

## TECNOMEN'S INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2008 (unaudited)

Net sales in the third quarter of the year declined 4.8 per cent to EUR 18.2 (19.1) million. The operating cash flow was excellent, at EUR 9.8 (2.9) million. Net sales for the first nine months of the year increased 8.9 per cent to EUR 55.5 (51.0) million and the result was EUR 5.3 (6.5) million. The operating cash flow was EUR 11.9 (-5.3) million. The order book at the close of the period stood at EUR 17.2 (17.1) million. The prospects for 2008 have not changed significantly since the previous interim report.

KEY FIGURES	7-9/08	7-9/07	1-9/08	1-9/07	2007
Net sales, MEUR	18.2	19.1	55.5	51.0	70.1
Net sales, change %	-4.8	12.9	8.9	-1.5	-2.4
Operating result, MEUR	3.3	5.2	6.5	7.1	8.9
% of net sales	18.2	27.2	11.8	14.0	12.7
Profit before taxes, MEUR	4.2	4.8	7.7	7.3	10.0
% of net sales	23.0	25.2	13.8	14.3	14.2
Result for the period	3.1	4.4	5.3	6.5	8.7
Earnings per share, basic, EUR	0.05	0.08	0.09	0.11	0.15
Earnings per share, diluted, EUR	0.05	0.07	0.09	0.11	0.15
Order book, MEUR			17.2	17.1	17.5
Cash flow, MEUR	9.8	2.9	7.8	-11.1	-2.8
Operating cash flow, MEUR	9.8	2.9	11.9	-5.3	2.9
Cash funds, MEUR			25.2	9.2	17.5
Equity ratio, %			83.9	84.7	83.7
Gearing, %			-31.8	-12.1	-22.4
Personnel at end of period		352	354	352	355

President and CEO Jarmo Niemi:

"The third quarter was once again strong in terms of the result. The operating profit was EUR 3.3 million, 18% of net sales. The cash flow from operations in the quarter was excellent, at EUR 9.8 million. Cash funds at the end of the period stood at EUR 25.2 million. The company is debt-free.

Net sales in the nine month review period increased 9%, which is more than market growth and very good considering developments in the value of the US dollar. I am particularly satisfied with the 30% growth in maintenance net sales. During the period the average price of the US dollar was some 12% lower than one year ago. If the actual figures achieved in the first three quarters of 2008 were adjusted by this amount, the company's net sales and also its operating result would be almost EUR 4 million greater.

In the third quarter the Messaging business unit supplied several new but small projects. Partner sales were less than last year. Net sales were low and the reported operating profit was close to zero. Net sales for the entire nine month period grew 3% and the operating profit was 20% of net sales.

The Charging business unit had a strong third quarter in terms of net sales and result. The unit's operating result in the third quarter was extremely good, at 32 % of net sales. Growth in net sales in the review period was 17% and the operating result was 9% of net sales."

Unless otherwise stated, all figures presented below are for the review period 1-9/2008 and the figures for comparison are for the corresponding period 1-9/2007.

The formulas used to calculate the key figures presented in the interim report and the accounting principles are the same as those published in the 2007 annual report.

#### SALES AND NET SALES

Tecnomen's net sales in the review period increased by 8.9 per cent to EUR 55.5 (51.0) million.

EUR 35.3 million of the sales in the review period has been recognised in accordance with IAS 11 (Construction contracts) and EUR 20.2 million in accordance with IAS 18 (Revenues).

Net sales by geographical area were: Americas 53.4 per cent (50.1 %), EMEA 34.0 per cent (42.5 %) and APAC 12.6 per cent (7.4 %).

Net sales by product line were: Messaging 52.6 per cent (55.9 %) and Charging 47.4 per cent (44.1 %).

Sales through global partners totalled EUR 7.9 (17.1) million or 14.3 per cent (33.5 %) of net sales.

Maintenance and service sales totalled EUR 13.0 (10.0) million or 23.5 per cent (19.7 %) of net sales.

The order book stood at EUR 17.2 (17.1) million at the end of the review period. Americas accounted for 58.4 per cent of the order book, EMEA for 31.5 per cent and APAC for 10.1 per cent.

