

## TECNOTREE CORPORATION INTERIM REPORT 1 JANUARY - 31 MARCH 2011 (unaudited)

Low net sales in quarter but encouraging order book

Net sales in the first quarter of the year, EUR 10.6 million, were EUR 3.5 million less than in the corresponding period in the previous year (EUR 14.1 million). The cash flow after investments was EUR -6.7 (0.6) million. The adjusted operating result\* was EUR -4.9 (-0.6) million. The order book at the close of the period stood at EUR 22.1 million (31 December 2010: EUR 14.3 million).

KEY FIGURES	1-3/2011	1-3/2010	1-12/2010
Net sales, MEUR	10.6	14.1	60.7
Adjusted operating result, MEUR*	-4.9	-0.6	-2.5
Operating result, MEUR	-8.3	-1.9	-8.1
Result before taxes, MEUR	-7.8	-2.5	-9.4
Result for the period	-8.1	-2.8	-11.0
Earnings per share, basic. EUR	-0.11	-0.04	-0.15
Order book, MEUR	22.1	21.9	14.3
Cash flow after investments, MEUR	-6.7	0.6	-10.6
Change in cash and cash equivalents, MEUR	-3.7	0.6	-9.8
Cash and cash equivalents, MEUR	12.8	27.2	16.7
Equity ratio %	61.3	66.2	66.4
Net gearing %	13.7	-11.5	3.3
Personnel at end of period	914	759	858

\* Adjusted operating result = operating result before R & D capitalisation, amortization of this and one-time costs. Details of these are given in the section "Result analysis".

Unless otherwise stated, all figures presented below are for the review period 1-3/2011 and the figures for comparison are for the corresponding period 1-3/2010.

President and CEO Kaj Hagros:

"During the first quarter of 2011 revenue fell to EUR 10.6 million compared to EUR 14.1 million in the same period last year. Middle East and Africa produced higher revenue compared to 2010 while other regions fell short. The first quarter typically produces lower revenue compared to subsequent quarters, but in 2011 the period was a disappointment. This is related to three factors. Firstly, some maintenance contracts were still being negotiated and were not yet executed during the period. Secondly, we faced severe hardware delivery delays from our supplier, causing major project delays under circumstances beyond our control, hence postponing revenue recognition. Thirdly, the rapid USD/EUR exchange rate change resulted in a revenue adjustment. By large, these events however are within quarterly variation and do not call for an update to the full year prospects. Order intake has developed favorably, and the order book grew to EUR 22.1 million from EUR 14.3 million at December 31<sup>st</sup>, 2010. After the end of the quarter Tecnotree has announced new orders totalling EUR 5.8 million and we confidently expect this positive momentum to continue in Q2."

## SALES AND NET SALES

Tecnotree's net sales in the review period were EUR 10.6 (14.1) million and

decreased 25.1 per cent.

EUR 4.4 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 6.2 million on delivery (IAS 18 Revenues).

NET SALES BY MARKET AREA	1-3/2011 MEUR	1-3/2010 MEUR	1-3/2011 %	1-3/2010 %
Americas (North, Central and South America)	1.7	4.5	16.0	31.7
Europe	2.0	2.0	18.9	14.5
MEA (Middle East and Africa)	6.5	5.9	61.3	41.4
APAC (Asia and Pacific)	0.4	1.8	3.8	12.4
TOTAL	10.6	14.1	100.0	100.0

CONSOLIDATED ORDER BOOK	31.3.2011 MEUR	31.12.2010 MEUR	31.3.2011 %	31.12.2010 %
Americas (North, Central and South America)	4.0	1.5	18.1	10.5
Europe	3.9	2.6	17.6	17.9
MEA (Middle East and Africa)	13.5	9.3	61.1	65.4
APAC (Asia and Pacific)	0.7	0.9	3.2	6.3
TOTAL	22.1	14.3	100.0	100.0

Maintenance and service sales totalled EUR 5.9 (6.6) million or 55.9 per cent (47.1 %) 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	1-3/2011	1-3/2010	1-12/2010
Net sales	10.6	14.1	60.7
Other operating income	0.0	0.0	0.0
Operating costs excluding product development capitalisation and one-time costs	-15.5	-14.7	-63.2
Adjusted operating result, MEUR	-4.9	-0.6	-2.5
Product development capitalisation	0.0	0.2	0.6
Product development amortisation	-1.8	-1.4	-6.1
One-time costs	-1.6	0.0	0.0
Operating result	-8.3	-1.9	-8.1
Result before taxes	-7.8	-2.5	-9.4

The adjusted operating result was down EUR 4.3 million from the previous year. This was due in particular to the EUR 3.5 million decline in net sales.

