

TECNOTREE

A photograph of three business professionals in a meeting. A woman in a light-colored blazer is pointing at a tablet held by a man in a light blue shirt. Another woman is partially visible on the right. The tablet displays a line graph. The image is overlaid with a semi-transparent white triangle on the left and a dark blue triangle on the bottom right containing white leaf-like patterns.

Half Year Report H1 2017

TECNOTREE CORPORATION HALF YEAR REPORT 1 JAN – 30 JUNE 2017 (UNAUDITED)

11 August 2016 at 8:30 am

Tecnotree is a global provider of IT solutions for the management of services, products, customers and revenue for Communications Service Providers. Tecnotree helps customers to monetise and transform their business towards a marketplace of digital services. Together with its customers, Tecnotree empowers people to self-serve, engage and take control of their own digital life.

OPERATING RESULT SIGNIFICANTLY IMPROVED COMPARED TO LAST YEAR ALTHOUGH NET SALES IS LOWER

Second quarter

- Second quarter net sales were EUR 15.1 (16.2) million.
- Financial situation and liquidity remain critical.
- The adjusted operating result for the quarter was EUR 3.6 (1.0) million and operating result EUR 3.1 (1.0) million.
- The adjusted result for the quarter was EUR 1.2 (-2.6) million and result EUR 0.7 (-2.6) million.
- The order book at the end of the period stood at EUR 30.4 (31 December 2016: 24.9) million.
- Second quarter cash flow after investments was EUR 0.6 (-0.4) million.
- Earnings per share were EUR 0.01 (-0.02).
- The company signed maintenance and support contract with a leading operator group valued at over EUR 14 million and three-year Managed Services agreement with a leading Middle Eastern Operator valued at EUR 8.2 million.

January-June 2017

- Net sales for the review period were EUR 27.3 (29.2) million.
- The adjusted operating result was EUR 3.7 (-1.4) and the operating result EUR 2.9 (-1.4) million.
- The adjusted result for the period was EUR -0.7 (-7.1) million and the result EUR -1.5 (-7.1) million.
- Cash flow after investments for the review period was EUR 3.2 (-2.3) million and the company's cash and cash equivalents were EUR 1.1 (31 December 2016: 3.5) million.
- Earnings per share were EUR -0.01 (-0.06).
- The company announced about EUR 5 million further cost cuts in March 2017

CEO Padma Ravichander:

Result

The results for Q2 2017, truly reflect that the path undertaken by the company, in the last few quarters is in the right direction. The cost optimization, which was the most important initiative, the company undertook in Q3 2016, and continue this year, has started yielding positive outcomes, and it has reflected in the result. The company also prudently ensured that the cost reduction activities did not adversely affect the revenues for this quarter.

Some of the major orders obtained in this quarter include Support & Maintenance for existing customers in at LATAM and the Middle East. Also during this period two customers, Mauritius Telecom and Nepal Telecom went live on the Tecnotree BSS Stack and Tecnotree Whole Sale Billing platforms respectively.

Business Outlook

While the financial performance in the review period is moderate, the trend is positive. The revenue has slightly decreased, but the cost level is further reducing. However, given the vagaries of the Business, company intends further optimize the costs in the coming quarters as previously announced in Q1 2017.

We are certainly encouraged by the progressively positive results of the second quarter compared to previous quarter and previous year same quarter. In the next half of 2017, from a business perspective, Tecnotree will continue to focus on the internal transformation of the company in the following areas:

- Further reducing operating expenses
- Consolidating and rationalizing product portfolio,
- Building greater level of productisation and re-use

Thus improving overall quality, profitability and attractiveness of our products.

KEY FIGURES	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Net sales, MEUR	15.1	16.2	27.3	29.2	60.1
Adjusted operating result, MEUR ¹	3.6	1.0	3.7	-1.4	1.2
Operating result, MEUR	3.1	1.0	2.9	-1.4	-10.1
Result before taxes, MEUR	2.2	-1.4	0.9	-5.1	-5.6
Adjusted result for the period, MEUR ²	1.2	-2.6	-0.7	-7.1	-4.2
Result for the period, MEUR	0.7	-2.6	-1.5	-7.1	-6.3
Earnings per share, basic, EUR	0.01	-0.02	-0.01	-0.06	-0.05
Order book, MEUR			30.4	29.8	24.9
Cash flow after investments, MEUR	0.6	-0.4	3.2	-2.3	-0.9
Change in cash and cash equivalents, MEUR	-0.1	-0.3	-2.2	-3.3	-3.0
Cash and cash equivalents, MEUR			1.1	3.1	3.5
Equity ratio %			17.4	13.1	17.9
Net gearing %			202.5	323.7	195.6
Personnel at end of period			719	926	818

¹ Adjusted operating result = operating result before one-time costs. Details are given in the section "Result analysis".

