

Q3

2011

Tecnotree

Interim report

TECNOTREE CORPORATION INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2011

26 October 2011 at 8:30 am

POSITIVE PROFIT PERFORMANCE CONTINUES

- Third quarter net sales totalled EUR 17.2 million (EUR 13.3 million in the previous year).
- The adjusted operating profit* was EUR 1.9 (-0.7) million.
- Net sales for the full nine-month period were EUR 46.2 (46.7) million and the adjusted operating profit was EUR 0.3 (0.7) million.
- The order book at the end of the period stood at EUR 21.0 million (31 December 2010: EUR 14.3 million).

KEY FIGURES	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
Net sales, MEUR	17.2	13.3	46.2	46.7	60.7
Adjusted operating result, MEUR*	1.9	-0.7	0.3	0.7	-2.5
Operating result, MEUR	0.1	-2.0	-7.6	-3.2	-8.1
Result before taxes, MEUR	0.5	-1.8	-6.7	-4.3	-9.4
Result for the period	0.9	-2.1	-8.1	-5.7	-11.0
Earnings per share, basic. EUR	0.01	-0.03	-0.11	-0.08	-0.15
Order book, MEUR			21.0	20.1	14.3
Cash flow after investments, MEUR	-2.5	-7.1	-14.6	-11.1	-10.6
Change in cash and cash equivalents, MEUR	-2.5	-7.1	-8.8	-12.2	-9.8
Cash and cash equivalents, MEUR			7.8	14.1	16.7
Equity ratio %			56.6	68.8	66.4
Net gearing %			28.9	3.1	3.3
Personnel at end of period			958	830	858

* Adjusted operating result = operating result before R & D capitalisation, amortization 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 1-9/2011 and the figures for comparison are for the corresponding period 1-9/2010.

President and CEO Kaj Hagros:

"Net sales in the first nine months of 2011 totaled EUR 46.2 million, which is virtually the same as in the same period in the previous year (EUR 46.7 million). However, third quarter net sales were 29% higher than in the corresponding period in 2010. After a weak first quarter in 2011,

the second and third quarters were both improved periods and resulted in positive adjusted operating result. Sales in Latin America, Middle East and Africa, and Europe were similar to that recorded in 2010, but the Asia and Pacific region produced a weaker result. Since the end of the third quarter the company has reorganised, with the aim of increasing productivity and profitability and providing higher quality customer service in 2012. The order book has recovered since the end of 2010. The strained economic situation has so far not had a noticeable impact on operators' investment plans, which are critical for Tecnotree. Net sales and the adjusted operating result for 2011 are estimated to be at the same level as in 2010 or better than this."

SALES AND NET SALES

Tecnotree's net sales in the review period were EUR 46.2 (46.7) million and decreased 1.1 per cent.

EUR 22.0 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 24.2 million on delivery (IAS 18 Revenues).

NET SALES BY MARKET AREA	1-9/2011 MEUR	1-9/2010 MEUR	1-9/2011 %	1-9/2010 %
Americas (North, Central and South America)	18.8	19.4	40.7	41.5
Europe	5.2	4.9	11.1	10.5
MEA (Middle East and Africa)	19.3	17.8	41.8	38.1
APAC (Asia and Pacific)	2.9	4.6	6.4	9.9
TOTAL	46.2	46.7	100.0	100.0

CONSOLIDATED ORDER BOOK	30.9.2011 MEUR	30.9.2010 MEUR	30.9.2011 %	30.9.2010 %
Americas (North, Central and South America)	3.7	4.5	17.6	22.4
Europe	3.3	1.8	15.9	9.0
MEA (Middle East and Africa)	13.4	12.6	63.9	62.7
APAC (Asia and Pacific)	0.5	1.2	2.6	6.0
TOTAL	21.0	20.1	100.0	100.0

Maintenance and service sales totalled EUR 19.4 (19.4) million or 42.0 per cent (41.5 %) of net sales.