Capitalisation of research and development costs and amortisation of these had the net impact of weakening the result by EUR 0.5 million compared to the corresponding period in the previous year.

The operating result for the review period includes one-time costs of EUR 1.6 million for settling the law suit brought against the company early in the year. EUR 0.5 million of these costs have been paid and a provision has been made for the remaining EUR 1.1 million. The compensation is subject to the terms and conditions of the agreement.

Taxes for the period totalled EUR 0.2 (0.3) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-3/2011	1-3/2010	1-12/2010
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Withholding tax expenses in parent company	-0.4	-0.3	-1.7
Income taxes on the results of Group companies	-0.4	-0.3	-1.5
Deferred tax asset based on tax allowances in India	0.2	0.1	0.8
Change in deferred tax liability based on:			
- R&D capitalisation	0.6	0.3	1.1
- dividend tax in India	-0.2	-0.1	-0.8
Other items	-0.0	0.1	0.5
TAXES IN INCOME STATEMENT, TOTAL	-0.2	-0.3	-1.6

Earnings per share were EUR -0.11 (-0.04). Equity per share at the end of the period was EUR 0.83 (EUR 1.07).

#### FINANCING AND INVESTMENTS

Tecnotree's liquid funds totalled EUR 12.8 (31.12.2010: 16.7) million. The change in cash and cash equivalents for the review period was EUR -3.7 million.

The balance sheet total on 31 March 2011 stood at EUR 100.6 (120.2) million. Interest-bearing liabilities were EUR 22.7 (18.9) million. The net debt to equity ratio (net gearing) was 13.7 per cent (-11.5 %). The balance sheet structure remained strong and the equity ratio on 31 March 2011 was 61.3 per cent (66.2 %).

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.3 (0.1) million or 2,8 per cent (0.9 %) of net sales.

Financial income and expenses (net) during the review period totalled EUR 0.5 (-0.6) million. The change from the comparative period is due mainly to the positive change in loan interest hedging in the first quarter.

FINANCIAL INCOME AND EXPENSES, MEUR	1-3/2011	1-3/2010	1-12/2010
Interest income	0.0	0.0	0.2
Exchange rate gains	0.2	0.1	0.4
Other financial income	0.4	0.2	0.5
FINANCIAL INCOME, TOTAL	0.6	0.3	1.1
Interest expenses	-0.2	-0.4	-0.8
Exchange rate losses	-0.0	-0.5	-1.7
Other financial expenses	-0.0	-0.0	0.0
FINANCIAL EXPENSES, TOTAL	-0.2	-0.8	-2.4
CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-3/2011	1-3/2010	1-12/2010
Change in trade receivables	-3.4	3.2	2.1
Change in other short-term receivables	4.2	-1.8	-6.5
Change in inventories	-0.0	0.2	0.3
Change in trade payables	0.0	1.3	3.9
Change in other current liabilities	-1.5	-1.1	-7.6
CHANGE IN WORKING CAPITAL, TOTAL	-0.7	1.8	-7.7

The company has receivables totalling EUR 5.8 million from a government owned customer in the MEA region, for which impairment totalling EUR 0.9 million has been booked in 2010 and EUR 1.0 million in the review period.

#### SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the

Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result for the operating segments includes the costs that can be allocated to the segments on a reasonable basis. Common costs for the whole Group as well as taxes and financial items are not allocated.

#### GEOGRAPHICAL AREAS

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

##### Americas (North, Central and South America)

Developments in sales and the order book in Latin America were clearly weaker than in the corresponding period in the previous year. This had been foreseen, however, for the figures fell short of business plan targets only because of unfavourable fluctuations in exchange rates and because a single third party product delivery was delayed. Several expansion projects are underway in the region, as well as projects applying the products developed in India. The number of new expansion and new solution delivery projects by operators in the region has continued to pick up encouragingly.

##### Europe

Net sales in the Europe region fell short of the figure for the previous year, but exceeded business plan targets. Good progress has been made with delivery projects and income recognition for them is on schedule. The success rate for winning system update and expansion contracts with existing customers in Europe has been high. Capital expenditure by European operators looks to be at roughly the same level as in the previous year, but competition is tough, especially for messaging systems, and this can be seen in intense pressure to reduce prices.

