930	926

CONSOLIDATED KEY FIGURES PER SHARE	1-6/2012	1-6/2011	1-12/2011
Earnings per share, basic, EUR **	-0.09	-0.11	-0.18
Earnings per share, diluted, EUR **	-0.09	-0.11	-0.18
Equity per share, EUR **	0.37	0.70	0.58
Number of shares at end of period, x 1,000	122,494	73,496	73,496
Number of shares on average, x 1,000	74,035	73,496	73,496
Share price, EUR			
Average	0.37	0.47	0.44
Lowest	0.12	0.33	0.33
Highest	0.45	0.63	0.63
Share price at end of period, EUR	0.16	0.53	0.38
Market capitalisation of issued stock at end of period, MEUR	19.6	39.0	28.0
Share turnover, million shares	15.7	13.5	22.8
Share turnover, % of total	12.8	18.3	31.0
Share turnover, MEUR	4.9	6.3	10.0
Price/earnings ratio (P/E)			-1.8

** This key figure has been adjusted for all periods presented to reflect the share issue.

QUARTERLY KEY FIGURES	2Q/12	1Q/12	4Q/11	3Q/11	2Q/11	1Q/11
Net sales, MEUR	21.3	10.0	16.1	17.2	18.5	10.6
Net sales, change %	15.2	-5.5	15.1	29.3	-4.5	-25.1
Adjusted operating result *	2.0	-5.8	-2.0	1.9	3.3	-4.9
% of net sales	9.3	-57.8	-12.2	10.9	17.8	-46.3
Operating result, MEUR	0.6	-7.2	-3.5	0.1	0.6	-8.3
% of net sales	2.7	-72.3	-22.1	0.7	3.2	-78.1
Result before taxes, MEUR	0.4	-8.0	-3.3	0.5	0.6	-7.8
Personnel at end of period	1,109	981	926	928	930	914
Earnings per share, basic, EUR **	0.01	-0.10	-0.09	0.01	-0.01	-0.10
Earnings per share, diluted, EUR **	0.01	-0.10	-0.09	0.01	-0.01	-0.10
Equity per share, EUR **	0.37	0.49	0.58	0.69	0.70	0.72
Net interest-bearing liabilities, MEUR	14.9	21.0	21.3	16.9	14.2	8.4
Order book, MEUR	58.8	36.2	40.4	21.0	21.5	22.1

* 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 all periods presented to reflect the share issue.