² Adjusted result for the period = result for the period without restructuring gains in financial items in Q4 2016 and one-time costs in operating costs.

With reference to the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA), Tecnotree uses the alternative performance measures "adjusted operating result" and "adjusted result for the period". These measures are defined in the footnote to the above table, and in the table "Income statement, Key figures" under the section "Result analysis".

Unless otherwise stated, all figures presented below are for the review period 1-6/2017 and the figures for comparison are for the corresponding period 1-6/2016.

SALES AND NET SALES

Tecnotree's net sales for the review period were EUR 27.3 (29.2) million.

Net sales in the review period included EUR 0.8 million currency exchange rate losses, whereas in the comparative period EUR 0.5 of currency exchange losses were recorded. These arose mainly from the fluctuations of the US dollar against the euro.

Further information about sales and net sales is given below in the section "Geographical areas".

SPECIFICATION OF NET SALES, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Revenue from contract work recognised by stage of completion (IAS 11)	3.4	5.6	6.5	9.1	19.7
Revenue from maintenance and support (IAS 18)	8.2	7.9	16.2	14.8	28.9
Revenue from goods and services (AS 18)	4.0	2.2	5.4	5.8	11.1
Currency exchange gains and losses	-0.5	0.5	-0.8	-0.5	0.4
TOTAL	15.1	16.2	27.3	29.2	60.1

NET SALES BY MARKET AREA, MEUR	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Europe & Americas	6.8	6.3	11.2	12.8	25.0
MEA & APAC	8.4	9.9	16.1	16.4	35.1
TOTAL	15.1	16.2	27.3	29.2	60.1

CONSOLIDATED ORDER BOOK, MEUR	30.6. 2017	30.6. 2016	31.12. 2016
Europe & Americas	7.0	9.9	7.5
MEA & APAC	23.4	19.9	17.4
TOTAL	30.4	29.8	24.9

RESULT ANALYSIS

The income and costs recorded for Tecnotree's business operations vary 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.

Tecnotree reports its result as follows:

INCOME STATEMENT, KEY FIGURES, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Net sales	15.1	16.2	27.3	29.2	60.1
Other operating income	0.0	0.0	0.2	0.0	0.3
Operating costs excluding one-time costs	-11.6	-15.2	-23.7	-30.6	-59.1
Adjusted operating result	3.6	1.0	3.7	-1.4	1.2
One-time costs-/income+	-0.5	0.0	-0.8	0.0	-11.3
OPERATING RESULT	3.1	1.0	2.9	-1.4	-10.1
Financial items without currency differences	-0.2	-1.0	-0.5	-2.8	-4.2
Exchange rate gains and losses in financial items	-0.6	-1.5	-1.4	-0.9	-0.7
Income taxes	-1.5	-1.1	-2.4	-2.0	-0.6
Adjusted result for the period	1.2	-2.6	-0.7	-7.1	-4.2
One-time costs	-0.5	0.0	-0.8	0.0	-2.0
RESULT FOR THE PERIOD	0.7	-2.6	-1.5	-7.1	-6.3

Tecnotree's net sales for the review period decreased 6.6 per cent to EUR 27.3 (29.2) million

The operating result included one-time costs related to redundancies of EUR 0.8 (0.0) million and the adjusted operating result was EUR 3.7 (-1.4) million.

Financial income and expenses during the review period totalled a net loss of EUR 1.9 million (net loss of EUR 3.7 million). Here is a breakdown of these:

FINANCIAL INCOME AND EXPENSES, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Interest income	0.0	-0.0	0.1	0.0	0.1
Exchange rate gains	-0.0	0.0	0.0	0.0	0.1
Other financial income	0.0	0.0	0.0	0.0	6.7
FINANCIAL INCOME, TOTAL	0.0	0.0	0.2	0.1	6.9
Interest expenses	-0.1	-0.5	-0.4	-1.4	0.3
Exchange rate losses	-0.6	-1.5	-1.4	-0.9	-0.7
Other financial expenses	-0.1	-0.4	-0.3	-1.5	-2.0
FINANCIAL EXPENSES, TOTAL	-0.9	-2.5	-2.1	-3.8	-2.4
FINANCIAL ITEMS, TOTAL	-0.8	-2.5	-1.9	-3.7	4.5

Financial income and expenses included EUR -1.4 (-0.9) million currency exchange losses. These are mainly due to the impact of intra-group balance sheet items, when for example a subsidiary records an exchange rate gain or loss on a euro denominated receivable from the parent company. It has no direct impact on the Group's cash flow.

