



TECNOTREE

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Q1
2012

Tecnotree
Interim report

TECNOTREE CORPORATION INTERIM REPORT 1 JANUARY – 31 MARCH 2012 (UNAUDITED)

27 April 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.

NET SALES LOW BUT ORDER BOOK HIGH

- Net sales for the review period were EUR 10.0 million (EUR 10.6 million for the same period in the previous year) and the adjusted operating result was EUR -5.8 (-4.9) million. The operating result was EUR -7.2 (-8.3) million and the result for the period EUR -8.8 (-8.1) million.
- First quarter net sales were low, which is quite typical for the company.
- The order book at the end of the period stood at EUR 36.2 (22.1) million. The high order book was due to the USD 30.5 million sale in Latin America announced by the company on 20 December 2011. EUR 1.4 million of this has been recorded in net sales for this period.
- After the close of the period the company has announced a new order received for USD 24 million, so that the order book at publication of this release stands at a record level.
- To finance the company's working capital and improve liquidity, Tecnotree is planning to obtain at least EUR 10 million in additional financing during 2012.

KEY FIGURES	1-3/2012	1-3/2011	1-12/2011
Net sales, MEUR	10.0	10.6	62.3
Adjusted operating result, MEUR*	-5.8	-4.9	-1.7
Operating result, MEUR	-7.2	-8.3	-11.1
Result before taxes, MEUR	-8.0	-7.8	-9.9
Result for the period	-8.8	-8.1	-15.6
Earnings per share, basic. EUR	-0.12	-0.11	-0.21
Order book, MEUR	36.2	22.1	40.4
Cash flow after investments, MEUR	0.3	-6.7	-18.1
Change in cash and cash equivalents, MEUR	-0.7	-3.7	-9.8
Cash and cash equivalents, MEUR	6.0	12.8	6.7
Equity ratio %	48.6	61.3	50.7
Net gearing %	50.9	13.7	43.1
Personnel at end of period	981	914	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".

Unless otherwise stated, all figures presented below are for the review period 1-3/2012 and the figures for comparison are for the corresponding period 1-3/2011.

President and CEO Kaj Hagros:

"Net sales in the first quarter of 2012 totalled EUR 10.0 million, slightly down on the same period in the previous year (EUR 10.6 million). Low net sales for the first quarter are quite typical for the company. Many service contracts are renewed in the second quarter. At the end of 2011 the company received the biggest order in its history. Deliveries for this USD 30.5 million order have begun, but most of it will be recorded in the income statement during the coming periods. Thanks to this and the USD 24 million order we announced in April 2012, our order book has almost tripled from its level one year ago, showing that the change in strategy announced in 2011 is bearing fruit. We are planning to obtain additional financing to finance growth."

SALES AND NET SALES

Tecnotree's net sales in the review period decreased 5.5 per cent to EUR 10.0 (10.6) million.

EUR 4.4 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 5.6 million on delivery (IAS 18 Revenues).

NET SALES BY MARKET AREA	1-3/2012 MEUR	1-3/2011 MEUR	1-3/2012 %	1-3/2011 %
Americas (North, Central and South America)	3.7	1.7	37.2	15.9
Europe	1.4	2.0	14.0	18.8
MEA (Middle East and Africa)	3.8	6.5	38.3	61.7
APAC (Asia and Pacific)	1.1	0.4	10.6	3.6
TOTAL	10.0	10.6	100.0	100.0

	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	MEUR	MEUR	%	%
CONSOLIDATED ORDER BOOK				
Americas (North, Central and South America)	24.0	4.0	66.5	18.1
Europe	3.9	3.9	10.7	17.6
MEA (Middle East and Africa)	7.9	13.5	21.9	61.1
APAC (Asia and Pacific)	0.3	0.7	0.9	3.2
TOTAL	36.2	22.1	100.0	100.0

Maintenance and service sales totalled EUR 4.0 (5.9) million or 39.7 per cent (55.9 %) 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.