#### OPERATING RESULT

Net sales in the review period totalled EUR 55.5 (51.0) million and the operating result EUR 6.5 (7.1) million. The operating result was affected by the average exchange rate for the US dollar, which was some 12% lower than in the previous year. Tecnomen's sales in the Americas, EUR 29.7 million, are mainly denominated in US dollars. Capitalisation of research and development costs and amortisation of these had the net impact of weakening the result by EUR 0.8 million compared to the previous year. The operating result in the review period was 12% (14%) of net sales.

Tecnomen'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.

The result for the period before taxes was EUR 7.7 (7.3) million.

Earnings per share were EUR 0.09 (0.11). Equity per share at the end of the period was EUR 1.34 (1.28).

#### FINANCING AND INVESTMENTS

Tecnomen's liquid assets totalled EUR 25.2 (9.2) million. The cash flow for the nine month review period was EUR 7.8 million, which includes dividends of EUR 4.1 million paid in the first quarter. The cash flow in the third quarter was EUR 9.8 million.

The balance sheet total on 30 September 2008 stood at EUR 94.3 (89.2) million. Interest-bearing liabilities were EUR 0.0 (0.0) million. The debt to equity ratio (gearing) was -31.8 per cent (-12.1 %). The balance sheet structure

remained strong and the equity ratio on 30 September 2008 was 83.9 per cent (84.7 %).

Tecnomen's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.9 (0.8) million or 1.7 per cent (1.6 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR 1.1 (0.2) million. This comprised mainly actual exchange rate gains due to the strengthening of the US dollar.

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-9/08	1-9/07
Change in accounts receivable	12.6	6.6
Change in other short-term receivables	-1.8	-15.4
Change in inventories	0.9	-0.4
Change in accounts payable	-1.5	-1.4
Change in other current liabilities	-1.9	2.4
CHANGE IN WORKING CAPITAL, TOTAL	8.4	-8.2

## MARKETS

### Messaging

Messaging sales in the third quarter were lower than in the first half of the year since no major system expansions were supplied then. Maintenance sales remained strong in all main market areas, however. Tecnomen also supplied a couple of small Next Generation Messaging (NGM) systems to existing customers in Africa and Latin America. In addition Tecnomen obtained a new customer for the NGM system in Africa and in Latin America.

### Charging

The growth in subscriber numbers continued encouragingly in South and Central America and in Africa. During the third quarter Tecnomen received major expansion orders for its charging solutions and also a new, major charging customer in Latin America. The completion percentage of current projects also improved well.

## RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 11.8 (11.6) million, corresponding to 21.3 per cent (22.7 %) of net sales. EUR 5.7 (5.5) million of development costs were capitalised during the review period and will be amortised over 3-5 years from the start of commercial use. R&D costs of EUR 2.5 (1.6) million were amortised during the review period.

## PERSONNEL

At the end of September 2008 Tecnomen employed 354 (352) persons, of whom 88 (89) worked in Finland and 266 (263) elsewhere. The company employed on average 360 (354) people during the review period. Personnel by geographical area were as follows:

	1-9/2008	1-9/2007	2007
Personnel, at end of period	354	352	355
Americas	65	64	67
EMEA	264	261	261
APAC	25	27	27
Personnel, average	360	354	354
Personnel expenses before R&D capitalisation (MEUR)	19.9	18.2	25.3

## TECNOMEN SHARES AND SHARE CAPITAL

At the end of September 2008 the shareholders' equity of Tecnomen Corporation stood at EUR 79.1 (75.6) million and the share capital was EUR 4,720,446.24, divided into 59,277,078 shares. The company held 134,800 of these shares, which represents 0.23 per cent of the company's share capital and votes. Equity per share was EUR 1.34 (1.28).

A total of 16,697,063 Tecnomen shares (EUR 17,821,798) were traded on the Helsinki Exchanges during the period 2 January - 30 September 2008, representing 28.2 per cent of the total number of shares.

The highest share price quoted in the period was EUR 1.27 and the lowest EUR 0.94. The average quoted price was EUR 1.07 and the closing price on 30 September 2008 was EUR 0.96. The market capitalisation of the share stock at the end of the period was EUR 56,905,995.