RESULT ANALYSIS

Tecnotree's business operations are based on project sales. The income and costs recorded for these 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	1-9/2011	1-9/2010	1-12/2010
Net sales	46.2	46.7	60.7
Other operating income	0.2	0.0	0.0
Operating costs excluding product development capitalisation and one-time costs	-46.1	-46.0	-63.2
Adjusted operating result, MEUR	0.3	0.7	-2.5
Product development capitalisation	0.1	0.5	0.6
Product development amortisation	-5.5	-4.4	-6.1
One-time costs	-2.4		
Operating result	-7.6	-3.2	-8.1
Result before taxes	-6.7	-4.3	-9.4

The adjusted operating result was down EUR 0.4 million from the previous year. The reduction was mainly due to the low net sales in the first quarter.

Capitalisation of research and development costs and amortisation of these had the net impact of weakening the result by EUR 1.5 million compared to the corresponding period in the previous year.

The operating result for the review period includes one-time costs of EUR 2.4 million for settling the law suit brought against the company early in the year.

Taxes for the period totalled EUR 1.4 (1.4) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-9/2011	1-9/2010	1-12/2010
Withholding tax expenses in parent company	-0.9	-1.3	-1.7
Income taxes on the results of Group companies	-2.3	-1.3	-1.5
Deferred tax asset based on tax allowances in India	1.1	0.5	0.8
Change in deferred tax liability based on:			
- R&D capitalisation	1.4	0.7	1.1
- dividend tax in India	-0.9	-0.5	-0.8
Other items	0.2	0.5	0.5
TAXES IN INCOME STATEMENT, TOTAL	-1.4	-1.4	-1.6

Earnings per share were EUR -0.11 (-0.08). Equity per share at the end of the period was EUR 0.80 (31 December 2010: EUR 0.98).

FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 7.8 (31 December 2010: 16.7) million. The change in cash and cash equivalents for the review period was EUR -8.8 million.

The balance sheet total on 30 September 2011 stood at EUR 105.6 (31 December 2010: 109.7) million. Interest-bearing liabilities were EUR 25.6 (31 December 2010: 19.7) million. The net debt to equity ratio (net gearing) was 28.7 per cent (31 December 2010: 3.3 %). The balance sheet structure remained strong and the equity ratio on 30 September 2011 was 56.7 per cent (31 December 2010: 66.4 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.6 (0.6) million or 1.2 per cent (1.2 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR 0.9 (-1.1) million. The exchange rate gains consist mainly of exchange rate differences from USD deposit accounts and intragroup payables in the parent company.

FINANCIAL INCOME AND EXPENSES, MEUR	1-9/2011	1-9/2010	1-12/2010
Interest income	0.1	0.2	0.2
Exchange rate gains	1.2	0.2	0.4
Other financial income	0.5	0.3	0.5
FINANCIAL INCOME, TOTAL	1.9	0.7	1.1
Interest expenses	-0.4	-0.3	-0.8
Exchange rate losses	-0.1	-1.1	-1.7
Other financial expenses	-0.5	-0.4	-0.0
FINANCIAL EXPENSES, TOTAL	-1.0	-1.8	-2.4

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-9/2011	1-9/2010	1-12/2010
Change in trade receivables	-7.0	0.5	2.1
Change in other short-term receivables	-7.4	-6.1	-6.5
Change in inventories	0.0	-0.4	0.3
Change in trade payables	1.8	4.1	3.9
Change in other current liabilities	0.7	-8.6	-7.6
CHANGE IN WORKING CAPITAL, TOTAL	-11.9	-10.4	-7.7

Tecnotree is planning to obtain additional financing of some EUR 10 million to improve its financing structure and to finance working capital and growth.

The company has overdue receivables amounting to EUR 6.1 million from a government owned customer in the MEA region, for which impairment totaling EUR 0.9 million has been booked in 2010 and EUR 1.4 million in the review period.

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)

In America, net sales in the nine month review period were still slightly lower than in the corresponding period in the previous year, although the third quarter was extremely strong – growth from last year of more than 100%. During the third quarter Tecnotree focused on delivering orders that it had won earlier, and succeeded well in this. In contrast, the order book declined some 20% from the previous year. The core of sales in the region is formed on the one hand by expansions and upgrades of solutions installed for current customers, and on the other by new projects for Tecnotree replacing the existing billing, charging and customer care systems of customers. Demand for these solutions remains active in the Latin American area.