##### MEA (Middle East and Africa)

Sales and the order book increased from the previous year in the Middle East and Africa. Demand for invoicing, customer relations management and managed services solutions remained strong. The number of new solution delivery projects by operators is declining slightly, but on the other hand the number of expansion and upgrade projects is on the increase. Tecnotree's considerable customer base in the region places it in a strong position to take advantage of these developments.

##### APAC (Asia and Pacific)

Sales in the APAC region fell from the previous year. Business at the start of the year focused on renewing annual service contracts, and this was successful. Relatively few new solution delivery projects are underway in the region, so Tecnotree's operations have concentrated on expansions and upgrades for existing customers and on winning new customer accounts through sub-system solutions that are of strategic importance.

#### RESEARCH AND DEVELOPMENT

Research and development costs during the review period totalled EUR 3.4 (3.3) million, corresponding to 32.3 per cent (23.7 %) of net sales. EUR 0.0 (0.2) million of development costs were capitalised. At the end of review period, Tecnotree does not have any open capitalised research and development projects. Capitalised costs are amortised over 3-5 years from the start of commercial use. R&D costs of EUR 1.8 (1.5) million were amortised during the review period.

## PERSONNEL

At the end of March 2011 Tecnotree employed 914 (31.12.2010: 858) persons, of whom 73 (31.12.2010: 70) worked in Finland and 841 (31.12.2010: 788) elsewhere. The company employed on average 873 (756) people during the review period. Personnel by country were as follows:

	1-3/2011	1-3/2010	1-12/2010
Personnel, at end of period	914	759	858
Finland	73	80	70
Ireland	60	68	64
Brazil	48	47	47
India	683	513	625
Other countries	50	51	52
Personnel, average	873	756	797
Personnel expenses before R&D capitalisation (MEUR)	8.4	7.0	29.3

## TECNOTREE SHARES AND SHARE CAPITAL

At the end of March 2011 the shareholders' equity of Tecnotree Corporation stood at EUR 61.2 (31.12.2010: 72.1) million and the share capital was EUR 4.7 million. The total number of shares was 73,630,977. The company held 134,800 of these shares, which represents 0.18 per cent of the company's total number of shares and votes. Equity per share was EUR 0.83 (31.12.2010 0.98).

A total of 7.981.953 Tecnotree shares (EUR 3.628.957) were traded on the Helsinki Exchanges during the period 3 January - 31 March 2011, representing 10.8 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.63 and the lowest EUR 0.36. The average quoted price was EUR 0.51 and the closing price on 31 March 2011 was EUR 0.41. The market capitalisation of the share stock at the end of the period was EUR 30.188.701.

## ANNUAL GENERAL MEETING

The annual general meeting of Tecnotree Corporation held on 23 March 2011 confirmed the financial statements and the consolidated financial statements for the financial year 2010 and discharged the Board of Directors and the CEO from liability for 2010. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that no dividend be paid for the year 2010, and the parent company's loss for the financial year, EUR 10,389,877.77, be covered by non-restricted equity reserves.

## Board of Directors

The Annual General Meeting confirmed that the Board of Directors will consist of eight members. Atul Chopra, Johan Hammarén, Pentti Heikkinen, Harri Koponen, Ilkka Raiskinen, Christer Sumelius, Hannu Turunen and David White 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 their election. At the organizational meeting of the Board of Directors following the Annual General Meeting, Harri Koponen was elected as Chairman and Ilkka Raiskinen as Vice Chairman of the Board of Directors.

The Annual General meeting resolved that the annual remuneration for the Chairman of the Board of Directors is EUR 50,000, for the Vice-Chairman EUR 30,000 and for ordinary Board members EUR 23,000. In addition it was decided that a fee of EUR 800 is paid to the Chairman and EUR 500 to other Board members for attendance at Board and Committee meetings.

## Auditors

KPMG Oy Ab, Authorised Public Accountants, will continue as the Company's auditor, with Sixten Nyman, APA, as principal auditor, until the end of the following Annual General Meeting.