Exchange rates also have a direct impact on shareholders' equity in terms of translation differences arising from foreign companies, which totalled EUR -0.7 (-1.5) million in the review period.

Other financial expenses, that is excluding interest expenses and exchange rate losses, totalled EUR 0.3 (1.5) million. The figures included EUR 0.2 (1.3) million additional costs for using an exceptional procedure to repatriate funds from Nigeria.

Taxes for the period totalled EUR 2.4 (2.0) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Withholding taxes paid abroad	-1.6	-1.3	-2.5	-2.1	-4.5
Change in withholding tax accrual	0.2	0.3	0.2	0.4	4.3
Income taxes on the results of Group companies	-0.0	-0.2	-0.1	-0.4	-0.4
Prior year taxes		0.0		0.0	-0.0
Change in deferred tax asset in India	0.0	0.0	0.0	0.0	-0.0
Change in deferred tax liability based on:					
- dividend tax in India		0.0		0.0	0.0
Other items					0.0
TAXES IN INCOME STATEMENT, TOTAL	-1.5	-1.1	-2.4	-2.0	-0.6

Earnings per share were EUR -0.01 (-0.06). Equity per share at the end of the period was EUR 0.07 (31 December 2016: EUR 0.09).

FINANCING, CASH FLOW AND BALANCE SHEET

The company's cash situation remained tight during the review period.

Tecnotree's working capital decreased during the review period by EUR 2.5 (1.0) million:

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Change in trade receivables	0.4	-3.3	2.5	-0.6	-1.7
Change in other receivables	3.0	2.2	3.3	-0.4	2.2
Change in inventories	-0.3	-0.1	-0.3	-0.2	-0.3
Change in trade payables	-2.6	1.1	1.9	1.6	3.6
Change in other liabilities	-3.5	0.4	-4.8	0.6	-0.2
CHANGE IN WORKING CAPITAL, TOTAL	-2.9	0.2	2.5	1.0	3.5

Project revenue is recognised in other receivables. When the agreement allows the customer to be invoiced, the receivables are regrouped in trade receivables.

Tecnotree's cash and cash equivalents totalled EUR 1.1 (31 December 2016: 3.5) million. Cash flow after investments for the review period ended up EUR 3.2 million positive. The change in cash and cash equivalents for the review period was EUR 2.2 million negative. The company had no unused credit facilities at the end of the review period. At the group level, the amount of overdue trade payables have remained unchanged, but in the parent company they have increased.

The balance sheet total on 30 June 2017 stood at EUR 49.4 (31 December 2016: 59.8) million. Tecnotree's gross capital expenditure during the review period was EUR 0.0 (0.2) million or 0.0 % (0.7%) of net sales. Interest-bearing liabilities were EUR 18.5 (31 December 2016: 24.4) million. The net debt to equity ratio (net gearing) was 202.5 % (31 December 2016: 195.6 %) and the equity ratio was 17.4 % (31 December 2016: 17.9 %). During the review period, total equity was affected by negative translation differences of EUR -0.7 (-1.5) million, mainly from Indian rupees (INR).

BUSINESS DESCRIPTION

Tecnotree is a global supplier of telecom IT solutions, providing products, services and solutions for charging, billing, customer care, and messaging and content services. The company's product portfolio comprises virtually the full range of business management systems for telecom operators, with standard solutions for fixed networks, mobile services and broadband and for managing subscriptions, services and cash flows for prepaid and post-paid customers.

Going forward in 2017 and beyond, we continue on our vision as a product company, with deep telecom experience, Tecnotree is engaged on creating a continuous customer experience on our BSS platform with signature Finnish design and quality excellence.

Our cloud micro-services based interoperable products helps us to create a “digital marketplace” with our own, and an ecosystem of partner products and services that fosters true business value for our customers.

Tecnotree’s cutting-edge products enable communication service providers to expand their footprint and transform their business into that of a digital service provider, thus helping expand and increase their value to their large customer base.

Tecnotree’s business is based on our product licenses, professional services for customization of our products, and maintenance and support service on our products to a global customer base. Tecnotree has an especially strong footprint in developing markets such as LTAM, Africa and the Middle East, serving more than 700 million subscribers worldwide and supporting more than 65 operators/CSPs worldwide.

SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe and North, Central and South America) and MEA & APAC (Middle East and Africa, 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, being costs of sales and marketing, customer service and delivery functions, administration as well as product development. Costs for product management and depreciations, taxes and financial items and group’s administration costs are not allocated to the segments.

