

TECNOTREE CORPORATION INTERIM REPORT 1 JANUARY - 31 DECEMBER 2010 (unaudited)

Sales and profitability improve but results fall below target

Net sales in the third quarter of the year, EUR 14.0 million, were similar to those in the corresponding period in the previous year (EUR 13.5 million). The cash flow after investments was EUR 0.5 (-4.0**) million. Net sales for the full 12 month period totalled EUR 60.7 (53.3) million and the adjusted operating result*** was EUR -2.5 (-8.8) million. The cash flow after investments was EUR -10.6 (-4.8**) million and the order book at the close of the period stood at EUR 14.3 (11.7) million.

KEY FIGURES	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net sales, MEUR	14.0	13.5	60.7	53.3
Adjusted operating result, MEUR***	-3.2	-2.0*	-2.5	-8.8*
Operating result, MEUR	-4.9	-8.5	-8.1	-15.0*
Result before taxes, MEUR	-5.2	-8.6*	-9.4	-15.4*
Result for the period	-5.3	-7.2	-11.0	-16.2*
Earnings per share, basic, EUR	-0.07	-0.10	-0.15	-0.24
Order book, MEUR			14.3	11.7
Cash flow after investments, MEUR	0.5	-4.0**	-10.6	-4.8**
Change in cash and cash equivalents, MEUR	2.5	-5.3	-9.8	-26.0
Cash and cash equivalents, MEUR			16.7	25.7
Equity ratio %			66.4	65.7*
Net gearing %			3.3	-10.8
Personnel at end of period			858	779

* The figures for the comparative periods have changed due to adjustments to the purchase price calculation for Tecnotree India

** Before the EUR 14.7 million net payment for the acquisition of Tecnotree India

*** 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 1-12/2010 and the figures for comparison are for the corresponding period 1-12/2009. 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 Kaj Hagros:

"During 2010, developments in our sales were encouraging following the challenging year we experienced in 2009. The structural improvements carried out in 2009 resulted in improved profitability, although the full year was still below break-even. In 2010 the company introduced new management and is formulating a new strategy. Tecnotree will be repositioning as a provider of broad-scale, business-critical IT solutions to communications service

providers. The company will disclose details of its new strategy in the near future.

During the year, our net sales increased to EUR 60.7 (53.3) million. New order intake was worth EUR 63.3 million, our order backlog at the end of the year increased from EUR 11.7 million to EUR 14.3 million. Revenue from maintenance services also improved to EUR 26.2 (23.6) million.

Tecnotree has implemented synergies of the Lifetree acquisition and delivered new IT solutions to existing customers especially in Latin America, while maintaining a healthy business level in the Middle East and Africa, where we have established ourselves as a strong IT partner for operators."

SALES AND NET SALES

Tecnotree's net sales in the review period increased 14.0 per cent to EUR 60.7 (53.3) million.

EUR 23.6 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 37.1 million on delivery (IAS 18 Revenues).

NET SALES BY MARKET AREA	1-12/2010 MEUR	1-12/2009 MEUR	1-12/2010 %	1-12/2009 %
Americas (North, Central and South America)	25.2	23.1	41.5	43.4
Europe	6.7	5.2	11.1	9.8
MEA (Middle East and Africa)	23.7	21.3	39.0	40.0
APAC (Asia and Pacific)	5.1	3.6	8.3	6.8
TOTAL	60.7	53.3	100.0	100.0

CONSOLIDATED ORDER BOOK	31.12.2010 MEUR	31.12.2009 MEUR	31.12.2010 %	31.12.2009 %
Americas (North, Central and South America)	1.5	1.9	10.5	15.9
Europe	2.6	1.2	17.9	10.0
MEA (Middle East and Africa)	9.3	6.9	65.4	59.2
APAC (Asia and Pacific)	0.9	1.7	6.3	14.9
TOTAL	14.3	11.7	100.0	100.0

Maintenance and service sales totalled EUR 26.2 (23.6) million or 43.2 per cent (44.3 %) 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	1-12/2010	1-12/2009
Net sales	60.7	53,3
Other operating income	0.0	0.3
Operating costs excluding product development capitalisation and one-time costs	63.2	62.4
Adjusted operating result, MEUR	-2.5	-8.8
Product development capitalisation	0.6	5.1
Product development amortisation	-6.1	-4.2
One-time costs	0.0	-7.0
Operating result	-8.1	-15.0
Result before taxes	-9.4	-15.4

The adjusted result before R & D capitalisation showed an improvement of EUR 6.3 million from the previous year. This was due in particular to the increase in net sales of EUR 7.4 million. Capitalisation of research and development costs and amortisation of these had the net impact of weakening the result by EUR 6.4 million compared to the corresponding period in the previous year. Capitalisation was EUR 4.5 million less and amortization EUR 1.9 million more than in the previous year.