INCOME STATEMENT, KEY FIGURES, MEUR	1-3/2012	1-3/2011	1-12/2011
Net sales	10.0	10.6	62.3
Other operating income	0.0	0.0	0.2
Operating costs excluding product development capitalisation and one-time costs	-15.8	-15.5	-64.2
Adjusted operating result, MEUR	-5.8	-4.9	-1.7
Product development capitalisation	0.0	0.0	0.1
Product development amortisation	-1.4	-1.8	-7.1
One-time costs		-1.6	-2.4
Operating result	-7.2	-8.3	-11.1
Result before taxes	-8.0	-7.8	-9.9

The USD 30.5 million project announced in December 2011 got underway, but only EUR 1.4 million of this was included in net sales for this period. As in previous years, Tecnotree received few new orders and net sales for these during the first quarter. As in the past, the situation is expected to improve clearly from the second quarter onwards.

Taxes for the period totalled EUR 0.9 (0.2) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-3/2012	1-3/2011	1-12/2011
Withholding tax expenses in parent company	-0.3	-0.4	-1.6
Income taxes on the results of Group companies	0.0	-0.4	-3.6
Deferred tax asset based on tax allowances in India	-1.8	0.2	1.0
Change in deferred tax liability based on:			
- R&D capitalisation	0.2	0.6	1.3
- cost capitalisations in Finnish taxation	0.0		-1.7
- dividend tax in India	0.9	-0.2	-1.4
Other items	0.1	0.0	0.3
TAXES IN INCOME STATEMENT, TOTAL	-0.9	-0.2	-5.6

Earnings per share were EUR -0.12 (-0.11). Equity per share at the end of the period was EUR 0.56 (31 December 2011: EUR 0.67).

FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 6.0 (31 December 2011: 6.7) million. The change in cash and cash equivalents for the review period was EUR -0.7 million. The company expected to receive advance payment during the quarter for a major project in Argentina, but payment was delayed until the second quarter due to general measures imposed on imports by the Argentine Central Bank.

The balance sheet total on 31 March 2012 stood at EUR 86.3 (31 December 2011: 99.9) million. Interest-bearing liabilities were EUR 27.1 (31 December 2011: 28.1) million. The net debt to equity ratio (net gearing) was 50.9 per cent (31 December 2011: 43.1 %) and the equity ratio was 48.6 per cent (31 December 2011: 50.7 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.3 (0.3) million or 2.5 per cent (2.8 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR -0.7 (-0.5) million. The exchange rate losses consist mainly of exchange rate differences from intragroup payables in the parent company.

FINANCIAL INCOME AND EXPENSES, MEUR	1-3/2012	1-3/2011	1-12/2011
Interest income	0.0	0.0	0.1
Exchange rate gains	0.1	0.2	1.7
Other financial income	0.0	0.4	0.6
FINANCIAL INCOME, TOTAL	0.1	0.6	2.4
Interest expenses	-0.4	-0.2	-0.6
Exchange rate losses	-0.4	-0.0	-0.1
Other financial expenses	-0.1	-0.0	-0.5
FINANCIAL EXPENSES, TOTAL	-0.8	-0.2	-1.3
CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-3/2012	1-3/2011	1-12/2011
Change in trade receivables	4.9	-3.4	-9.1
Change in other short-term receivables	4.0	4.2	-3.5
Change in inventories	0.2	0.0	0.2
Change in trade payables	-1.1	0.0	1.0
Change in other current liabilities	-2.0	-1.5	0.7
CHANGE IN WORKING CAPITAL, TOTAL	6.0	-0.7	-10.6

Tecnotree estimates that its net sales will increase in 2012. To finance the company's working capital and improve liquidity, Tecnotree is planning to obtain at least EUR 10 million in additional financing during 2012. It is planned to obtain at least EUR 5 million of this through a share issue, instead of the hybrid bond that the company had considered earlier. The company has already negotiated a EUR 5 million credit limit for working capital finance that will become available to the company once commitments to subscribe to the planned share issue total at least EUR 5 million.

Tecnotree has overdue receivables totalling EUR 7.5 million from a customer owned by the government of Libya, and impairment of EUR 5.1 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 for the receivable of EUR 2.4 million in the balance sheet 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 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 from the corresponding period in the previous year, and the order book is strong. 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, and the start-up of project deliveries for the major order received at the end of last year.

Europe

Net sales in Europe declined slightly from the corresponding period in the previous year and the order book stood at the same level. In Europe Tecnotree is focusing on growth for its new

solution offering, especially in the areas of product, order and customer management and in interactive voice service applications. Progress was made in both sectors during the first quarter and concrete results are expected in the second half of the year.