GEOGRAPHICAL AREAS

Tecnotree Group operates in the following geographical areas: Europe & Americas (Europe and North, Central and South America) and MEA & APAC (Middle East and Africa, Asia Pacific).

Europe & Americas

Net sales for Q2 2017 was EUR 2.3 million higher compared to Q1 2017. Net sales in Q2 were EUR 0.5 million higher than last year, however the net sales for the review period declined by 12.1 per cent from the previous year. Sales comprised of expansions and upgrades of solutions installed for current customers, the renewal of annual maintenance contracts, and partial implementation of new orders.

The order book in review period declined by 29.0 per cent and was EUR 7.0 (9.9) million compared to end of same period last year. The net sales in the region are anticipated to grow

during the second half of 2017 compared to the first half, but the whole year net sales are estimated to be less than in the previous year.

MEA & APAC

The net sales in Q2 2017 of EUR 8.4 million increased compared EUR 7.7 million in Q1 2017. Net sales of EUR 16.0 million in the review period is slightly lower (EUR 16.4 million) from the previous year. The net sales in this period comprised of new and renewal sales of maintenance and support contracts, upgrades of solutions for the current customer base and partial implementation of new orders. During this period two customers, Mauritius Telecom and Nepal Telecom went live on the Tecnotree BSS Stack and Tecnotree Whole Sale Billing platforms respectively.

During Q2 the region picked up an 8.2 million maintenance and support order from one of its existing customers in the Middle East.

The order book remains at a healthy level of EUR 23.4 million compared to EUR 19.9 million at the end of Q2 2016. The volume of the net sales is expected to grow during the second half of the year from the first half of the year, but for the whole year net sales are expected to be less than the previous year.

PERSONNEL

At the end of June 2017 Tecnotree employed 719 (31 December 2016: 818) persons, of whom 82 (31 December 2016: 88) worked in Finland and 637 (31 December 2016: 730) elsewhere. The company employed on average 761 (927) people during the review period. Personnel by country were as follows:

PERSONNEL	1-6/2017	1-6/2016	1-12/2016
Personnel, at end of period	719	926	818
Finland	82	115	88
Ireland	10	45	24
Brazil	10	20	11
Argentina	45	39	41
India	498	624	567
United Arab Emirates	20	29	25
Other countries	54	54	62
Personnel, average	761	927	895
Personnel expenses (MEUR)	-14.2	-16.5	-33.6

SHARE AND PRICE ANALYSIS

At the end of June 2017 the shareholders' equity of Tecnotree Group stood at EUR 8.6 (31 December 2016: 10.7) million and the share capital was EUR 1.3 (31 December 2016: 1.3) million. The total number of shares was 122,628,428.

At the end of the period, the company did not hold any own shares. Equity per share was EUR 0.07 (31 December 2016: EUR 0.09).

A total of 41,393,054 Tecnotree shares (EUR 3,764,219) were traded on the Helsinki Exchanges during the period 1 January – 30 June 2017, representing 33.8 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.125 and the lowest EUR 0.067. The average quoted price was EUR 0.10 and the closing price on 30 June 2017 was EUR 0.072. The market capitalisation of the share stock at the end of the period was EUR 8.8 million.

ANNUAL GENERAL MEETING

The Annual General Meeting of Tecnotree Corporation held on 29 May 2017 confirmed the financial statements and the consolidated financial statements for the financial year 2016 and discharged the Board of Directors and the CEO from liability for the year 2016. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend is paid for the financial year 2016, and that the parent company's gain for the financial year, EUR 1,816,403.05, be remained in retained earnings.

Board of Directors

The Annual General Meeting confirmed that the Board of Directors will consist of five members. Pentti Heikkinen, Matti Jaakola, Harri Koponen, Christer Sumelius and Pirjo Pakkanen were re-elected as Board members. The Board members were elected for a period of office expiring at the end of the first Annual General Meeting following the election.

The Annual General Meeting resolved that the annual fee to the chairman of the Board of Directors will be EUR 50,000, the annual fee of the vice chairman of the Board will be EUR 30,000 and the annual fee of the members of the Board of Directors will be EUR 23,000. In addition it was decided that a compensation of EUR 800 for the chairman and EUR 500 for a member of the Board of Directors be paid for attendance at Board and possible Committee meetings.

In the meeting of the Board of Directors, Harri Koponen was elected as Chairman and Pentti Heikkinen as Vice Chairman of the Board of Directors. The Board will be responsible for the duties of Audit Committee. The Board decided to establish a Remuneration and Nomination Committee. Christer Sumelius was elected as Chairman of the Remuneration and Nomination Committee and Harri Koponen and Matti Jaakola as members. The Board of Directors has assessed the independence of the Board members in compliance with the recommendations of the Finnish Corporate Governance Code. Based on the assessment, all Board members elected are independent of the company and its major shareholders.