Europe

In Europe, net sales in the nine month period were slightly higher than the figures for the previous year, but showed clear growth in the third quarter compared to the previous year. The order received from P&T Luxembourg in the third quarter represents a new type of solution for real-time data charging, and this is also a good opening for winning more new customers in the future. Orders received from current customers - for completely new solutions and for upgrades and expansions of existing systems - have come at a slightly faster rate than in the business plan. The order book in the area has continued its positive development compared to the corresponding period in the previous year.

MEA (Middle East and Africa)

Sales in the Middle East and Africa continued to grow from the previous year, although the third quarter was some 10% down on the previous year. Tecnotree received new orders for operator business support systems and managed services and for voice messaging expansions and upgrades. After the end of the review period the company has reorganized its business structure in this area to enable faster, cost-effective growth.

APAC (Asia and Pacific)

Sales in the APAC area continued their modest development from the previous year, as did third quarter sales. Customer deliveries in the area have made good progress, but there have been few new projects in the area in which our customers have reached the point of making decisions. Tecnotree is continuing its efforts to strengthen its sales force in the area and to expand the range of solutions on offer to its customers. Better results on the sales front are not expected yet this year, since the typical process for purchasing systems is a long one.

RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 9.0 (9.8) million, corresponding to 19.5 per cent (21.0 %) of net sales. EUR 0.1 (0.5) million of development costs were capitalised. At the end of review period, Tecnotree does not have any open capitalised research and development projects. Capitalised costs are amortised over 3-5 years from the start of commercial use. R&D costs of EUR 5.5 (4.4) million were amortised during the review period.

PERSONNEL

At the end of September 2011 Tecnotree employed 958 (31 December 2010: 858) persons, of whom 81 (31 December 2010: 70) worked in Finland and 877 (31 December 2010: 788) elsewhere.

The company employed on average 909 (779) people during the review period. Personnel by country were as follows:

PERSONNEL	1-9/2011	1-9/2010	1-12/2010
Personnel, at end of period	958	830	858
Finland	81	66	70
Ireland	60	64	64
Brazil	42	47	47
India	733	601	625
Other countries	42	52	52
Personnel, average	909	779	797
Personnel expenses before R&D capitalisation (MEUR)	23.1	21.4	29.3

TECNOTREE SHARES AND SHARE CAPITAL

At the end of September 2011 the shareholders' equity of Tecnotree Corporation stood at EUR 58.8 (31 December 2010: 72.1) 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 0.80 (31 December 2010 0.98).

A total of 17,508,629 Tecnotree shares (EUR 8,031,658) were traded on the Helsinki Exchanges during the period 3 January – 30 September 2011, representing 23.8 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.63 and the lowest EUR 0.33. The average quoted price was EUR 0.46 and the closing price on 30 September 2011 was EUR 0.35. The market capitalisation of the share stock at the end of the period was EUR 25,770,842.

CURRENT AUTHORISATIONS

The Annual General Meeting held on 23 March 2011 authorised 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 may 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 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 to decide to issue and/or to convey a maximum of 17,800,000 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. 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.

STOCK OPTION PROGRAMMES

During the review period the company had in force the 2006 and 2009 stock option programmes. The exercise period for the 2009A options ended on 31 March 2011 and for the 2006B options on 30 April, 2011.

At its meeting on 9 March 2011, the company's Board of Directors allocated altogether 575,000 2006C options, 315,000 2009B options, and 445,000 2009C options.

The state of the options on 30 September 2011 was as follows:

Option series	Maximum number of options	Number of options granted	Exercise period	Exercise price
2006C	667,000	575,000	1.4.2009–30.4.2012	0.98
Total	667,000	575,000		
2009B	2,394,013	1,411,206	1.4.2010–31.3.2012	0.86
2009C	3,420,018	2,000,178	1.4.2011–31.3.2013	0.86
Total	5,814,031	3,411,384		
2006 and 2009 Total	6,481,031	3,986,384		

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 30 September 2011 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 30 September 2011 the Company still held 2,494,647 of all the current stock options. The issued stock options had a maximum diluting effect on 30 September 2011 of 5.14 %.

RISKS AND UNCERTAINTY FACTORS

The greatest risks in Tecnotree's operations are related to major customer and partner relationships, to agreements made with these, and to the correct timing of product development decisions.

