Tecnomen Lifetree Corporation FINANCIAL REPORT
4 February 2010 at 8.30 am

TECNOMEN LIFETREE CORPORATION FINANCIAL REPORT 1 JANUARY – 31 DECEMBER 2009 (unaudited)

Net sales in the fourth quarter of the year totalled EUR 13.5 (21.7) million. The cash flow after investments before the net payment for the acquisition of Tecnotree India (formerly Lifetree) was EUR -4.0 (6.0) million. Net sales for the whole year were EUR 53.3 (77.2) million and the result was EUR -16.1 (10.2) million. The cash flow after investments before the net payment for the Tecnotree India acquisition was EUR -4.8 (17.9) million. The order book at the close of the period stood at EUR 11.7 (9.7) million.

KEY FIGURES	10-12/09	10-12/08	2009	2008
Net sales, MEUR	13.5	21.7	53.3	77.2
Net sales, change %	-37.7	13.3	-31.0	10.1
Operating result before one-time costs, MEUR	-2.5	5.0	-7.7	11.5
Operating result, MEUR	-8.5	5.0	-14.7	11.5
% of net sales	-62.8	23.1	-27.7	14.9
Profit before taxes, MEUR	-8.5	5.8	-15.2	13.5
% of net sales	-63.1	26.8	-28.6	17.5
Result for the period	-7.2	4.8	-16.1	10.2
Earnings per share, basic, EUR	-0.10	0.08	-0.24	0.17
Earnings per share, diluted, EUR	-0.10	0.08	-0.24	0.17
Order book, MEUR			11.7	9.7
Cash flow after investments and before net payment for Tecnotree India acquisition, MEUR	-4.0	6.0	-4.8	17.9
Change in cash and cash equivalents, MEUR	-5.3	26.0	-26.0	33.8
Cash and cash equivalents, MEUR			25.7	51.0
Equity ratio %			65.7	70.3
Net gearing %			-10.8	-37.2
Personnel at end of period			779	354

Tecnomen Lifetree Corporation uses the name Tecnotree for itself, and this name is also used in this financial report.

Unless otherwise stated, all figures presented below are for the review period 1-12/2009 and the figures for comparison are for the corresponding period 1-12/2008. The figures for the period 1-12/2009 include the figures for Tecnotree India (formerly Lifetree) for the period 6 May – 31 December 2009.

President and CEO Eero Mertano:

"Net sales in 2009 were significantly lower than in the previous year (EUR -23.9 million). Due to the global financial crisis, operators were cautious about making capital expenditure and many postponed their investments until 2010. The reduction in Tecnotree's sales is mainly due to the postponement of purchasing decisions by customers, falling average deal size in the VAS business and decline in prepaid license revenue.

In response to the global recession, we carried out a major restructuring at Tecnotree in the second half of 2009. Through this we have enhanced the efficiency of our organizational structure and processes, while maintaining our strong commitment to product development. Our new solution-based organizational structure enables us to serve our customers better in raising the efficiency of their business operations. This change is also reflected in our switching to regional segment reporting as from the beginning of 2010.

During 2009 Tecnomen merged with an Indian company Lifetree, forming the new Tecnotree. We have now successfully completed the integration projects relating to the acquisition. Thanks to the expanded product portfolio, the improved cost structure and the solution-based business model, we have considerably improved our competitive standing. These changes will also show in our financial performance in 2010. Our strong financing structure gives a good basis for our operations.”

SALES AND NET SALES

Tecnotree’s net sales in the review period declined -31.0 per cent to EUR 53.3 (77.2) million.

EUR 22.7 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction contracts) and EUR 30.5 million on delivery (IAS 18 Revenues).

Net sales by geographical area were: Americas 43.4 per cent (53.9 %), EMEA 49.8 per cent (35.7 %) and APAC 6.8 per cent (10.4 %).