#### CURRENT AUTHORISATIONS

Tecnomen's Annual General Meeting held on 12 March 2008 authorized the Board of Directors to decide on acquiring a maximum of 5,790,000 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 arranged by NASDAQ OMX Helsinki Oy at the market price of the shares in public trading at the time of the acquisition. The 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 has the right to decide on other terms of the share acquisition. This authorisation is valid for one year from the decision of the Annual General Meeting. The authorization has not been exercised during the review period.

The AGM also authorised the Board to decide on issuing and/or conveying a maximum of 17,800,000 new shares and/or the Company's own shares held by the Company either against payment or for free. The AGM authorized the Board of Directors to grant the special rights referred to in Chapter 10, Section 1 of the Companies Act. The Board was authorized to decide on how to use the shares, and the authorization includes the right to decide on a free share issue to the Company itself. The number of shares to be issued to the Company together with the shares repurchased to the Company on the basis of the repurchase authorisation shall be a maximum of one tenth (1/10) of all the Company's shares. These authorisations are valid for two years from the decision of the Annual General Meeting. The authorisations have not been exercised during the review period.

#### STOCK OPTION PROGRAMMES

During the review period the company had in force a 2002 stock option programme and a 2006 stock option programme.

In the 2002 stock option scheme, the only current series were the 2002D stock options. The subscription period for these was 1 April 2006 - 30 April 2008. The share subscription price for the 2002D stock option was EUR 1.04. The subscription price for the 2002D stock option was reduced by the amount of the dividend paid per share (EUR 0.07).

During the review period 25,000 new company shares were subscribed with the 2002D stock options. At the end of September 2008 the company had 59,277,078 shares registered in the Trade Register.

Since the subscription period for the 2002D stock options ended on 30 April 2008, the 2002 stock options have been removed from the book-entry securities system and the option has been nullified.

The 2006 stock option programme is divided into three series: the 2006A, 2006B and 2006C stock options. A maximum of 2,001,000 stock options may be issued, which entitle holders to subscribe for altogether 2,001,000 Tecnomen shares. The subscription period for the 2006A stock option is 1 April 2007 - 30 April 2010, for the 2006B stock option 1 April 2008 - 30 April 2011 and for the 2006C stock option 1 April 2009 - 30 April 2012. The share subscription price for 2006A stock options is EUR 2.54, for 2006B stock options EUR 1.39, and for 2006C stock options EUR 1.05. The subscription prices for the 2006A, 2006B and 2006C stock options have been reduced by the amount of the dividend paid per share (EUR 0.07). Tecnomen's Board of Directors has issued 304,000 2006A stock options and 667,000 2006B stock options to key personnel of Tecnomen Group. The remaining 2006 stock options have been issued to Tecnomen Japan Oy, a wholly owned Tecnomen subsidiary, for issuing at a later date to current or future key Group personnel.

Altogether 2,001,000 stock options remain on 30 September 2008 of all Tecnomen's stock options in circulation. The shares that can be subscribed on the basis of these stock options account for a maximum of 3.27 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 30 September 2008 the Company still held 1,030,000 of all the current stock options. The issued stock options had a maximum diluting effect on 30 September 2008 of 1.61 %.

#### RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors are explained in the report of the Board of Directors. The risks and uncertainties to which the company is exposed in the near future relate to major projects that are under negotiation and to their timing, and to changes in currency exchange rates. No significant changes have taken place in the company's risks and uncertainty factors compared to the previous interim report.

#### EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of period.

#### PROSPECTS FOR 2008

The prospects for 2008 have not changed significantly since the previous interim report.

The total market for Messaging and Charging is expected to remain unchanged in 2008 from the previous year. The market for conventional proprietary systems is declining but for IP-based solutions the market is growing. The global economy remains uncertain and making forecasts is difficult.

Net sales in 2008 are expected to be higher than in 2007. To safeguard its growth potential in the coming years and through this a better financial performance, Tecnomen is, however, putting much effort into the new convergent charging products of its Charging business and its markets.