Auditors

KPMG Oy Ab, Authorised Public Accountants, will continue as the company's auditor until the end of the following Annual General Meeting. The principal auditor appointed by them is Ms. Leenakaisa Winberg, Authorized Public Accountant. The auditor's fees are paid according to invoice.

Current authorisations

The Annual General Meeting authorized the Board of Directors in accordance with the proposal of the Board of Directors to decide to issue and/or to convey a maximum of 100,000,000 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 limits of the authorization, authorized to grant special rights referred to in Chapter 10, Section 1 of the Companies Act, which carry the right to receive, against payment, new shares of the company or the company's own shares held by the company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. The Board of Directors shall decide on other terms and conditions related to the share issues and granting of the special rights. The said authorisations will be valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the 2016 Board of Directors' Report and in the notes to the Financial Statements.

Risks and uncertainties in the near future

Tecnotree's risks and uncertainties in the near future relate to financial risk, availability of funding and sufficiency, projects, to their timing, to trade receivables and receivables from construction contracts and to changes in foreign exchange rates. Having sufficient cash funds and the development of net sales are the most significant single risks.

The liquidity of the company continues to remain tight and hence the financial situation of the company remains critical. At the group level, the amount of overdue trade payables have remained unchanged, but in the parent company they have increased. The company continues to be engaged aggressively to collect its receivables from the key customers and negotiating with financiers to secure some short term financing for additional liquidity. In addition, the company has been seeking long-term external funding through investors, which could be implemented through company or restructuring arrangements. The company's ability as going concern is dependent on the successful completion of the financing transactions that are currently under negotiations and its ability to continue to execute payments according to debt restructuring payment programme. The company has agreed on postponing the payments scheduled on 30 June 2017 until 31 August 2017 with its two biggest creditors.

The stringent financial situation and uncertainty of sufficient funding create uncertainty about obtaining new customers.

The company has sales in several countries where the country's central bank has a shortage of foreign currency. This causes additional delays in payments, costs and even the risk of not receiving payment at all.

At the end of June 2017, the Group's shareholders' equity stood at EUR 8.6 million. However, the shareholders' equity of the parent company was EUR 5.4 million negative.

EVENTS AFTER THE END OF THE PERIOD

Tecnotree announced in July to start co-operation negotiations in Finland regarding the reduction of maximum twenty positions on financial and productive grounds.

PROSPECTS IN 2017

The company estimates that its net sales will be less than in the previous year, but the operating result will improve.

In the tight financial situation, Tecnotree will continue to implement additional cuts of operating expenses approximately EUR 5 million announced previously in March 2017. Mostly, the cost savings will realize in 2018.

As in previous years, variations in the quarterly figures are to be expected.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts, investors and the media to present its half year financial report on 11 August 2017 at 10.00 am in the Tapiola conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The result will be presented by CEO Padma Ravichander and the conference will be held in English. The material to be presented at the press conference will be available at www.tecnotree.com.

TECNOTREE CORPORATION

Board of Directors

Further information

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TABLE SECTION (UNAUDITED)

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	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
NET SALES	15.1	16.2	27.3	29.2	60.1
Other operating income	0.0	0.0	0.2	0.0	0.3
Materials and services	0.0	-1.6	-0.9	-3.2	-4.7
Employee benefit expenses	-7.5	-8.1	-14.2	-16.5	-33.6
Depreciation, amortisation and	-0.2	-0.2	-0.4	-0.5	-0.9
Other operating expenses	-4.5	-5.2	-9.0	-10.4	-31.2
OPERATING RESULT	3.1	1.0	2.9	-1.4	-10.1
Financial income	0.0	0.0	0.2	0.1	6.9
Financial expenses	-0.9	-2.5	-2.1	-3.8	-2.4
RESULT BEFORE TAXES	2.2	-1.4	0.9	-5.1	-5.6
Income taxes	-1.5	-1.1	-2.4	-2.0	-0.6
RESULT FOR THE PERIOD	0.7	-2.6	-1.5	-7.1	-6.3
Allocated to:					
Equity holders of parent company	0.7	-2.6	-1.6	-7.1	-6.3
Non-controlling interest	0.0	-0.0	0.1	-0.0	0.0
EPS calculated on the profit attributable to equity holders of parent company:					
Earnings per share, basic, EUR	0.01	-0.02	-0.01	-0.06	-0.05
Earnings per share, diluted, EUR	0.01	-0.02	-0.01	-0.06	-0.05
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
RESULT FOR THE PERIOD	0.7	-2.6	-1.5	-7.1	-6.3
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement items on net defined benefit liability					-0.1
Tax on items that will not be reclassified subsequently to profit or loss					0.0
Items that may be reclassified subsequently to profit or loss:					
Translation differences from foreign	-2.4	0.4	-0.7	-1.5	-1.1
Tax relating to translation differences					0.4
Other comprehensive income, net of tax	-2.4	0.4	-0.7	-1.5	-0.8
TOTAL COMPREHENSIVE INCOME FOR THE PE	-1.7	-2.1	-2.2	-8.6	-7.1
Allocated to:					
Equity holders of parent company	-1.7	-2.1	-2.1	-8.6	-7.1
Non-controlling interest	-0.0	0.0	-0.0	-0.0	0.0