Net sales by product line were: VAS (Value Added Services, formerly Messaging) 36.4 per cent (52.3 %) and BSS/OSS (Business and Operations Support Systems, formerly Charging) 63.6 per cent (47.7 %).

Sales through global partners totalled EUR 6.3 (14.5) million or 11.8 per cent (18.7 %) of net sales.

Maintenance and service sales totalled EUR 23.6 (18.5) million or 44.3 per cent (24.0 %) of net sales.

The order book stood at EUR 11.7 (9.7) million at the end of the review period. Americas accounted for 15.9 per cent of the order book, EMEA for 69.2 per cent and APAC for 14.9 per cent.

RESULT DEVELOPMENT

Net sales in the review period totalled EUR 53.3 (77.2) million and the operating result EUR -14.7 (11.5) million. The fall in net sales was the main cause of the decline in the operating result.

Net sales for the VAS business unit totalled EUR 19.4 (40.4) million, so they decreased EUR 21.0 million from the corresponding period in the previous year, when VAS had an exceptionally large number of projects especially in the EMEA and APAC regions. Net sales of the BSS/OSS business unit totalled EUR 33.9 (36.8) million, a decline of EUR 2.9 million.

Tecnotree announced in September that it was cutting its workforce in Finland by 20 persons. Further cuts of 15 persons were made elsewhere in the Group in the third quarter. One-time costs of EUR 1.0 million were recognized for these.

A reduction of 71 was made in the number of personnel at the company in Ireland in November, which gave rise to one-time costs of EUR 2.3 million.

These and other reductions in costs will give rise to annual savings of more than EUR 10 million, which have a partial impact in the fourth quarter and a full impact from the beginning of 2010.

A provision was recorded in the fourth quarter for the VAS business unit for one customer for the costs for the possible cancellation of revenue recognition for a project and other related costs. These entries reduced net sales by EUR 2.5 million and the operating result by EUR 3.7 million.

In total, the one-time costs presented above that impact Tecnotree’s 2009 operating result amounted to EUR 7.0 million. EUR 1.0 million of this was recognized in the third quarter and EUR 6.0 million in the fourth quarter.

Capitalisation of research and development costs and amortisation of these had the net impact of weakening the result by EUR 2.7 million compared to the previous year. The operating result in the review period was -27.7 % (14.9 %) of net sales.

Tecnotree Convergence Limited (formerly Lifetree Convergence Limited) has been consolidated as from 6 May 2009. Its impact on net sales was EUR 13.7 million and on the operating profit EUR 3.3 million.

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.

The result for the period before taxes was EUR -15.2 (13.5) million.

Taxes for the period totalled EUR 0.8 (3.3) million, including the following items:

TAXES IN INCOME STATEMENT	2009	2008
Withholding tax expenses in parent company	-1.5	-1.1
Income taxes on the results of Group companies	-1.4	-1.1
Deferred tax asset based on tax allowances in India	0.6	
Change in deferred tax liability based on:		
-capitalization of R&D costs	0.6	-1.1
-cost capitalizations in Finnish taxation	1.6	
-Indian dividend tax	-0.6	
Other items	-0.1	-0.0
TAXES IN INCOME STATEMENT, TOTAL	-0.8	-3.3

Earnings per share were EUR -0.24 (0.17). Equity per share at the end of the period was EUR 1.05 (1.41).

FINANCING AND INVESTMENTS

Tecnotree’s liquid funds totalled EUR 25.7 (51.0) million. The change in cash and cash equivalents for the review period was EUR -26.0 million, which includes dividends of EUR 5.1 million paid in the second quarter as well as the purchase consideration for the Lifetree acquisition less the cash and cash equivalents of Lifetree at the acquisition date, EUR -14.7 million.

The balance sheet total on 31 December 2009 stood at EUR 118.5 (118.9) million. Interest-bearing liabilities were EUR 18.9 (20.0) million. The net debt to equity ratio (net gearing) was -10.8 per cent (-37.2 %). The balance sheet structure remained strong and the equity ratio on 31 December 2009 was 65.7 per cent (70.3 %).