Despite the improvement in net sales, because of these major efforts and the weakness of the US dollar compared to last year, it is estimated that the 2008 euro-denominated operating profit will be smaller than the 2007 figure.

Variations between quarterly figures are expected to be considerable.

#### FINANCIAL INFORMATION

Tecnomen is holding a conference to announce its nine month results at 10.00 am on 22 October 2008 in the Pavilion conference room at the Scandic Hotel Simonkenttä, Helsinki. The material presented at the press conference will be available at [www.tecnomen.com](http://www.tecnomen.com).

TECNOMEN CORPORATION

Board of Directors

FURTHER INFORMATION

Mr Jarmo Niemi, President and CEO, tel. +358 (0)9 8047 8799

Mr Tuomas Wegelius, CFO, tel. +358 (0)9 8047 8650

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CONSOLIDATED INCOME STATEMENT, MEUR	7-9/08	7-9/07	1-9/08	1-9/07	2007
NET SALES	18.2	19.1	55.5	51.0	70.1
Other operating income	0.0	0.1	0.0	0.2	0.2
Materials and services	-4.1	-3.6	-13.0	-10.5	-15.2
Employee benefit expenses	-5.1	-5.1	-17.1	-16.6	-23.3
Depreciation	-1.4	-1.1	-4.1	-3.2	-4.6
Other operating expenses	-4.3	-4.2	-14.8	-13.8	-18.4
OPERATING RESULT	3.3	5.2	6.5	7.1	8.9
Financial income	1.1	-0.2	1.5	1.1	1.5
Financial expenses	-0.2	-0.2	-0.4	-0.9	-0.5
RESULT BEFORE TAXES	4.2	4.8	7.7	7.3	10.0
Income taxes	-1.1	-0.4	-2.3	-0.8	-1.3
RESULT FOR THE PERIOD	3.1	4.4	5.3	6.5	8.7
Earnings per share, basic, EUR	0.05	0.08	0.09	0.11	0.15
Earnings per share, diluted, EUR	0.05	0.07	0.09	0.11	0.15
CONSOLIDATED BALANCE SHEET, MEUR	30.9.2008	31.12.2007	30.09.2007		
Assets					
Goodwill		0.7	0.7	0.7	
Other intangible assets		19.0	15.8	14.6	
Tangible assets		7.3	8.1	8.0	
Long-term trade and other receivables		0.5	0.2	0.7	
Current assets					
Inventories		1.5	2.4	2.3	
Trade receivables		14.1	25.8	19.4	
Other receivables		26.1	24.8	34.4	
Cash and cash equivalents		25.2	17.5	9.2	
TOTAL ASSETS		94.3	95.2	89.2	
Shareholders' equity		79.1	78.0	75.6	



Translation difference				0.0				0.0
Net gain recognised directly in shareholders' equity				0.0				0.0
Result for the period							6.5	6.5
Total gains and losses recognised during period				0.0			6.5	6.5
Capital repayment							-5.9	-5.9
Options exercised					0.0			0.0
Share-based payments							0.1	0.1
Other adjustments							0.1	0.1
Shareholders' equity	4.7	0.8	-0.1	0.2	0.1	54.7	15.1	75.6
30 Sept. 2007								

In March 2007 a capital repayment of altogether EUR 5,883,317.80, or EUR 0.10 per share, was made on 58,833,178 shares.

CONSOLIDATED CASH FLOW STATEMENT, MEUR	1-9/2008	1-9/2007
Cash flow from operating activities		
Result for the period	5.3	6.5
Adjustments	3.4	2.0
Interest income	-0.4	-0.6
Interest expense	0.0	0.4
Income taxes	2.3	0.8
Other adjustments	-0.2	0.0
Changes in working capital	8.4	-8.2
Interest paid	0.0	-0.1
Interest received	0.4	0.5
Income taxes paid	-0.7	-0.1
Net cash flow from operating activities	18.5	1.1
Cash flow from investments		
Investments in intangible assets	-5.9	-5.5
Investments in tangible assets	-0.6	-0.9
Net cash flow from investments	-6.6	-6.4
Cash flow from financing activities		
Shares subscribed with share options	0.0	0.0
Dividend paid	-4.1	
Capital repayment		-5.9
Net cash flow from financing	-4.1	-5.9
Increase (+) and decrease (-) in liquid funds	7.8	-11.1
Liquid funds on 1 Jan.	17.5	20.4
Impact of changes in exchange rates	-0.1	0.0
Change in fair value of investments	0.0	-0.2
Liquid funds on 30 Sept.	25.2	9.2
Change	7.8	-11.1

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.