#### CURRENT AUTHORISATIONS

The Annual General Meeting held on 23 March 2011 authorised the Board of Directors to decide on the acquisition of a maximum of 7,360,000 of the Company's own shares. Own shares may be acquired with unrestricted shareholders' equity otherwise than in proportion to the holdings of the shareholders through public trading of the securities on NASDAQ OMX Helsinki Oy at the market price of the shares in public trading at the time of the acquisition. Own shares may be acquired for the purpose of developing the capital structure of the Company, carrying out corporate acquisitions or other business arrangements to develop the business of the Company, financing capital expenditure, to be used as part of the Company's incentive schemes, or to be otherwise retained in the possession of the Company, disposed of or nullified in the extent and manner decided by the Board of Directors. The authorisation is valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

Furthermore, the Annual General Meeting authorised the Board of Directors to decide to issue and/or to convey a maximum of 17,800,000 new shares and/or the Company's own shares either against payment or for free. New shares may be issued and the Company's own shares may be conveyed to the Company's shareholders in proportion to their current shareholdings in the Company or waiving the shareholder's pre-emption right, through a directed share issue if the Company has a weighty financial reason to do so. The Board of Directors may also decide on a free share issue to the Company itself. The Board of Directors is, within the authorization, authorized to grant the special rights referred to in Chapter 10, Section 1 of the Companies Act. The authorisation is valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

#### STOCK OPTION PROGRAMMES

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

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

The state of the options on 31 March 2011 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	575,000	1.4.2009-30.4.2012	0.98
Total	840,000	748,000		
2009A	1,026,005	686,171	1.4.2009-31.3.2011	0.86
2009B	2,394,013	1 411,206	1.4.2010-31.3.2012	0.86
2009C	3,420,018	2,000,178	1.4.2011-31.3.2013	0.86
Total	6,840,036	4,097,555		
2006 and 2009				
Total	7,680,036	4,845,555		

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 March 2011 of all the company's stock options in circulation. The shares that could be subscribed on the basis of these stock options accounted for a maximum of 9.45 % of the Company's shares and the votes carried by the shares after any increase in share capital. On 31 March 2011 the Company still held 4,169,477 of all the current stock options. The issued stock options had a maximum diluting effect on 31 March 2011 of 6.17 %.

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

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

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

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

The company has receivables totalling EUR 5.8 million from a government owned customer in the MEA region, for which impairment totalling EUR 0.9 million has been booked in 2010 and EUR 1.0 million in the review period.

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

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

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

The acquisition of Tecnotree Convergence Limited opened up many new

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

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

#### EVENTS AFTER THE END OF PERIOD

After the end of the quarter Tecnotree has announced new orders totalling EUR 5.8 million.

#### PROSPECTS IN 2011

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

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

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

#### FINANCIAL INFORMATION

Tecnotree will publish its following interim reports as follows:

1-6/2011 Wednesday, 10 August

1-9/2011 Wednesday, 26 October

Tecnotree is holding a conference for analysts and the media to announce its results for the first quarter of 2011 at 10.00 am on 29 April 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](http://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 1-3/2011 1-3/2010 1-12/2010



NET SALES	2	10.6	14.1	60.7
Other operating income		0.0	0.0	0.0
Materials and services		-1.7	-2.1	-10.1
Employee benefit expenses		-8.4	-7.1	-29.1
Depreciation, amortisation and impairment charges		-2.6	-2.1	-8.7
Other operating expenses		-6.1	-4.8	-20.8
OPERATING RESULT	2	-8.3	-1.9	-8.1
Financial income		0.6	0.3	1.1
Financial expenses		-0.2	-0.8	-2.4
RESULT BEFORE TAXES	2	-7.8	-2.5	-9.4
Income taxes		-0.2	-0.3*	-1.6
RESULT FOR THE PERIOD		-8.1	-2.8	-11.0

Allocated to:

Equity holders of parent company		-8.1	-2.8	-11.0
Non-controlling interest		0.0	-0.0	-0.0

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

Earnings per share, basic, EUR		-0.11	-0.04	-0.15
Earnings per share, diluted, EUR		-0.11	-0.04	-0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR

	1-3/2011	1-3/2010	1-12/2010
RESULT FOR THE PERIOD	-8.1	-2.8	-11.0
Other comprehensive income:			
Translation differences from foreign operations	-2.9	4.7	5.8
Tax relating to components of other comprehensive income	0.1	0.0	-0.1
Other comprehensive income, net of tax	-2.8	4.7	-5.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-10.9	1.9	-5.3

Allocated to:

Equity holders of parent company		-10.9	1.9	-5.3
Non-controlling interest		0.0	-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 31.3.2011 31.3.2010 31.12.2010

Assets

Goodwill	20.6	21.4*	21.6
Other intangible assets	15.7	22.7*	18.0
Tangible assets	6.6	7.2	6.8
Deferred tax assets	2.5	1.8	2.5
Other non-current trade and other receivables	0.7	0.9	0.7
Current assets			