Tecnotree’s gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 1.4 (1.3) million or 2.7 per cent (1.7 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR -0.5 (1.9) million. The financial income decreased by EUR 1.7 million, due especially to high foreign exchange gains in 2008. The financial expenses increased by EUR 0,7 million, mainly due to interest expenses on the bank loan raised by the parent company in December 2008 for financing the acquisition of Lifetree.

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	2009	2008
Change in trade receivables	1.5	11.8
Change in other short-term receivables	10.9	-0.6
Change in inventories	-0.1	1.3
Change in trade payables	-1.5	-1.8
Change in other current liabilities	3.3	-1.6
CHANGE IN WORKING CAPITAL, TOTAL	14.1	9.1

BUSINESS UNITS

Following the completion of the acquisition of Lifetree on 6 May 2009, the company has the following business units: VAS (Value Added Services), comprising the former Messaging product line and Lifetree's MDX+ business, and BSS/OSS (Business and Operations Support Systems), formed by the former Charging product line with Lifetree's operations apart from the MDX+ business.

VAS (Value Added Services), formerly Messaging

Tecnotree achieved satisfactory results in maintenance and service sales thanks to its strong global VAS customer base. System sales fell significantly in all market areas, however, as network operators delayed their investment decisions due to the overall weakness of the global market.

During 2009 Tecnotree won new customers in emerging markets, mainly in Africa and Asia, and in Europe it was also able to replace legacy systems with next generation messaging solutions. Towards the end of 2009 the demand of the VAS market showed signs of improvement. Tecnotree's new development centre in Bangalore is expected to enhance its position in tailoring solutions and developing new content and data services.

BSS/OSS (Business and Operations Support Systems), formerly Charging

Net sales of the BSS/OSS unit were slightly lower than in the previous year. Demand was strong in the Middle East and Africa and satisfactory in Latin America. During 2009 the unit obtained new customers in the rapidly growing markets in Africa and Asia. The completion percentage of current projects improved during the year, as did the maintenance contract base. Operators have shown much interest in the new BSS/OSS products obtained through the merger of Tecnomen and Lifetree.

RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 14.5 (15.5) million, corresponding to 27.2 per cent (20.0 %) of net sales. EUR 5.1 (6.9) million of development costs were capitalised and will be amortised over 3-5 years from the start of commercial use. R&D costs of EUR 4.2 (3.4) million were amortised during the review period.

PERSONNEL

At the end of 2009 Tecnotree employed 779 (354) persons, of whom 83 (89) worked in Finland and 696 (265) elsewhere, with 507 (0) of these in India. The company employed on average 665 (358) people during the review period. Personnel by geographical area were as follows:

	2009	2008
Personnel, at end of period	779	354
Americas	49	65
EMEA	204	264

APAC	526	25
Personnel, average	665	358
Personnel expenses before R&D capitalisation (MEUR)	32.3	27.4

ACQUISITION OF SHARES OF LIFETREE CONVERGENCE LTD

The company acquired 96.51 % of the shares of Lifetree Convergence Ltd in a transaction on 6 May 2009. After the date of acquisition, Tecnotree acquired a further 3.30 % of the company's shares from external shareholders, so that Tecnotree's holding at the end of 2009 stood at 99.81 %.

The Annual General Meeting on 12 March 2008 authorised the Board of Directors to issue a maximum of 17,800,000 new shares. Under this authorisation the Board of Directors, in accordance with the terms and conditions of the transaction between the owners of Tecnomen and Lifetree, issued new Company shares on the following terms and conditions:

A total of 13,676,658 new Company shares were subscribed in the share issue in May and 677,241 in November. The new shares were offered to the sellers of Lifetree, deviating from the pre-emptive subscription rights of the shareholders. There was therefore a weighty financial reason for the Company to deviate from shareholders' pre-emptive subscription rights. The subscription price for each new share was EUR 0.86. The subscription price was paid as contribution in kind, consisting of Lifetree's shares.