CONSOLIDATED BALANCE SHEET 30.6.2017 30.6.2016 31.12.2016

Assets			
Goodwill	17.2	17.0	17.6
Other intangible assets	0.3	0.6	0.4
Tangible assets	2.2	3.4	2.5
Deferred tax assets	1.1	0.6	0.6
Other non-current trade and other receivables	0.7	1.2	1.3
Current assets			
Inventories	1.2	0.8	0.9
Trade receivables	10.3	12.1	13.8
Other receivables	15.3	31.1	19.3
Investments	0.0	0.0	0.0
Cash and cash equivalents	1.1	3.1	3.5
TOTAL ASSETS	49.4	69.8	59.8
Shareholders' equity	8.6	9.2	10.7
Non-current liabilities			
Deferred tax liabilities	0.0	0.0	0.0
Non-current interest-bearing liabilities	18.0	0.4	24.0
Other non-current liabilities	8.6	1.9	8.8
Current liabilities			
Current interest-bearing liabilities	0.5	32.3	0.4
Trade payables and other liabilities	13.7	26.0	15.8
EQUITY AND LIABILITIES, TOTAL	49.4	69.8	59.8

CALCULATION OF CHANGES IN
SHAREHOLDERS' EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I	J
SHAREHOLDERS' EQUITY 1 JAN 2017	1.3	0.8	0.0	-8.5	0.0	2.0	14.9	10.6	0.1	10.7
Result for the period							-1.6	-1.6	0.1	-1.5
Other comprehensive income, net of tax:										
Remeasurement items								0.0		0.0
Translation differences				-0.7		-0.0		-0.7		-0.7
Total compr. income for the period				-0.7		-0.0	-1.6	-2.3	0.1	-2.2
Other changes							0.1	0.1	-0.0	0.1
SHAREHOLDERS' EQUITY 30 JUN 2017	1.3	0.8	0.0	-9.2	0.0	2.0	13.3	8.4	0.2	8.6
Me	A	B	C	D	E	F	G	H	I	J
SHAREHOLDERS' EQUITY 1 JAN 2015	1.3	0.8	0.0	-7.8	0.0	2.0	21.3	17.7	0.1	17.8
Result for the period							-7.1	-7.1	-0.0	-7.1
Other comprehensive income:										
Remeasurement items								0.0		0.0
Translation differences, net of tax				-1.5		-0.0		-1.5		-1.5
Total compr. income for the period				-1.5		-0.0	-7.1	-8.6	-0.0	-8.6
Sharebased payments								0.0		0.0
Transactions with shareholders, total							0.0	0.0		0.0
Other changes							-0.0	-0.0	-0.0	-0.0
SHAREHOLDERS' EQUITY 30 JUN 2015	1.3	0.8	0.0	-9.3	0.0	2.0	14.2	9.1	0.0	9.2