Inventories	1.1	1.2	1.0
Trade receivables	19.4	17.1	17.3
Other receivables	19.7	19.9	24.2
Investments	1.5	0.9	0.7
Cash and cash equivalents	12.8	27.2	16.7
TOTAL ASSETS	100.6	120.2	109.7
Shareholders' equity	61.2	79.0*	72.1
Non-current liabilities			
Deferred tax liabilities	2.8	3.9*	3.3
Non-current interest-bearing liabilities	14.5	16.7	14.5
Other non-current liabilities	0.4	0.3	0,4
Current liabilities			
Current interest-bearing liabilities	8.2	2.3	5.2
Trade payables and other liabilities	13.4	18.0	14.2
EQUITY AND LIABILITIES, TOTAL	100.6	120.2	109.7

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

#### CALCULATION OF CHANGES IN SHAREHOLDERS' EQUITY, MEUR

A = Share capital

B = Share premium fund

C = Own shares

D = Translation differences

E = Invested non-restricted equity reserve

F = Other reserves

G = Retained earnings

H = Total equity attributable to equity holders of parent company

I = Non-controlling interest

J = Total shareholders' equity

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity										
1 Jan. 2011	4.7	0.8	-0.1	6.1	12.6	29.4	18.5	72.1	0.1	72.1
Covering of loss						-10.4	10.4			
Share-based payments							0.0	0.0		0.0
Other adjustments								0.0		-0.0
Total comprehensive income for the period				-2.9			-8.1	-10.9	0.0	-10.9
Shareholders' equity										
31 Mar. 2011	4.7	0.8	-0.1	3.2	12.6	19.0	20.8	61.2	0.1	61.2

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity										
1 Jan. 2010	4.7	0.8	-0.1	0.4	12.6	52.1	6.6	77.1	0.1	77.2
Share issue						-22.7	22.7			
Share-based payments						0.2	0.2			0.2
Other adjustments						-0.1	-0.1			-0.1
Total comprehensive							-2.8	1.9	0.0	1.9

income for the period												4.7
Shareholders' equity												
31 Mar. 2010	4.7	0.8	-0.1	5.1	12.6	29.4	26.4	79.0	0.0			79.0

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR

	1-3/2011	1-3/2010	1-12/2010
Cash flow from operating activities			
Result for the period	-8.1	-2.8	-11.0
Adjustments of the result	4.2	1,8	11.5
Changes in working capital	-0.7	1,8	-7.7
Interest paid	-0.2	-0.1	-0.3
Interest received	0.1	0.0	0.5
Income taxes paid	-0.9	-0.7	-3.2
Net cash flow from operating activities	-5.5	0.1	-10.2
Cash flow from investing activities			
Investments in intangible assets	-0.2	-0.2	-0.8
Investments in tangible assets	-0.1	-0.1	-0.9
Investments in other securities	-0.9	-0.1	
Proceeds from disposal of other securities		0.9	0.9
Interest received from investments		0.0	0.0
Dividends received from investments	0.1	0.1	0.3
Net cash flow from investing activities	-1.1	0.5	-0.4
Cash flow from financing activities			
Borrowings received	3.0		3.0
Repayments of borrowings	0.0		-2.2
Dividend paid			
Net cash flow from financing activities	-3.0		0.8
Increase (+) and decrease (-) in cash and cash equivalents	-3.7	0.6	-9.8
Cash and cash equivalents at beg. of period	16.7	25.7	25.7
Impact of changes in exchange rates	-0.2	0.9	1.1
Change in fair value of investments	-0.0	0.0	-0.3
Cash and cash equivalents at end of period	12.8	27.2	16.7

## 1. ACCOUNTING PRINCIPLES FOR THE INTERIM REPORT

This interim report has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The formulas for calculating the key figures presented and the accounting principles for the interim report are the same as the principles published in the 2010 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2011 have not had a significant impact on the accounting principles and basis for preparing the interim report.

## 2. SEGMENT INFORMATION

The operating segments under IFRS 8 reported by Tecnotree are the geographical areas, which are Americas (North, Central and South America), Europe, MEA (Middle East and Africa), and APAC (Asia Pacific). This is because their results are monitored separately in the company's internal financial reporting. Tecnotree's chief operating decision maker, as referred to in IFRS 8, is the Group's management board.

Net sales and the result for the operating segments are presented based on the location of customers. The result of the operating segments includes costs that can be allocated to the segments on a reasonable basis, such as sales, customer service and delivery costs. Product management, product development and administrative costs, depreciation, taxes and financial items are not allocated.