The company published a listing prospectus on 11 May 2009. Trading in the new shares on the main list of NASDAQ Helsinki Oy commenced on 15 May 2009 and 16 November 2009.

Lifetree Convergence Ltd changed its name in June 2009 to Tecnotree Convergence Ltd.

TECNOTREE'S SHARES AND SHARE CAPITAL

At the end of 2009 the shareholders' equity of Tecnotree Corporation stood at EUR 77.2 (83.5) 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 1.05 (1.41).

A total of 22,579,296 Tecnotree shares (EUR 23,157,045) were traded on the Helsinki Exchanges during the period 2 January – 31 December 2009, representing 30.7 per cent of the total number of shares.

The highest share price quoted in the period was EUR 1.21 and the lowest EUR 0.78. The average quoted price was EUR 1.00 and the closing price on 31 December 2009 was EUR 0.94. The market capitalisation of the share stock at the end of the period was EUR 69,213,118.

CURRENT AUTHORISATIONS

Tecnomen's Annual General Meeting held on 12 March 2008 authorised the Board of Directors to decide on issuing shares and on giving special rights entitling to shares. The authorisation includes the right 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 authorisation is valid for two years from the decision of the Annual General Meeting. Under this authorisation, on 6 May 2009 and 28 October 2009 the Board decided on a share issue against payment in connection with the acquisition of the shares of Tecnotree Convergence Ltd by issuing altogether 14,353,899 new shares. At the end of the year, 3,446,101 shares under this authorization were still unused.

Tecnomen Lifetree Corporation's Annual General Meeting held on 19 March 2009 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 decides on other terms of the share acquisition. This authorisation replaces the authorisation given by the Annual General Meeting on 12 March 2008 and is valid for one year from the decision of the AGM. This authorisation has not been exercised during the review period.

SEGMENT INFORMATION

As from 1 January 2009, Tecnotree is applying the new IFRS 8 standard (Operating Segments). Like the former primary segments under IAS 14, in 2009 Tecnotree Group's operating segments under IFRS 8 comprised the developing and supplying of messaging and charging solutions. The operating segments presented are VAS (Value Added Services), the former Messaging product line with Lifetree's MDX+ business, and BSS/OSS (Business and Operations Support Systems), the former Charging product line with Lifetree's business operations apart from the MDX+ business. This is because these are clearly distinct businesses and they are monitored in the company's internal financial reporting as separate business units.

As from the beginning of 2010 the segments reported by Tecnotree will be geographical regions. These will be Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific)

STOCK OPTION PROGRAMMES

No changes took place in the company's stock option schemes during the fourth quarter.

During the review period the company had in force a 2006 stock option programme. The state of these options on 31 December 2009 was as follows:

Option series	Maximum number of options	Number of granted options	Exercise period	Exercise price
2006A	667,000	304,000	1.4.2007-30.4.2010	2.47
2006B	667,000	667,000	1.4.2008-30.4.2011	1.32
2006C	667,000		1.4.2009-30.4.2012	0.98
Total	2,001,000	971,000		

The dividend paid of EUR 0.07 has been deducted from the exercise price for the 2006 options.

The Annual General Meeting of Tecnomen Lifetree Corporation on 19 March 2009 decided on a stock option plan that came into effect after the acquisition of the shares of Lifetree Convergence Ltd was completed. The state of these options on 31 December 2009 was as follows:

Option series	Maximum number of options	Number of granted options	Exercise period	Exercise price
2009A	1,026,005	265,554	1.4.2009-31.3.2011	0.86

2009B	2,394,013	619,627	1.4.2010-31.3.2012	0.86
2009C	3,420,018	885,181	1.4.2011-31.3.2013	0.86
Total	6,840,036	1,770,362		
2006 and 2009 total	8,841,036	2,741,362		

Altogether 8,841,036 stock options remained on 30 September 2009 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 10.72 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 31 December 2009 the Company still held 6,099,674 of all the current stock options. The issued stock options had a maximum diluting effect on 31 December 2009 of 3.59 %.