A = Share capital

B = Share premium fund

C = Own shares

D = Translation differences

E = Invested non-restricted equity reserve

F = Other reserves

G = Retained earnings

H = Total equity attributable to equity holders of parent company

I = Non-controlling interest

J = Total shareholders' equity

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Cash flow from operating activities					
Result for the period	0.7	-2.6	-1.5	-7.1	-6.3
Adjustments of the result	3.5	2.7	4.8	6.0	6.5
Changes in working capital	-2.9	0.2	2.5	1.0	3.5
Interest paid	0.7	-0.1	-0.1	-0.1	-0.0
Interest received	0.0	0.0	0.1	0.0	0.1
Income taxes paid	-1.3	-0.6	-2.8	-1.9	-5.0
Net cash flow from operating activities	0.6	-0.4	3.1	-2.1	-1.2
Cash flow from investing activities					
Investments in intangible assets	0.0		0.0		-0.0
Investments in tangible assets	-0.0	-0.1	0.0	-0.2	-0.3
Proceeds from disposal of intangible and tangible assets	0.0	0.0	0.1	0.1	0.6
Net cash flow from investing activities	-0.0	-0.0	0.1	-0.1	0.3
Cash flow from financing activities					
Borrowings received	-1.2	0.5	0.0	0.9	2.1
Repayments of borrowings	-4.7	0.0	-5.9	-0.4	-1.7
Changes in pledged cash deposits	5.4	-0.0	0.6	0.0	-0.2
Interest paid	-0.2	-0.4	-0.2	-1.5	-2.2
Net cash flow from financing activities	-0.8	0.1	-5.4	-0.9	-2.1
Increase (+) and decrease (-) in cash and cash equivalents	-0.1	-0.3	-2.2	-3.3	-3.0
Cash and cash equivalents at beg. of period	1.4	3.3	3.5	6.4	6.4
Impact of changes in exchange rates	-0.2	0.1	-0.2	-0.1	0.0
Cash and cash equivalents at end of period	1.1	3.1	1.1	3.1	3.5

1. ACCOUNTING PRINCIPLES FOR THE HALF YEAR REPORT

This half year 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 half year report are the same as the principles published in the 2016 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2017 have not had a significant impact on the accounting principles and basis for preparing the half year report.

Going concern basis

The uncertainty factors relating to Tecnotree's operations are explained in the 2016 financial statements and in the section "Risks and uncertainty factors" above. The company has significant uncertainty factors relating to the continuity of its operations. In practice these risks are related to financing. Because the liquidity of the company continues to be extremely tight, its financial situation and liquidity remain critical. In addition Tecnotree has a risk affected by the negative shareholders' equity of the parent company. Tecnotree observes the going concern principle.

2. SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Europe & Americas (Europe and North, Central and South America) and MEA & APAC (Middle East and Africa, 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, being costs of sales and marketing, customer service and delivery functions, administration as well as product development. Costs for product management and depreciations, taxes and financial items are not allocated to the segments.

OPERATING SEGMENTS	1-6/2017	1-6/2016	1-12/2016
NET SALES, MEUR			
Europe & Americas	11.2	12.8	25.0
MEA & APAC	16.1	16.4	35.1
TOTAL	27.3	29.2	60.1
RESULT, MEUR			
Europe & Americas	3.4	1.1	-11.4
MEA & APAC	4.1	2.7	2.0
TOTAL	7.5	3.8	-9.4
Non-allocated items	-4.6	-5.1	10.6
OPERATING RESULT BEFORE ONE-TIME COSTS	2.9	-1.4	1.2
One-time costs	0.8	0.0	-11.3
OPERATING RESULT	3.7	-1.4	-10.1

3. INTEREST-BEARING LIABILITIES

At the end of the period, the company had a payment program related long-term debt EUR 22.0 million (31 December 2016: 27.9), which consisted of interest-bearing EUR 17.6 million and EUR 4.4 million non-interest bearing liabilities to financial institutions.

Interest-bearing liabilities

At the end of the financial period, the company had in accordance with the payment program of secured interest-bearing liabilities to financial institutions EUR 17.6 million. In addition the company had in full use EUR 0.4 million short-term credit facility and finance lease liabilities of EUR 0.4 million.

Non-interest bearing liabilities

The company had according with the amended restructuring programme proposal 30 September 2016, the ordinary restructuring non-interest bearing liabilities to financial institutions EUR 4.4 million and the other external restructuring debts EUR 2.3 million.

The company performed at the end of June payments in accordance with the payment program EUR 0.1 million to the other creditors. Ordinary restructuring debts or secured debts to financial institutions were not repaid during the financial period. The company has agreed on postponing the payments scheduled on 30 June 2017 until 31 August 2017 with its two biggest creditors.

Payments will be due semi-annually at the end of June and December. The final installments will be paid in June 2025. Details can be found in the payment program for the company in Annex 15, which is published in the Tecnotree Corporation's stock exchange release of 30 September 2016 under the title restructuring program proposal.

INTEREST-BEARING LIABILITIES, MEUR	30.6.2017	30.6.2016	31.12.2016
Loans from financial institutions, 1 Jan	23.9	31.8	31.8
Raised loans	0.0	0.9	2.1
Repayments of loans	-5.9	-0.4	-1.7
Cut of the loans in the restructuring program	0.0	0.0	
Transfer to non interest-bearing loans	0.0	0.0	
Changes in credit facilities in use			
Loans from financial institutions, end of period	18.1	32.3	32.2
Finance lease liabilities, 1 Jan	0.5		
Finance lease liabilities, additions	0.0		0.6
Finance lease liabilities, decreases	-0.0		-0.1
Finance lease liabilities, end of period	0.4		0.5

4. RELATED PARTY TRANSACTIONS

Tecnotree's related parties include the subsidiaries, the members of the Board of Directors and the Management Board, the CEO and the close family members of the preceding persons, and those entities in which these people have control.