Tecnotree Convergence Limited has been consolidated as from 6 May 2009, so the figures for 2009 do not include the figures for India for the period 1 January - 6 May 2009. These were: net sales EUR 5.0 million, operating costs EUR 4.9 million and operating profit EUR 0.1 million. Net sales in the review period were EUR 2.4 million more than the corresponding 2009 figure when these omitted net sales of EUR 5.0 million are included. Costs adjusted by the net impact of R & D capitalisation and by one-time items totalled EUR 63.2 million in the period, compared with a total of EUR 67.3 million in the previous year including Tecnotree Convergence Limited's costs in the first part of the year. So savings of EUR 4.1 million have been achieved. The savings would have been EUR 3.1 million greater if the euro had not declined against the Indian and Brazilian currencies in 2010.

Taxes for the period totalled EUR 1.6 (0.8) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-12/2010	1-12/2009
Withholding tax expenses in parent company	-1.7	-1.5
Income taxes on the results of Group companies	-1.5	-1.4
Deferred tax asset based on tax allowances in India	0.8	0.6
Change in deferred tax liability based on:		
- R&D capitalisation	1.1	2.2
- dividend tax in India	-0.8	-0.6
Other items	0.5	-0.0
TAXES IN INCOME STATEMENT, TOTAL	-1.6	-0.8

Earnings per share were EUR -0.15 (-0.24). Equity per share at the end of the period was EUR 0.98 (EUR 1.05).

FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 16.7(25.7) million. The change in cash and cash equivalents for the review period was EUR -9.8 million.

The balance sheet total on 31 December 2010 stood at EUR 109.7 (118.4) million. Interest-bearing liabilities were EUR 19.7 (18.9) million. The net debt to equity ratio (net gearing) was 3.3 per cent (-10.8 %). The balance sheet structure remained strong and the equity ratio on 31 December 2010 was 66.4 per cent (65.6 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 1.2 (1.4) million or 2.1 per cent (2.7 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR -1.4 (-0.4) million. The change from the comparative period is due mainly to the reduction in exchange rate gains and the increase in exchange rate losses due to unfavourable developments in the exchange rates for the Group's main currencies during the first half of the year.

FINANCIAL INCOME AND EXPENSES, MEUR	1-12/2010	1-12/2009
Interest income	0.2	0.3
Exchange rate gains	0.4	0.4
Other financial income	0.5	0.6
FINANCIAL INCOME, TOTAL	1.1	1.3

Interest expenses	-0.8	-0.4
Exchange rate losses	-1.7	-0.8
Other financial expenses	0.0	-0.6
FINANCIAL EXPENSES, TOTAL	-2.4	-1.8

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-12/2010	1-12/2009
Change in trade receivables	2.1	1.5
Change in other short-term receivables	-6.5	10.9
Change in inventories	0.3	-0.1
Change in trade payables	3.9	-1.5
Change in other current liabilities	-7.6	3.3
CHANGE IN WORKING CAPITAL, TOTAL	-7.7	14.1

The change in current liabilities had a negative impact of EUR 7.6 million on the cash flow for the review period. This item includes payments made in 2010 from provisions for one-time costs made in the 2009 closing.

In the MEA region, there have been delays in the payments from one government owned customer. Due to the situation, an impairment of EUR 0.9 million has been booked in respect of trade receivables which totalled EUR 5.9 million.

SEGMENT INFORMATION

As from the beginning of 2010, 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)

Sales and the order book grew encouragingly in Latin America and Tecnotree obtained major new customers and expansion projects in the region. Income recognition made encouraging progress for the expansion projects and the new products developed in India. Mobile phone operators in the region have significantly increased their level of investment from the previous year.

Europe

The degree of completion of delivery projects in progress rose as planned. European operators seem to be making slightly bigger investments than in the previous year, especially in eastern Europe.

MEA (Middle East and Africa)

In the Middle East and Africa, sales and the order book grew. Sales of billing, customer management and managed services solutions increased in particular. Operators in the region continue to have heavy investment needs, which are boosted by the growth in subscriber numbers.

APAC (Asia Pacific)

Also sales in the APAC region grew from the previous year. The willingness of operators to make investments varies greatly from one country to another, but overall seems to be better than in 2009.

RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 13.1 (14.5) million, corresponding to 21.7 per cent (27.2 %) of net sales. EUR 0.6 (5.1) million of development costs were capitalised. Once projects are completed, their capitalised costs are amortised over 3-5 years from the start of commercial use. R&D costs of EUR 6.1 (4.2) million were amortised during the review period.

PERSONNEL

At the end of December 2010 Tecnotree employed 858 (779) persons, of whom 70 (83) worked in Finland and 788 (696) elsewhere. The company employed on average 797 (665) people during the review period. Personnel by country were as follows:

	2010	2009
Personnel, at end of period	858	779
Finland	70	83
Ireland	64	87
Brazil	47	49
India	625	507
Other countries	52	53
Personnel, average	797	665
Personnel expenses before R&D capitalisation (MEUR)	29.3	32.3

TECNOTREE SHARES AND SHARE CAPITAL

At the end of 2010 the shareholders' equity of Tecnotree Corporation stood at EUR 72.1 (77.1) 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 0.98 (1.05).

A total of 16,629,837 Tecnotree shares (EUR 13,216,479) were traded on the Helsinki Exchanges during the period 2 January - 31 December 2010, representing 22.6 per cent of the total number of shares.

The highest share price quoted in the period was EUR 1.00 and the lowest EUR 0.58. The average quoted price was EUR 0.79 and the closing price on 31 December 2010 was EUR 0.60. The market capitalisation of the share stock at the end of the period was EUR 44,178,586.

CURRENT AUTHORISATIONS

The Annual General Meeting held on 25 March 2010 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 2006A options ended on 30 April 2010.

The state of the options on 31 December 2010 was as follows:

Option series	Maximum number of options	Number of options granted	Exercise period	Exercise price
2006B	173,000	173,000	1.4.2008-30.4.2011	1.32
2006C	667,000		1.4.2009-30.4.2012	0.98
Total	840,000	173,000		
2009A	1,026,005	686,171	1.4.2009-31.3.2011	0.86
2009B	2,394,013	1 096,207	1.4.2010-31.3.2012	0.86
2009C	3,420,018	1 555,181	1.4.2011-31.3.2013	0.86
Total	6,840,036	3 337,559		
2006 and 2009				
Total	7,680,036	3,510,559		

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 7,680,036 stock options remained on 31 December 2010 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 9.45 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 31 December 2010 the Company still held 4,169,477 of all the current stock options. The issued stock options had a maximum diluting effect on 31 December 2010 of 4.55 %.

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

PRESIDENT AND CEO

Tecnotree's Board of Directors appointed Kaj Hagros as president and CEO as from 1 November 2010. Before joining Tecnotree, Kaj Hagros held positions as managing director and chief operating officer within Fox Mobile Group, a subsidiary of News Corporation (NASDAQ: NWS).

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 comes 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. An impairment of EUR 0.9 million has been booked in respect of receivables totalling EUR 5.9 million.

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.

EVENTS AFTER THE END OF PERIOD

The Board of Directors of Tecnotree Corporation decided on 1st February 2011 to dismiss Atul Chopra, the member of the Board of Directors, from his operative duties as COO and President as well as the member of the Management Board Tecnotree Corporation. The decisions took effect immediately.

Kaj Hagros, President and CEO of Tecnotree Corporation, took over the duties of the COO and President.

The Board of Directors of Tecnotree Corporation decided to convene an extraordinary general meeting in which the dismissal of Atul Chopra from the membership of the Board of Directors will be considered in accordance with the proposal of the Compensation and Nomination Committee.

The grounds for the dismissal are, inter alia, the lack of confidence and an unspecified claim presented to the company on Atul Chopra's initiative for the acquisition completed in May 2009 to be considered invalid, and disturbance to the business of the group. The company denies all the presented allegations and has initiated legal actions in order to protect its rights.

PROSPECTS 2011

Tecnotree is formulating its new strategy which will be communicated in the near future. The prospects will be informed later on.

Variations between quarterly figures are expected to continue to be considerable.

PROPOSAL CONCERNING THE RESULT

The Board of Directors proposes to the Annual General Meeting to be held on 23 March 2011 that no dividend be paid for the financial year ended 31 December 2010, and that the parent company's loss for the financial year, EUR 10,389,877.77 be covered by non-restricted equity reserves.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts and the media to announce its results for the 2010 fiscal year at 10.00 am on 2 February 2011 in the Pavilion conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The interim review will be presented by CFO Tuomas Wegelius 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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DISTRIBUTION

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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	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
NET SALES	2	14.0	13.5	60.7	53.3
Other operating income		0.0	0.0	0.0	0.3