Tecnotree's largest customers are much bigger businesses than the company itself and the five largest customers account for more than half of net sales. The relationship between the company and its major customers is one of interdependence, which poses a potential risk but also offers significant new business opportunities.

Certain commitments are associated with the project and maintenance agreements made by the company, and unforeseen costs may arise in the future from these agreements. The company aims to limit these liabilities with limitation of liability clauses in customer contracts. In addition the company has a current global liability insurance to cover any liabilities that may materialise in connection with customer projects.

Project deliveries result in large accounts receivable. Most of Tecnotree's net sales come from developing countries and some of these contain political and economic challenges. There is the risk of a considerable delay in the payment of invoices in these countries and that Tecnotree will have to record credit losses. The payment record of customers and the situation concerning trade receivables are actively monitored and credit rating checks are made on new customers before confirming an offer.

The company has overdue receivables amounting to EUR 6.1 million from a government owned customer in the MEA region, for which impairment totalling EUR 0.9 million has been booked in 2010 and EUR 1.4 million in the review period.

Changes in exchange rates create risks especially in sales activities. A significant part of the company's net sales is in US dollars. The company hedges its currency denominated net position for a maximum period of 12 months, using currency forward contracts and currency options. Liquid funds are invested, avoiding credit and liquidity risks, in money-market deposits and short-term interest funds with a good credit rating.

Carrying out projects creates risks. They are contained for example in projects that require new product development, where creating new product features may prove more difficult than anticipated. Another problem with project sales arises from variations in net sales and profit during the different quarters of the year. Forecasting these variations is often difficult.

Tecnotree operates in a rapidly changing sector. When making R&D decisions there is the risk that the choice made may not bring the expected returns.

The acquisition of Tecnotree Convergence Limited opened up many new opportunities for Tecnotree. Taking advantage of these requires various changes in sales and R & D activities and in the organisation, and there are risks relating to the success of these changes. The amount paid for the acquisition and the resulting goodwill also involve risks.

Tecnotree's risks and uncertainties in the near future relate to major projects that are under negotiation and to their timing, to receivables and to changes in foreign exchange rates.

EVENTS AFTER THE END OF PERIOD

The Board of Directors of Tecnotree Corporation has received an execution order by the High

Court of Delhi whereby Atul Chopra, then a board member of Tecnotree Corporation, claims that Tecnotree has failed to honor the Settlement Agreement dated 21 February 2011 reached with Atul Chopra. The execution order has been granted without hearing Tecnotree.

Tecnotree denies the presented claims and has initiated legal actions in order to protect its rights.

Atul Chopra has resigned from the Board of Directors of Tecnotree.

PROSPECTS IN 2011

The company is currently carrying out its strategy based on an expanded product range. Tecnotree is turning into an advanced supplier of telecommunications system solutions, operating in a broad sector. The company is anticipating new growth based on the new range of products and solutions that it announced on 14 February 2011.

Net sales and the adjusted operating result are expected to match or exceed the 2010 figures. Quarterly variations will be considerable.

The adjusted operating result is the operating result before capitalisation of development costs, amortization of these and one-time costs.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts and the media to announce its results for the third quarter of 2011 at 10.00 am on 26 October 2011 in the Pavilion 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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www.tecnotree.com

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	7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
NET SALES	2	17.2	13.3	46.2	46.7	60.7
		0.2	0.0	0.2	0.0	0.0
Materials and services		-3.9	-1.9	-8.7	-7.7	-10.1
Employee benefit expenses		-6.6	-6.8	-23.2	-21.3	-29.1
Depreciation, amortisation and impairment charges		-2.2	-2.1	-7.3	-6.3	-8.7
Other operating expenses		-4.5	-4.5	-14.8	-14.6	-20.8
OPERATING RESULT		0.1	-2.0	-7.6	-3.2	-8.1
Financial income		0.7	0.2	1.9	0.7	1.1
Financial expenses		-0.4	0.0	-1.0	-1.8	-2.4
RESULT BEFORE TAXES		0.5	-1.8	-6.7	-4.3	-9.4
Income taxes		0.4	-0.3	-1.4	-1.4	-1.6
RESULT FOR THE PERIOD		0.9	-2.1	-8.1	-5.7	-11.0
Allocated to:						
Equity holders of parent company		0.9	-2.1	-8.1	-5.7	-11.0
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	-0.03	-0.11	-0.08	-0.15
Earnings per share, diluted, EUR		0.01	-0.03	-0.11	-0.08	-0.15
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR						
		7-9/2011	7-9/2010	1-9/2011	1-9/2010	1-12/2010
RESULT FOR THE PERIOD		0.9	-2.1	-8.1	-5.7	-11.0
Other comprehensive income:						
Translation differences from foreign operations		-2.1	-3.5	-5.8	4.4	5.8
comprehensive income		0.0	0.1	0.2	0.0	-0.1
Other comprehensive income, net of tax		-2.0	-3.4	-5.7	4.4	-5.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-1.1	-5.6	-13.7	-1.2	-5.3
Allocated to:						
Equity holders of parent company		-1.1	-5.6	-13.8	-1.2	-5.3
Non-controlling interest		0.0	0,0	0.0	-0,0	-0,0