#### OPERATING SEGMENTS:

NET SALES, MEUR	1-3/2011	1-3/2010	1-12/2010
Americas (North, Central and South America)	1.7	4.5	25.2
Europe	2.0	2.0	6.7
MEA (Middle East and Africa)	6.5	5.9	23.7
APAC (Asia Pacific)	0.4	1.8	5.1
TOTAL	10.6	14.1	60.7
3. CONSOLIDATED CONTINGENT LIABILITIES, MEUR	31.3.2011	31.3.2010	31.12.2010
Pledges given	0.1	0.1	0.1
Guarantees			
On own behalf	1.1	0.6	1.0
Other liabilities			
Restriction related to real estate in Ireland	0.4	0.4	0.4
OTHER OPERATING LEASES, MEUR	31.3.2011	31.3.2010	31.12.2010
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.6	0.7	0.6
Between one and five years	0.4	0.5	0.5

#### 4. INSIDER EVENTS

The operating result for the January-March period includes one-time costs of EUR 1.6 million that are mentioned under 'Result analysis'. The costs are related to settling the law suit raised against the company at the beginning of the year. EUR 1.3 million of these costs concern the company's insiders. The insider events include compensation of EUR 0.4 million for settlement of employment and share based payments of EUR 0.9 million. Compensation of EUR 0.2 million has been paid and a provision for EUR 1.1 million has been made. The compensation is subject to the terms and conditions of the agreement.

5. CONSOLIDATED KEY FINANCIAL FIGURES	1-3/2011	1-3/2010	1-12/2010
Return on investment, %	-34.7	-6.9*	-7.4
Return on equity, %	-48.4	-14.5*	-14.7
Equity ratio, %	61.3	66.2*	66.4
Net gearing, %	13.7	-11.5	3.3
Investments, MEUR	0.3	0.1	1.8
% of net sales	2.8	0.9	3.0
Research and development, MEUR	3.4	3.3	13.1
% of net sales	32.3	23.7	21.7
Order book, MEUR	22.1	21.9	14.3
Personnel, average	873	756	797
Personnel, at end of period	914	759	858

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

CONSOLIDATED KEY FIGURES PER SHARE	1-3/2011	1-3/2010	1-12/2010
Earnings per share, basic, EUR	-0.11	-0.04	-0.15
Earnings per share, diluted, EUR	-0.11	-0.04	-0.15
Equity per share, EUR	0.83	1.07*	0.98
Number of shares at end of period, x 1,000	73,496	73,496	73,496
Number of shares on average, x 1,000	73,496	73,496	73,496
Share price, EUR			
Average	0.51	0,92	0.79
Lowest	0.36	0,86	0.58
Highest	0.63	1,00	1.00
Share price at end of period, EUR	0.41	0,97	0.60
Market capitalisation of issued stock at end of period, MEUR	30.2	71,4	44.2
Share turnover, million shares	8.0	3,6	16.6
Share turnover, % of total	10.8	4,9	22.6
Share turnover, MEUR	4.0	3,3	13.2
Price/earnings ratio (P/E)			-4.0

#### QUARTERLY KEY FIGURES

	1Q/11	4Q/10	Q3/10	2Q/10	1Q/10	4Q/09
Net sales, MEUR	10.6	14.0	13.3	19.3	14.1	13.5
Net sales, change %	-25.1	3.3	0.5	28.7	22.8	-37.7
Adjusted operating result***	-4.9	-3.2	-0.7	2,0	-0,6	-2.0
% of net sales	-46.3	-22.7	-5.1	10.2	-4.2	-14.7
Operating result, MEUR	-8.3	-4.9	-2.0	0.7	-1.9	-8.5
% of net sales	-78.1	-35.1	-14.7	3.8	-13.7	-63.0
Result before taxes, MEUR	-7.8	-5.2	-1.8	0.0	-2.5	-8.6
Personnel at end of period	914	858	830	794	759	779
Earnings per share, basic, EUR	-0.11	-0.07	-0.03	-0.01	-0.04	-0.10
Earnings per share, diluted, EUR	-0.11	-0.07	-0.03	-0.01	-0.04	-0.10
Equity per share, EUR	0.83	0.98	1.03	1.11	1.07	1.05
Net interest-bearing liabilities, MEUR	8.4	2.4	2.2	-5.0	-9.1	-8.3
Order book, MEUR	22.1	14.3	20.1	21.0	21.9	11.7

\*\*\* 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".