The company's Board of Directors may issue stock options such that their maximum dilution shall not exceed 8.50 %.

RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the report of the Board of Directors presented in the 2008 Annual Report and in the listing prospectus published on 11 May 2009. 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, as well as 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.

COMPANY MANAGEMENT

Tecnotree's Board of Directors appointed Eero Mertano, Vice President, BSS/OSS, as interim President and CEO of the company as from 2 October 2009. The company's former President and CEO Jarmo Niemi resigned his position on health grounds. He continues for the time being working on special duties assigned by the Board. As from 2 October 2009 the company's management board comprises Eero Mertano, Atul Chopra, Naim Kazi and Tuomas Wegelius.

EVENTS AFTER THE END OF PERIOD

No significant events have occurred after the end of period.

PROSPECTS

The global financial crisis has caused operators to be cautious in making capital expenditure and many operators have postponed investments until 2010. During the second half of 2009 Tecnotree carried out a major restructuring, and the cost savings from this will have a full impact in 2010.

Thanks to the new cost structure, the broader product offering and the solution-based business model, Tecnotree is now more competitive. Tecnotree estimates that net sales will be considerably higher in 2010 than in 2009. Higher sales and lower costs are expected to improve profitability significantly and the operating result should be positive.

Capitalization of R & D costs is expected to be clearly less in 2010 than in the previous year. This is because product development has a greater emphasis on customer specific projects with an advantage of lower cost base.

Variations between quarterly figures are expected to be considerable.

PROPOSAL CONCERNING THE RESULT

The Board of Directors proposes to the Annual General Meeting to be held on 25 March 2010 that no dividend be paid for the financial year ended 31 December 2009, and that the parent company's loss for the financial year, EUR 22,656,856.24 million, be transferred to retained earnings in non-restricted equity.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts and the media to announce its fiscal year 2009 results at 10.00 am on 4 February 2010 in the Pavilion conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The financial review will be presented by President and CEO Eero Mertano and the conference will be held in Finnish. The material to be presented at the press conference will be available at www.tecnotree.com.

TECNOMEN LIFETREE CORPORATION

Board of Directors

FURTHER INFORMATION
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DISTRIBUTION
NASDAQ OMX Helsinki Ltd
Main media
www.tecnotree.com

CONSOLIDATED INCOME STATEMENT, MEUR	Note	10-12/09	10-12/08	2009	2008
NET SALES	2	13.5	21.7	53.3	77.2
Other operating income		0.0	0.0	0.3	0.0
Materials and services		-3.0	-3.8	-10.7	-16.7
Employee benefit expenses		-10.1	-6.9	-29.2	-24.0
Depreciation, amortisation and impairment charges		-1.7	-1.5	-6.6	-5.6
Other operating expenses		-7.2	-4.6	-21.8	-19.4
OPERATING RESULT		-8.5	5.0	-14.7	11.5
Financial income		0.2	1.5	1.3	3.0
Financial expenses		-0.3	-0.7	-1.8	-1.1
RESULT BEFORE TAXES		-8.5	5.8	-15.2	13.5
Income taxes		1.3	-1.0	-0.8	-3.3
RESULT FOR THE PERIOD		-7.2	4.8	-16.1	10.2
Allocated to:					
Equity holders of parent Company		-7.1	4.8	-16.1	10.2
Minority interest		-0.1		0.0	
Earnings per share calculated from the profit attributable to equity holders of parent company:					
Earnings per share, basic, EUR		-0.10	0.08	-0.24	0.17