CONSOLIDATED BALANCE SHEET	Note	30.9.2011	30.9.2010	31.12.2010
Assets				
Goodwill		19.8	21.2	21.6
Other intangible assets		11.6	19.7	18.0
Tangible assets		6.1	6.8	6.8
Deferred tax assets		3.4	2.2	2.5
Other non-current trade and other receivables		0.7	0.9	0.7
Current assets				
Inventories		1.0	1.7	1.0
Trade receivables		22.5	19.8	17.3
Other receivables		31.8	23.4	24.2
Investments		0.9	1.4	0.7
Cash and cash equivalents		7.8	14.1	16.7
TOTAL ASSETS		105.6	111.3	109.7
Shareholders' equity				
		58.6	75.9	72.1
Non-current liabilities				
Deferred tax liabilities		2.4	3.5	3.3
Non-current interest-bearing liabilities		13.4	15.6	14.5
Other non-current liabilities		0.5	0.9	0.4
Current liabilities				
Current interest-bearing liabilities		12.2	2.2	5.2
Trade payables and other liabilities		18.5	13.2	14.2
EQUITY AND LIABILITIES, TOTAL		105.6	111.3	109.7

Calculation of changes in shareholders' equity, MEUR

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

CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY, MEUR

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
Other adjustments							0.2	0.2		0.2
Total comprehensive income for the period				-5.7			-8.1	-13.8	0.0	-13.8
Shareholders' equity 31 Mar. 2011	4.7	0.8	-0.1	0.4	12.6	19.0	21.0	58.5	0.1	58.6

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2010	4.7	0.8	-0.1	0.4	12.6	52.1	6.4	77.0	0.1	77.1
Share issue						-22.7	22.7			
Share-based payments							0.2	0.2		0.2
Other adjustments							-0.1	-0.1		-0.1
Total comprehensive income for the period				4.4			-5.7	-1.3	0.0	-1.3
Shareholders' equity 31 Mar. 2010	4.7	0.8	-0.1	4.7	12.6	29.4	23.6	75.8	0.1	75.9

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR **1-9/2011** 1-9/2010 1-12/2010

Cash flow from operating activities			
Result for the period	-8.1	-5.7	-11.0
Adjustments of the result	9.1	7.8	11.5
Changes in working capital	-11.9	-10.4	-7.7
Interest paid	-0.8	-0.3	-0.3
Interest received	0.4	0.5	0.5
Income taxes paid	-2.7	-2.1	-3.2
Net cash flow from operating activities	-14.0	-10.4	-10.2
Cash flow from investing activities			
Investments in intangible assets	-0.3	-0.6	-0.8
Investments in tangible assets	-0.4	-0.5	-0.9
Investments in other securities	-0.3	-0.7	
Proceeds from disposal of other securities	0.0	0.9	0.9
Interest received from investments	0.1	0.0	0.0
Dividends received from investments	0.2	0.2	0.3
Net cash flow from investing activities	-0.6	-0.8	-0.4
Cash flow from financing activities			
Borrowings received	7.0		3.0
Repayments of borrowings	-1.1	-1.1	-2.2
Repayments of finance lease liabilities	-0.1	0.0	0.0
Net cash flow from financing activities	5.8	-1.1	0.8
Increase (+) and decrease (-) in cash and cash equivalents	-8.8	-12.2	-9.8
Cash and cash equivalents at beg. of period	16.7	25.7	25.7
Impact of changes in exchange rates	-0.2	0.8	1.1
Change in fair value of investments	0.0	-0.2	-0.3
Cash and cash equivalents at end of period	7.8	14.1	16.7