MEA (Middle East and Africa)

Sales and the order book in the Middle East and Africa weakened significantly from the corresponding period in the previous year. Progress in two key customer projects was slower than forecast. During the first quarter of the year Tecnotree focused in particular on surveying potential new customers and projects with its reinforced sales unit.

APAC (Asia and Pacific)

Net sales in the APAC region increased considerably from the previous year. Successful sales of additional services to existing customers lie behind this improvement. During the first part of the year the company has focused on surveying potential new customers and renewing and expanding the service contracts of existing customers.

RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 2.9 (3.4) million, corresponding to 28.7 per cent (32.3 %) 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 1.4 (1.8) million were amortised during the review period.

PERSONNEL

At the end of March 2012 Tecnotree employed 981 (31 December 2011: 926) persons, of whom 84 (31 December 2011: 80) worked in Finland and 897 (31 December 2011: 846) elsewhere.

The company employed on average 978 (873) people during the review period. Personnel by country were as follows:

PERSONNEL	1-3/2012	1-3/2011	1-12/2011
Personnel, at end of period	981	914	926
Finland	84	73	80
Ireland	56	60	58
Brazil	42	48	43
India	725	683	690
Other countries	74	50	55
Personnel, average	978	873	922
Personnel expenses before R&D capitalisation (MEUR)	7.8	8.4	30.4

TECNOTREE SHARES AND SHARE CAPITAL

At the end of March 2012 the shareholders' equity of Tecnotree Corporation stood at EUR 41.3 (31 December 2011: 49.5) million and the share capital was EUR 4.7 million. The total number of shares was 73,630,977.

The company held 134,800 of these shares, which represents 0.18 per cent of the company's total number of shares and votes. Equity per share was EUR 0.56 (31 December 2011: 0.67).

A total of 5,541,118 Tecnotree shares (EUR 2,191,047) were traded on the Helsinki Exchanges during the period 1 January – 31 March 2012, representing 7.5 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.45 and the lowest EUR 0.30. The average quoted price was EUR 0.40 and the closing price on 31 March 2012 was EUR 0.36. The market capitalisation of the share stock at the end of the period was EUR 26,507,152.

ANNUAL GENERAL MEETING

The Annual General Meeting of Tecnotree Corporation held on 28 March 2012 confirmed the financial statements and the consolidated financial statements for the financial year 2011 and discharged the Board of Directors and the CEO from liability for the year 2011 except Atul Chopra who was not discharged from liability. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend be paid for the year 2011, and that the parent company's loss for the financial year, 13,872,371.72 euros, be covered by non-restricted equity reserves.

Board of Directors

The Annual General Meeting confirmed that the Board of Directors will consist of seven members. Johan Hammarén, Pentti Heikkinen, Harri Koponen, Ilkka Raiskinen, Christer Sumelius and Hannu Turunen were re-elected as Board members and Tuija Soanjärvi as new Board member. 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 7,360,000 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.

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 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 NEW 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.

The state of the options on 31 March 2012 was as follows:

Option series	Maximum number of options	Number of options granted	Exercise period	Exercise price
2006C	667,000	647,000	1.4.2009–30.4.2012	0.98
Total	667,000	647,000		
2009B	2,394,013	1,408,206	1.4.2010–31.3.2012	0.86
2009C	3,420,018	1,917,511	1.4.2011–31.3.2013	0.86
Total	5,814,031	3,325,717		
2006 and 2009 Total	6,481,031	3,972,717		

Some of the 2009B and 2009C stock options become available to key personnel based on a performance appraisal. The stock options are part of the incentive and commitment scheme for key personnel.

Altogether 6,481,031 stock options remained on 31 March 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 8.09 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 31 March 2011 the Company still held 2,508,314 of all the current stock options. The issued stock options had a maximum diluting effect on 31 March 2012 of 5.12 %.

During the review period the Company had a current incentive scheme that the Board of Directors had established on 25 October 2011. Any bonus 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 bonus will be paid for the 2012 earning period if the Group's cash flow in the 2012 financial year is negative. Share purchases as part of the scheme by members of the Management Board were made during the first quarter of the year. The Board of Directors has still not nominated other key personnel for the scheme.

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. To finance the company's working capital and improve liquidity Tecnotree is planning to obtain additional financing of some EUR 10 million during 2012. It is planned to obtain at least EUR 5 million of this through a share issue, instead of the hybrid bond that the company had considered earlier. The company has already negotiated a EUR 5 million credit limit for financing working capital that will become available to the company once commitments to subscribe to the planned share issue total at least EUR 5 million.