	Note	10-12/09	10-12/08	2009	2008
Earnings per share, diluted, EUR		-0.10	0.08	-0.24	0.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, Me	Note	10-12/09	10-12/08	2009	2008
RESULT FOR THE PERIOD		-7.2	4.8	-16.1	10.2
Other comprehensive income:					
Translation differences from foreign operations		1.8	-0.3	0.4	-0.5
Tax on other comprehensive income		0.0	0.0	0.0	0.0
Other comprehensive income, net of tax		1.8	-0.3	0.4	-0.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-5.4	4.5	-15.6	9.6
Allocated to:					
Equity holders of parent company		-5.3	4.5	-15.7	9.6
Minority interest		-0.1		0.0	

CONSOLIDATED BALANCE SHEET, MEUR	Note	31.12.2009	31.12.2008
Assets			
Goodwill	3	20.0	0.7
Other intangible assets	4	23.5	19.3
Tangible assets	5	7.3	7.0
Deferred tax assets		1.5	0.1
Other non-current trade and other receivables		0.9	0.5
Current assets			
Inventories		1.3	1.1
Trade receivables		19.3	14.4
Other receivables		17.2	24.6
Investments		1.6	
Cash and cash equivalents		25.7	51.0
TOTAL ASSETS		118.5	118.9
Shareholders’ equity		77.2	83.5
Non-current liabilities			
Deferred tax liabilities		3.9	4.5
Non-current interest-bearing liabilities		16.7	
Other non-current liabilities		0.3	0.0
Current liabilities			
Current interest-bearing liabilities		2.3	20.0
Trade payables and other liabilities		18.1	10.8
EQUITY AND LIABILITIES, TOTAL		118.5	118.9

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 = Minority interest
J = Total shareholders' equity

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2009	4.7	0.8	-0.1	-0.1	0.3	50.6	27.3	83.5		83.5
Share issue					12.3	2.0		14.3		14.3
Dividend distribution						-0.5	-4.6	-5.1		-5.1
Share-based payments							0.2	0.2		0.2
Business combinations									0.6	0.6
Transactions with minority							-0.1	-0.1	-0.6	-0.7
Total comprehensive income for the period				0.4			-16.1	-15.7	0.0	-15.6
Shareholders' equity 31 Dec. 2009	4.7	0.8	-0.1	0.4	12.6	52.1	6.6	77.1	0.1	77.2

In June 2009 a total dividend of EUR 5,097,325.52 was paid, or EUR 0.07 per share on 72,818,936 shares.

MEUR	A	B	C	D	E	F	G	H/J
Shareholders' equity 1 Jan. 2008	4.7	0.8	-0.1	0.2	0.3	54.7	17.4	78.0
Dividend distribution						-4.1		-4.1
Options exercised					0.0			0.0
Share-based payments							0.0	0.0
Other adjustments							-0.0	-0.0
Total comprehensive income for the period				-0.3			9.9	9.6
Shareholders' equity 31 Dec. 2008	4.7	0.8	-0.1	-0.1	0.3	50.6	27.3	83.5

In March 2008 a total dividend of EUR 4,138,209.46 was paid, or EUR 0.07 per share on 59,117,278 shares.

CONSOLIDATED CASH FLOW STATEMENT, MEUR	2009	2008
Cash flow from operating activities		
Result for the period	-16.1	10.2
Adjustments for:		
Depreciation, amortisation and impairment charges	6.6	5.6
Option expenses	0.1	-0.1
Unrealised exchange gains and losses	0.2	-0.6