Materials and services		-2.4	-3.0	-10.1	-10.7
Employee benefit expenses		-7.8	-10.1	-29.1	-29.2
Depreciation, amortisation and impairment charges		-2.4	-1.7	-8.7	-6.9*
Other operating expenses		-6.2	-7.2	-20.8	-21.8
OPERATING RESULT	2	-4.9	-8.5	-8.1	-15.0*
Financial income		0.4	0.2	1.1	1.3
Financial expenses		-0.6	-0.3	-2.4	-1.8
RESULT BEFORE TAXES	2	-5.2	-8.6*	-9.4	-15.4*
Income taxes		-0.1	1.3	-1.6	-0.8
RESULT FOR THE PERIOD		-5.3	-7.2	-11.0	-16.2*

Allocated to:

Equity holders of parent company		-5.3	-7.1	-11.0	-16.2*
Non-controlling interest		0.0	-0.1	-0.0	0.0

Earnings per share calculated from the profit attributable to equity holders of parent company:

Earnings per share, basic, EUR		-0.07	-0.10	-0.15	-0.24
Earnings per share, diluted, EUR		-0.07	-0.10	-0.15	-0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
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RESULT FOR THE PERIOD	-5.3	-7.2	-11.0	-16.2*
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Other comprehensive income:

Translation differences from foreign operations		1.4	1.8	5.7	0.4
Tax relating to components of other comprehensive income		-0.0	0.0	-0.1	0.0
Other comprehensive income, net of tax		-4.0	-5.4	-0.1	0.4

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-4.0	-5.4	-5.3	-15.8*
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Allocated to:

Equity holders of parent company		-4.0	-5.3	-5.3	-15.8*
Non-controlling interest		0.0	-0.1	-0.0	0.0

* The figures for the comparative periods have changed due to adjustments to the purchase price calculation of Tecnotree India

CONSOLIDATED BALANCE SHEET Note 31.12.2010 31.12.2009

Assets

Goodwill			21.6	19.6*
Other intangible assets		3	18.0	24.0*
Tangible assets		4	6.8	7.3
Deferred tax assets			2.5	1.5
Other non-current trade and other receivables			0.7	0.9
Current assets				
Inventories			1.0	1.3
Trade receivables			17.3	19.3
Other receivables			24.2	17.2
Investments			0.6	1.6

equity	4.7	0.8	-0.1	0.4	12.6	52.1	6.4	77.0	0.1	77.1
31 Dec. 2009										

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.

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, 1-9/2010 1-12/2009
MEUR

Cash flow from operating activities		
Result for the period	-11.0	-16.2
Adjustments of the result	11.5	8.1
Changes in working capital	-7.7	14.1
Interest paid	-0.3	-1.2
Interest received	0.5	0.4
Income taxes paid	-3.2	-3.2
Net cash flow from operating activities	-10.2	2.0
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	-0.8	-5.3
Investments in tangible assets	-0.9	-1.2
Investments in other securities		-0.8
Proceeds from disposal of other securities	0.9	0.3
Interest received from investments	0.0	0.1
Dividends received from investments	0.3	0.1
Net cash flow from investing activities	-0.4	-21.5
Cash flow from financing activities		
Borrowings received	3.0	
Repayments of borrowings	-2.2	-1.4
Dividend paid		-5.1
Net cash flow from financing activities	0.8	-6.5
Increase (+) and decrease (-) in cash and cash equivalents	-9.8	-26.0
Cash and cash equivalents at beg. of period	25.7	51.0
Impact of changes in exchange rates	1.1	0.4
Change in fair value of investments	-0.3	0.2
Cash and cash equivalents at end of period	16.7	25.7

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 2009 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2010 have not had a significant impact on the accounting principles and basis for preparing the interim report.

As from the beginning of 2010, Tecnotree has changed the operating segments under IFRS 8, so that these are now the geographical areas: Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific).

The purchase price calculation of Tecnotree India presented in the financial statements 2009 was preliminary. In the final purchase price calculation, the fair value of customer contracts and the related customer relationships was assessed at EUR 0.5 million and the fair value of the order book at EUR 0.2

million. These values were included in goodwill in the preliminary calculation. The amortization period for customer relationships is 5 years and for the order book 5 months, beginning on the date of acquisition 6 May 2009. The figures for the comparative period have been adjusted accordingly. The adjustments affecting the result in the comparative period are in amortizations of other intangible assets and deferred taxes relating to these.

2. SEGMENT INFORMATION

As from the beginning of 2010, 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.

As from 1 January 2010, reporting for the new operating segments is such that the 2009 segment results are not presented in accordance with the new segment structure, since the information is not available and the cost to develop it would be excessive.