EVENTS AFTER THE END OF PERIOD

After the end of the period the Company has announced that it has won a major new contract with a value of USD 24 million in Latin America.

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 first quarter results at 10.00 am on 27 April 2012 in the Freda 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	1-3/2012	1-3/2011	1-12/2011
NET SALES	2	10.0	10.6	62.3
		0.0	0.0	0.2
Materials and services		-1.9	-1.7	-10.8
Employee benefit expenses		-7.8	-8.4	-30.5
Depreciation, amortisation and impairment charges		-2.0	-2.6	-9.4
Other operating expenses		-5.6	-6.1	-22.9
OPERATING RESULT		-7.2	-8.3	-11.1
Financial income		0.1	0.6	2.4
Financial expenses		-0.8	-0.2	-1.3
RESULT BEFORE TAXES		-8.0	-7.8	-9.9
Income taxes		-0.9	-0.2	-5.6
RESULT FOR THE PERIOD		-8.8	-8.1	-15.6
Allocated to:				
Equity holders of parent company		-8.8	-8.1	-15.6
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		-0.12	-0.11	-0.21
Earnings per share, diluted, EUR		-0.12	-0.11	-0.21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR				
		1-3/2012	1-3/2011	1-12/2011
RESULT FOR THE PERIOD		-8.8	-8.1	-15.6
Other comprehensive income:				
Translation differences from foreign operations income		0.6	-2.9	-7.3
		-0.1	0.1	0.3
Other comprehensive income, net of tax		0.6	-2.9	-7.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-8.3	-10.9	-22.6
Allocated to:				
Equity holders of parent company		-8.2	-10.9	-22.6
Non-controlling interest		-0.0	0.0	0.0

CONSOLIDATED BALANCE SHEET	Note	31.3.2012	31.3.2011	31.12.2011
Assets				
Goodwill		19.4	20.6	19.2
Other intangible assets		8.2	15.7	9.7
Tangible assets		6.0	6.6	6.1
Deferred tax assets		1.4	2.5	3.1
Other non-current trade and other receivables		0.5	0.7	1.3
Current assets				
Inventories		0.6	1.1	0.8
Trade receivables		18.1	19.4	23.7
Other receivables		26.3	19.7	29.3
Investments		0.0	1.5	0.0
Cash and cash equivalents		6.0	12.8	6.7
TOTAL ASSETS		86.3	100.6	99.9
Shareholders' equity				
		41.3	61.2	49.5
Non-current liabilities				
Deferred tax liabilities		3.3	2.8	4.4
Non-current interest-bearing liabilities		12.2	14.5	12.2
Other non-current liabilities		0.4	0.4	0.4
Current liabilities				
Current interest-bearing liabilities		14.8	8.2	15.8
Trade payables and other liabilities		14.3	13.4	17.6
EQUITY AND LIABILITIES, TOTAL		86.3	100.6	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
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

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				-2.9			-8.1	-10.9	0.0	-10.9
Shareholders' equity 31 Mar. 2011	4.7	0.8	-0.1	3.2	12.6	19.0	20.8	61.2	0.1	61.2

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 1-3/2012 1-3/2011 1-12/2011

Cash flow from operating activities			
Result for the period	-8.8	-8.1	-15.6
Adjustments of the result	4.7	4.2	14.2
Changes in working capital	6.0	-0.7	-10.6
Interest paid	-0.4	-0.2	-0.7
Interest received	0.0	0.1	0.1
Income taxes paid	-1.0	-0.9	-4.7
Net cash flow from operating activities	0.5	-5.5	-17.3
Cash flow from investing activities			
Investments in intangible assets	-0.1	-0.2	-0.3
Investments in tangible assets	-0.1	-0.1	-0.7
Proceeds from disposal of intangible and tangible assets	0.0		0.0
Investments in other securities	-0.0	-0.9	-0.2
Interest received from investments	0.0		0.1
Dividends received from investments	0.0	0.1	0.2
Net cash flow from investing activities	-0.2	-1.1	-0.9
Cash flow from financing activities			
Borrowings received	0.0	3.0	9.5
Repayments of borrowings	-1.0	0.0	-1.1
Repayments of finance lease liabilities	-0.0	0.0	-0.1
Net cash flow from financing activities	-1.0	3.0	8.3
Increase (+) and decrease (-) in cash and cash equivalents	-0.7	-3.7	-9.8
Cash and cash equivalents at beg. of period	6.7	16.7	16.7
Impact of changes in exchange rates	0.0	-0.2	-0.2
Change in fair value of investments	0.0	0.0	0.0
Cash and cash equivalents at end of period	6.0	12.8	6.7

1. ACCOUNTING PRINCIPLES FOR THE INTERIM REPORT

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 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 for the operating segments are presented based on the location of customers.