Unrealised gains and losses from assets at fair value through income statement	-0.2	-0.0
Other financial income and expenses	0.2	-0.7
Income taxes	0.8	3.3
Other adjustments	0.0	0.0
Changes in working capital	14.1	9.1
Interest paid	-1.2	-0.0
Interest received	0.4	0.7
Income taxes paid	-3.2	-1.4
Net cash flow from operating activities	2.0	26.1
Cash flow from investing activities		
Acquisition of subsidiaries less cash and cash equivalents at acq. date	-14.0	
Transactions with minority	-0.7	
Investments in intangible assets	-5.3	-7.2
Investments in tangible assets	-1.2	-1.0
Investments in other securities	-0.8	
Proceeds from disposal of other securities	0.3	
Interests received from investments	0.1	
Dividends received from investments	0.1	
Net cash flow from investing activities	-21.5	-8.2
Cash flow from financing activities		
Shares subscribed with share options		0.0
Proceeds from borrowings		20.0
Repayments of borrowings	-1.4	
Increase in finance lease liabilities	0.0	
Dividend paid	-5.1	-4.1
Net cash flow from financing activities	-6.5	15.9
Increase (+) and decrease (-) in cash and cash equivalents	-26.0	33.8
Cash and cash equivalents at beg. of period	51.0	17.5
Impact of changes in exchange rates	0.4	-0.3
Change in fair value of investments	0.2	0.0
Cash and cash equivalents at end of period	25.7	51.0
Change	-26.0	33.8

1. ACCOUNTING PRINCIPLES AND BASIS FOR PREPARING THE FINANCIAL REPORT

The Group’s financial 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 financial report are the same as the principles published in the 2008 Annual Report, apart from the new and revised IFRS regulations that came into force on 1 January 2009. These have not had a significant impact on the accounting principles and basis for preparing the financial report.

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.

2. SEGMENT INFORMATION

Tecnotree Group reports on its operating segments in accordance with IFRS 8 as follows: VAS (Value Added Services), the former Messaging product line with Lifetree’s MDX+ business, and BSS/OSS (Business and Operations Support Systems), the former Charging product line with Lifetree’s business operations apart from the MDX+ business.

‘Other segments’ include administrative expenses and assets. ’Non-allocated items’ include taxes and financial items. The operating results for the operating segments and administrative expenses, with financial income and expenses, form the Group’s operating profit or loss before tax.

Adopting IFRS 8 has not changed the principles for defining the items to be reported or excluded for the segments. Tecnotree’s chief operating decision maker, as referred to in IFRS 8, is the Group’s management board.

Tecnotree Group operates in three geographical areas: Americas (North, Central and South America), EMEA (Europe, the Middle East and Africa) and APAC (Asia Pacific). Net sales for the geographical segments are presented based on the location of customers.

OPERATING SEGMENTS:

	2009	2008
NET SALES, MEUR		
VAS	19.4	40.4
BSS/OSS	33.9	36.8
TOTAL	53.3	77.2
OPERATING RESULT, MEUR		
VAS	-7.2	8.8
BSS/OSS	-4.2	5.5
Other segments	-3.3	-2.8
TOTAL	-14.7	11.5
Non-allocated items:		
Financial income and expenses	-0.5	1.9
RESULT BEFORE TAXES	-15.2	13.5
SEGMENT ASSETS, MEUR		
VAS	30.6	32.9
BSS/OSS	57.4	32.8
Other segments	1.5	1.6
TOTAL	89.4	67.3
Non-allocated items:		
Deferred tax assets and income tax receivables	1.8	0.5
Investments, cash and cash equivalents	27.3	51.0
TOTAL ASSETS	118.5	118.9

GEOGRAPHICAL AREAS:

NET SALES, MEUR	2009	2008
Americas (North, Central and South America)	23.1	41.6
EMEA (Europe, the Middle East and Africa)	26.5	27.6
APAC (Asia Pacific)	3.6	8.0
TOTAL	53.3	77.2

3. ACQUISITIONS

The company acquired 96.51 % of the shares of Tecnotree India (formerly Lifetree Convergence Ltd) in a transaction on 6 May 2009. Tecnotree India and its subsidiaries have been consolidated into the Tecnotree group since 6 May 2009. The purchase price calculation was presented in the interim report for the second quarter on a preliminary basis as permitted by IFRS 3.

After the date of acquisition, Tecnotree acquired in stages a further 3.30 per cent of the shares of Tecnotree India from minority holders. A consideration of altogether EUR 0.7 thousand was paid in cash. In addition, altogether 677,241 new Tecnomen Lifetree Corporation shares were issued to the minority. The fair value of the new shares was determined to be EUR 0.6 thousand. This increased Tecnotree’s ownership from 96.51 to 99.81 per cent and goodwill by EUR 0.6 thousand.