Regularly paid salaries and fees as well as ordinary intra-group transactions, Tecnotree has not entered any significant transactions with related parties during the review period or previous year.

5. CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	30.6.2017	30.6.2016	31.12.2016
On own behalf			
Real estate mortgages	4.4	4.4	4.4
Corporate mortgages	45.3	45.3	45.3
Pledged deposits	0.4		1.2
Guarantees	0.4	0.6	0.7
Pledged trade and other receivables related to construction contracts	0.3	14.7	6.0
Other liabilities			
Desputed income tax liabilities in India	3.9	2.5	4.0
OTHER OPERATING LEASES, MEUR	30.6.2017	30.6.2016	31.12.2016
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.9	1.0	0.9
Between one and five years	1.6	1.9	1.7
DERIVATIVE CONTRACTS, MEUR	30.6.2017	30.6.2016	31.12.2016
Currency termines, fair value (positive)	0.0	0.1	
Currency termines, value of underlying instruments	0.0	5.0	
Interest rate swap, fair value (negative)	-0.2	-0.4	-0.3
Interest rate swap, value of underlying instruments	11.6	12.3	11.6

In addition, the shares of the Indian subsidiary held by the parent company are pledged. These shares have a book value of EUR 7.4 million in the parent company.

6. KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-6/2017	1-6/2016	1-12/2016
Return on investment, %	19.7	-5.7	-7.6
Return on equity, %	-31.2	-105.8	-43.9
Equity ratio, %	17.4	13.1	17.9
Net gearing, %	202.5	323.7	195.6
Investments, MEUR	-0.0	0.2	0.3
% of net sales	-0.1	0.7	0.5
Research and development, MEUR	3.0	5.7	6.5
% of net sales	10.9	19.6	10.8
Order book, MEUR	30.4	29.8	24.9
Personnel, average	761	927	895
Personnel, at end of period	719	926	818

CONSOLIDATED KEY FIGURES PER SHARE	1-6/2017	1-6/2016	1-12/2016
Earnings per share, basic, EUR	-0.01	-0.06	-0.05
Earnings per share, diluted, EUR	-0.01	-0.06	-0.05
Equity per share, EUR	0.07	0.07	0.09
Number of shares at end of period, x 1,000	122,628	122,628	122,628
Number of shares on average, x 1,000	122,628	122,628	122,628
Share price, EUR			
Average	0.10	0.12	0.11
Lowest	0.07	0.10	0.09
Highest	0.13	0.17	0.17
Share price at end of period, EUR	0.07	0.10	0.10
Market capitalisation of issued stock at end of period, MEUR	8.8	12.8	12.2
Share turnover, million shares	41.4	16.4	29.7
Share turnover, % of total	33.8	13.4	24.3
Share turnover, MEUR	3.8	2.0	3.5
Price/earnings ratio (P/E)	0.0	0.0	0.0

QUARTERLY KEY FIGURES	Q2/17	Q1/17	Q4/16	Q3/16	Q2/16	Q1/16
Net sales, MEUR	15.1	12.1	14.7	16.2	16.2	13.0
Net sales, change %	-6.4	-6.8	-40.2	-8.6	-5.4	-23.7
Adjusted operating result ¹	3.6	-0.2	0.8	1.8	1.0	-2.4
% of net sales	23.6	-1.7	5.2	11.3	6.2	-18.3
Operating result, MEUR	3.1	-0.2	-9.6	0.8	1.0	-2.4
% of net sales	20.3	-1.7	-65.0	5.2	6.2	-18.3
Adjusted result for the period, MEUR ²	1.2	-1.5	3.0	-0.8	-2.6	-4.8
Result for the period, MEUR	0.7	-2.5	2.0	-1.1	-2.6	-4.8
Personnel at end of period	719	771	818	892	926	922
Earnings per share, basic, EUR	0.01	-0.02	0.02	-0.01	-0.02	-0.04
Earnings per share, diluted, EUR	0.01	-0.02	0.02	-0.01	-0.02	-0.04
Equity per share, EUR	0.07	0.09	0.09	0.07	0.07	0.09
Net interest-bearing liabilities, MEUR	17.4	28.9	20.9	32.5	29.7	28.9
Order book, MEUR	30.4	28.3	24.9	23.9	29.8	28.2

¹ Adjusted operating result = operating result before one-time costs. Details of these are given in the section "Result analysis".

² Adjusted result for the period = result for the period without one-time costs.