OPERATING SEGMENTS:

NET SALES, MEUR	1-12/2010	1-12/2009
Americas (North, Central and South America)	25.2	23.1
Europe	6.7	5.2
MEA (Middle East and Africa)	23.7	21.3
APAC (Asia Pacific)	5.1	3.6
TOTAL	60.7	53.3
RESULT, MEUR	1-12/2010	1-12/2009
Americas (North, Central and South America)	8.9	
Europe	3.0	
MEA (Middle East and Africa)	16.1	
APAC (Asia Pacific)	1.9	
SEGMENT RESULT	14.0	
Non-allocated items	-32.4	
OPERATING RESULT BEFORE R&D CAPITALISATION & AMORTISATION AND ONE-TIME COSTS	-2.5	-8.8
Product development capitalisation	0.6	5.1
Product development amortisation	-6.1	-4.2
One-time costs	0.0	-7.0
OPERATING RESULT	-8.1	-15.0
Financial items	-1.4	-0.5
RESULT BEFORE TAXES	-9.4	-15.4

3. INTANGIBLE ASSETS

During the review period EUR 0.6 (5.1) 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 6.1 (4.2) were amortised during the review period.

4. TANGIBLE ASSETS

Acquisitions of tangible assets in the review period totalled EUR 0.9 (1.2) million. Disposals during the review period were EUR 0.0 (0.0) million.

5. CONSOLIDATED CONTINGENT LIABILITIES, MEUR	31.12.2010	31.12.2009
Pledges given	0.0	0.0
Guarantees		
On own behalf	1.0	0.6
Other liabilities		
Restriction related to real estate in Ireland	0.4	0.4

OTHER OPERATING LEASES, MEUR	31.12.2010	31.12.2009
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	0.6	0.7
Between one and five years	0.5	0.5

6. CONSOLIDATED KEY FINANCIAL FIGURES	1-12/2010	1-12/2009
Return on investment, %	-7.4	-13.7*
Return on equity, %	-14.7	-20.2*
Equity ratio, %	66.4	65.6*
Net gearing, %	3.3	-10.8
Investments, MEUR	1.8	1.4
% of net sales	3.0	2.7
Research and development, MEUR	13.1	14.5
% of net sales	21.7	27.2
Order book, MEUR	14.3	11.7
Personnel, average	797	665
Personnel, at end of period	858	779

* The figures for the comparative periods have changed due to adjustments to the purchase price calculation of Tecnotree India

CONSOLIDATED KEY FIGURES PER SHARE	1-12/2010	1-12/2009
Earnings per share, basic, EUR	-0.15	-0.24
Earnings per share, diluted, EUR	-0.15	-0.24
Equity per share, EUR	0.98	1.05
Number of shares at end of period, x 1,000	73,496	73,496
Number of shares on average, x 1,000	73,496	68,039
Share price, EUR		
Average	0.79	1.00
Lowest	0.58	0.78
Highest	1.00	1.21
Share price at end of period, EUR	0.60	0.94
Market capitalisation of issued stock at end of period, MEUR	44.2	69.2
Share turnover, million shares	16.6	22.6
Share turnover, % of total	22.6	30.7
Share turnover, MEUR	13.2	23.2
Price/earnings ratio (P/E)	-4.0	-3.97

QUARTERLY KEY FIGURES

	4Q/10	Q3/10	2Q/10	1Q/10	4Q/09	3Q/09
Net sales, MEUR	14.0	13.3	19.3	14.1	13.5	13.2
Net sales, change %	3.3	0.5	28.7	22.8	-37.7	-27.4
Adjusted operating result***	-3.2	-0.7	2,0	-0,6	-2.0	-2.1
% of net sales	-22.7	-5.1	10.2	-4.2	-14.7	-15.6
Operating result, MEUR	-4.9	-2.0	0.7	-1.9	-8.5	-3.2

% of net sales	-35.1	-14.7	3.8	-13.7	-63.0	-23.9
Result before taxes, MEUR	-5.2	-1.8	0.0	-2.5	-8.6	-3.6
Personnel at end of period	858	830	794	759	779	842
Earnings per share, basic, EUR	-0.07	-0.03	-0.01	-0.04	-0.10	-0.06
Earnings per share, diluted, EUR	-0.07	-0.03	-0.01	-0.04	-0.10	-0.06
Equity per share, EUR	0.98	1.03	1.11	1.08	1.05	1.12
Net interest-bearing liabilities, MEUR	2.4	2.2	-5.0	-9.1	-8.3	-11.3
Order book, MEUR	14.3	20.1	21.0	21.9	11.7	15.2

*** 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".