Tecnotree’s net result for the period 1 January – 31 December 2009 includes a profit of EUR 3.6 million recorded by the acquired company Tecnotree India. If the acquisition had taken place on 1 January 2009, Tecnotree’s net sales for the period 1 January – 31 December 2009 would have been some EUR 58.2 million and the result about EUR -15.8 million.

4. INTANGIBLE ASSETS

During the review period EUR 5.1 (6.9) million of development costs have been capitalised and will be amortised over 3-5 years from the start of commercial use. Research and development costs of EUR 4.2 (3.4) were amortised during the review period.

5. TANGIBLE ASSETS

Acquisitions of tangible assets in the review period totalled EUR 1.2 (1.0) million. Disposals during the review period were EUR 0.0 (0.2) million.

6. CONSOLIDATED CONTINGENT LIABILITIES, MEUR	2009	2008
Pledges given	0.0	0.1
Guarantees		
On own behalf	0.6	0.0
Other liabilities		
Restriction related to real estate in Ireland	0.4	0.4

OTHER OPERATING LEASES, MEUR	2009	2008
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	0.7	0.6
Between one and five years	0.5	0.4

7. CONSOLIDATED KEY FINANCIAL FIGURES, MEUR	2009	2008
Return on investment, %	-13.5	16.0
Return on equity, %	-20.0	12.6
Equity ratio, %	65.7	70.3
Net gearing, %	-10.8	-37.2
Investments	1.4	1.3
% of net sales	2.7	1.7
Research and development	14.5	15.5
% of net sales	27.2	20.0
Order book	11.7	9.7
Personnel, average	665	358
Personnel, at end of period	779	354

CONSOLIDATED KEY FIGURES PER SHARE, MEUR	2009	2008
Earnings per share, basic, EUR	-0.24	0.17
Earnings per share, diluted, EUR	-0.24	0.17
Equity per share, EUR	1.05	1.41
Number of shares at end of period, x 1,000	73,496	59,142
Number of shares on average, x 1,000	68,039	59,134

Share price, EUR		
Average	1.00	1.00
Lowest	0.78	0.75
Highest	1.21	1.27
Share price at end of period	0.94	0.84
Market capitalisation of issued stock at end of period, MEUR	69.2	49.8
Share turnover, million shares	22.6	23.2
Share turnover, % of total	30.7	39.2
Share turnover, MEUR	23.2	23.2
Dividend per share *)		0.07
Dividend per earnings, %		0.41
Effective dividend yield		0.08
Price/earnings ratio (P/E)	-3.97	4.88

*) The Board of Directors proposes that no dividend be paid for the financial year ended 31 December 2009.

KEY FIGURES PER QUARTER, MEUR	4Q/09	3Q/09	2Q/09	1Q/09	4Q/08	3Q/08
Net sales, MEUR	13.5	13.2	15.0	11.5	21.7	18.2
Net sales, change %	-37.7	-27.4	-32.6	-24.1	13.3	-4.8
Operating result, MEUR	-8.5	-3.0	-1.5	-1.7	5.0	3.3
% of net sales	-62.8	-23.0	-10.0	-14.9	23.1	18.2
Result before taxes, MEUR	-8.5	-3.5	-1.8	-1.4	5.8	4.2
Personnel at end of period	779	842	820	350	354	354
Earnings per share, basic, EUR	-0.10	-0.06	-0.04	-0.03	0.08	0.05
Earnings per share, diluted, EUR	-0.10	-0.06	-0.04	-0.03	0.08	0.05
Equity per share, EUR	1.05	1.12	1.20	1.38	1.41	1.34
Net interest-bearing liabilities, MEUR	-8.3	-11.3	-14.3	-31.5	-31.0	-25.2
Order book, MEUR	11.7	15.2	21.5	11.7	9.7	17.2