SEGMENT INFORMATION

BUSINESS SEGMENTS (primary segment information)		1-9/2008	1-9/2007
NET SALES, MEUR			
Messaging		29.2	28.5
Charging		26.3	22.5
TOTAL		55.5	51.0
GEOGRAPHICAL SEGMENTS (secondary segment information)			
NET SALES, MEUR		1-9/2008	1-9/2007
Americas (North, Central and South America)		29.7	25.5
EMEA (Europe, the Middle East and Africa)		18.9	21.7
APAC (Asia Pacific)		7.0	3.8
TOTAL		55.5	51.0
OPERATING LEASES, MEUR			
Operating leases		30.9.2008	31.12.2007
Less than one year		0.4	0.5
Between one and five years		0.6	0.7
CONSOLIDATED CONTINGENT LIABILITIES, MEUR		30.9.2008	31.12.2007
Pledges			
On own behalf		0.0	0.0
Other liabilities			
Restriction related to real estate in Ireland		0.4	0.4
CONSOLIDATED KEY FINANCIAL FIGURES, MEUR	1-9/2008	1-9/2007	2007
Return on investment, %	13.7	14.5	13.6
Return on equity, %	9.0	11.6	11.4
Equity ratio, %	83.9	84.7	83.7
Debt/equity ratio (gearing), %	-31.8	-12.1	-22.4
Investments	0.9	0.8	1.2
% of net sales	1.7	1.6	1.8
Research and development	11.8	11.6	16.1
% of net sales	21.3	22.7	22.9
Order book	17.2	17.1	17.5
Personnel, average	360	354	354
Personnel, at end of period	354	352	355
CONSOLIDATED KEY FIGURES PER SHARE, MEUR	1-9/2008	1-9/2007	2007
Earnings per share, basic, EUR	0.09	0.11	0.15
Earnings per share, diluted, EUR	0.09	0.11	0.15
Equity per share, EUR	1.34	1.28	1.32
Number of shares at end of period, x 1,000	59,142	58,937	59,117
Number of shares on average, x 1,000	59,131	58,915	58,965
Share price, EUR			
Average	1.07	1.42	1.40
Lowest	0.94	1.22	1.15
Highest	1.27	1.83	1.83
Share price at end of period	0.96	1.31	1.24
Market capitalisation of issued stock at end of period, MEUR	56.9	77.4	73.3
Share turnover, million shares	16.7	29.4	38.7
Share turnover, % of total	28.2	49.7	65.4

Share turnover, MEUR			17.8	41.6	53.9	
KEY FIGURES PER QUARTER, MEUR	3Q/08	2Q/08	1Q/08	4Q/07	3Q/07	2Q/07
Net sales, MEUR	18.2	22.2	15.2	19.2	19.1	20.8
Net sales, change %	-4.8	6.4	37.4	-4.7	12.9	6.2
Operating result, MEUR	3.3	3.6	-0.4	1.8	5.2	3.9
% of net sales	18.2	16.3	-2.6	9.3	27.2	18.6
Result before taxes, MEUR	4.2	3.9	-0.4	2.7	4.8	4.2
Personnel at end of period	354	359	365	355	352	347
Earnings per share, basic, EUR	0.05	0.06	-0.02	0.04	0.08	0.06
Earnings per share, diluted, EUR	0.05	0.06	-0.02	0.04	0.07	0.06
Equity per share, EUR	1.34	1.29	1.23	1.32	1.28	1.21
Net interest-bearing liabilities, MEUR	-25.2	-15.5	-11.8	-17.5	-9.2	-6.3
Order book, MEUR	17.2	25.1	16.8	17.5	17.1	20.5

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