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 2010 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2011 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 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

NET SALES, MEUR	1-9/2011	1-9/2010	1-12/2010
Americas (North, Central and South America)	18.8	19.4	25.2
Europe	5.2	4.9	6.7
MEA (Middle East and Africa)	19.3	17.8	23.7
APAC (Asia Pacific)	2.9	4.6	5.1
TOTAL	46.2	46.7	60.7

3. CONSOLIDATED CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	30.9.2011	30.9.2010	31.12.2010
Pledges given	0.0	0.1	0.1
Guarantees			
On own behalf	0.6	0.3	1.0
Other liabilities			
Restriction related to real estate in Ireland	0.4	0.4	0.4
OTHER OPERATING LEASES, MEUR	30.9.2011	30.9.2010	31.12.2010
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.7	0.6	0.6
Between one and five years	0.3	0.3	0.5

4. INSIDER EVENTS

The operating result for the January-March period includes one-time costs of EUR 2.4 million that are mentioned under 'Result analysis'. The costs are related to settling the law suit against the company at the beginning of the year. EUR 2.1 million of these costs concern the company's insiders. The insider events include compensation of EUR 0.4 million for settlement of terms of employment and share based payments of EUR 1.7 million.

5. CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-9/2011	1-9/2010	1-12/2010
Return on investment, %	-8.6	-3.4	-7.4
Return on equity, %	-16.5	-9.9	-14.7
Equity ratio, %	56.6	68.8	66.4
Net gearing, %	28.9	3.1	3.3
Investments, MEUR	0.6	1.1	1.8
% of net sales	1.2	2.4	3.0
Research and development, MEUR	9.0	9.8	13.1
% of net sales	19.5	21.0	21.7
Order book, MEUR	21.0	20.1	14.3
Personnel, average	909	779	797
Personnel, at end of period	958	830	858

CONSOLIDATED KEY FIGURES PER SHARE **1-9/2011** 1-9/2010 1-12/2010

Earnings per share, basic, EUR	-0.11	-0.08	-0.15
Earnings per share, diluted, EUR	-0.11	-0.08	-0.15
Equity per share, EUR	0.80	1.03	0.98
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	0.46	0.88	0.79
Lowest	0.33	0.70	0.58
Highest	0.63	1.00	1.00
Share price at end of period, EUR	0.35	0.77	0.60
Market capitalisation of issued stock at end of period, MEUR	25.8	56.7	44.2
Share turnover, million shares	17.5	10.4	16.6
Share turnover, % of total	23.8	14.2	22.6
Share turnover, MEUR	8.0	9.2	13.2
Price/earnings ratio (P/E)			-4.0

QUARTERLY KEY FIGURES **3Q/11** 2Q/10 1Q/11 4Q/10 Q3/10 2Q/10

Net sales, MEUR	17.2	18.5	10.6	14.0	13.3	19.3
Net sales, change %	29.3	-4.5	-25.1	3.3	0.5	28.7
Adjusted operating result*	1.9	3.3	-4.9	-3.2	-0.7	2.0
% of net sales	10.9	17.8	-46.3	-22.7	-5.1	10.2
Operating result, MEUR	0.1	0.6	-8.3	-4.9	-2.0	0.7
% of net sales	0.7	3.2	-78.1	-35.1	-14.7	3.8
Result before taxes, MEUR	0.5	0.6	-7.8	-5.2	-1.8	0.0
Personnel at end of period	928	930	914	858	830	794
Earnings per share, basic, EUR	0.01	-0.01	-0.11	-0.07	-0.03	-0.01
Earnings per share, diluted, EUR	0.01	-0.01	-0.11	-0.07	-0.03	-0.01
Equity per share, EUR	0.8	0.81	0.83	0.98	1.03	1.11
Net interest-bearing liabilities, MEUR	16.9	14.2	8.4	2.4	2.2	-5.0
Order book, MEUR	21.0	21.5	22.1	14.3	20.1	21.0

* 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".