OPERATING SEGMENTS	1-3/2012	1-3/2011	1-12/2011
NET SALES, MEUR			
Americas (North, Central and South America)	3.7	1.7	23.3
Europe	1.4	2.0	7.9
MEA (Middle East and Africa)	3.8	6.5	27.0
APAC (Asia Pacific)	1.1	0.4	4.0
TOTAL	10.0	10.6	62.3

3. CONSOLIDATED CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	31.3.2012	31.3.2011	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	0.8	1.1	0.8
Other liabilities			
Restriction related to real estate in Ireland	0.0	0.4	0.4
OTHER OPERATING LEASES, MEUR			
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.9	0.6	0.9
Between one and five years	0.8	0.4	0.9

In addition, the parent company's shares in the Indian subsidiary 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 46.2 million.

The company had EUR 1.6 million worth funds temporarily frozen in India at the end of the year, for court process of Atul Chopra's claim.

4. CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-3/2012	1-3/2011	1-12/2011
Return on investment, %	-39.1	-34.7	-10.2
Return on equity, %	-77.8	-48.4	-25.6
Equity ratio, %	48.6	61.3	50.7
Net gearing, %	50.9	13.7	43.1
Investments, MEUR	0.3	0.3	0.9
% of net sales	2.5	2.8	1.4
Research and development, MEUR	2.9	3.4	12.1
% of net sales	28.7	32.3	19.4
Order book, MEUR	36.2	22.1	40.4
Personnel, average	978	873	922
Personnel, at end of period	981	914	926

CONSOLIDATED KEY FIGURES PER SHARE	1-3/2012	1-3/2011	1-12/2011
Earnings per share, basic, EUR	-0.12	-0.11	-0.21
Earnings per share, diluted, EUR	-0.12	-0.11	-0.21
Equity per share, EUR	0.56	0.83	0.67
Number of shares at end of period, x 1,000	73,496	73,496	73,496
Number of shares on average, x 1,000	73,496	73,496	73,496
Share price, EUR			
Average	0.40	0.51	0.44
Lowest	0.30	0.36	0.33
Highest	0.45	0.63	0.63
Share price at end of period, EUR	0.36	0.41	0.38
Market capitalisation of issued stock at end of period, MEUR	26.5	30.2	28.0
Share turnover, million shares	5.5	8.0	22.8
Share turnover, % of total	7.5	10.8	31.0
Share turnover, MEUR	2.2	4.0	10.0
Price/earnings ratio (P/E)			-1.8

QUARTERLY KEY FIGURES	1Q/12	4Q/11	3Q/11	2Q/11	1Q/11	4Q/10
Net sales, MEUR	10.0	16.1	17.2	18.5	10.6	14.0
Net sales, change %	-5.5	15.1	29.3	-4.5	-25.1	3.3
Adjusted operating result*	-5.8	-2.0	1.9	3.3	-4.9	-3.2
% of net sales	-57.8	-12.2	10.9	17.8	-46.3	-22.7
Operating result, MEUR	-7.2	-3.5	0.1	0.6	-8.3	-4.9
% of net sales	-72.3	-22.1	0.7	3.2	-78.1	-35.1
Result before taxes, MEUR	-8.0	-3.3	0.5	0.6	-7.8	-5.2
Personnel at end of period	981	926	928	930	914	858
Earnings per share, basic, EUR	-0.12	-0.10	0.01	-0.01	-0.11	-0.07
Earnings per share, diluted, EUR	-0.12	-0.10	0.01	-0.01	-0.11	-0.07
Equity per share, EUR	0.56	0.67	0.80	0.81	0.83	0.98
Net interest-bearing liabilities, MEUR	21.0	21.3	16.9	14.2	8.4	2.4
Order book, MEUR	36.2	40.4	21.0	21.5	22.1	14.3

* 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".