TECNOTREE

Powering the digital marketplace

Financial Report Q4 2016 and Full Year 2016

TECNOTREE CORPORATION FINANCIAL REPORT 1 JAN – 31 DEC 2016 (UNAUDITED)

ADJUSTED OPERATING RESULT POSITIVE – RESULT IMPACTED BY ONE TIME ITEMS

TECNOTREE ANNOUNCED AN ADDITIONAL SAVINGS TARGET OF 5 MILLION EUROS FOR 2017

Fourth quarter 2016

- Fourth quarter net sales were EUR 14.7 (24.6) million.
- The adjusted operating result for the quarter was EUR 0.8 (6.4) million and the operating result -9.6 (6.4) million.
- The adjusted result for the quarter was EUR 3.0 (3.9) million and result EUR 2.0 (3.3) million.
- The order book at the end of the period stood at EUR 24.9 (31 December 2015: 26.8 million).
- Fourth quarter cash flow after investments was EUR 3.8 (4.4) million.
- Earnings per share were EUR 0.02 (0.03).

Jan-Dec 2016

- Net sales for the financial period were EUR 60.1 (76.5) million.
- The adjusted operating result was EUR 1.2 (12.0) and the operating result -10.1 (11.7) million.
- The adjusted result for the period was EUR -4.2 (0.6) million and the result EUR -6.3 (0.2) million.
- Cash flow after investments for the financial period was EUR -0.9 million (6.3) and the company’s cash and cash equivalents were EUR 3.5 (31 December 2015: 6.4) million.
- Earnings per share were EUR -0.05 (0.00).
- Financial situation remains tight as explained in the sections “Risks and uncertainties”.

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Net sales, MEUR	**14.7**	24.6	**60.1**	76.5
Adjusted operating result, MEUR [1]	**0.8**	6.4	**1.2**	12.0
Operating result, MEUR	**-9.6**	6.4	**-10.1**	11.7
Result before taxes, MEUR	**-0.2**	5.4	**-5.6**	7.8
Adjusted result for the period, MEUR [2]	**3.0**	3.9	**-4.2**	0.6
Result for the period, MEUR	**2.0**	3.3	**-6.3**	0.2
Earnings per share, basic, EUR	**0.02**	0.03	**-0.05**	0.00
Order book, MEUR			**24.9**	26.8
Cash flow after investments, MEUR	**3.8**	4.4	**-0.9**	6.3
Change in cash and cash equivalents, MEUR	**2.3**	3.5	**-3.0**	4.2
Cash and cash equivalents, MEUR			**3.5**	6.4
Equity ratio %			**17.9**	23.9
Net gearing %			**195.6**	145.2
Personnel at end of period			**818**	934

[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 restructuring gains in financial items and other one-time costs.

Unless otherwise stated, all figures presented below are for the financial period 1-12/2016 and the figures for comparison are for the corresponding period 1-12/2015.

CEO Padma Ravichander:

Overview:

For Tecnotree, the year 2016 was one of change and new beginnings.

We significantly progressed in our transformation journey into a full-fledged product company under a new leadership team, and aggressively consolidated our operations across the globe to reduce overall cost of operations. While endeavoring to do this, we actively won new customers throughout the year and also renewed the relationships with our leading customers in LATAM and Middle-East & Africa. In addition, we successfully received the approval for our debt restructuring programme, reached a settlement on a long-accrued receivable with our LATAM customer, completed several long-standing customer projects, and won a number of important new deals with our new open source based BSS offering that further confirmed our product strategy and roadmap are on the right track. We also further consolidated and harmonized our BSS product offerings in order to align our products to our vision of enabling a digital market-place for our customers and our eco-system of partners.

However, the company continued to experience an extremely tight cash position and liquidity. The company took several measures throughout 2016 to improve this situation including one-time cost savings programme, aggressive collection of receivables from its customers and seeking external funding and investments. The financial situation continues still to be critical.

CEO's adjusted consolidated key figures:

In order to review the performance of 2016 without the impact of prior year issues and one-time costs related to the 5 million EUR cost saving programme, I would like the share the table below that can help truly assess our performance of 2016:

CONSOLIDATED INCOME STATEMENT MEUR	**2016**	**Adjustments 2016**	**CEO adjusted 2016**	Adjusted 2015
NET SALES	**60.1**		**60.1**	76.4
Other operating income and costs	**-70.2**	**13.2**[1]	**-57.0**	-64.4
EBIT	**-10.1**	**13.2**	**3.1**	12.0
Financial items and taxes	**3.8**	**-5.5**[2]	**-1.7**	-11,4
Result for the period	**-6.3**	**7.7**	**1.4**	0.6

[1] Write offs of previous years LATAM settlement (9.2), prior year receivable write offs (1.7) and one-time cost related cost savings programme (2.3).
[2] Positive impact of debt restructuring gains (6.6) and interest accruals (2.7), taxes (-3.8).

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".

During the year, the revenues from the LATAM region were lower and some revenues in MEA were deferred to 2017, due to delayed customer deliveries and acceptance. Hence, our revenues for the year were lower than target at 60.1 million euros (76.4).

As a part of driving towards profitable growth and further optimization of costs, we announced in August 2016 a company-wide cost saving programme with the target to reduce personnel costs by EUR 5.0 million on an annual level, representing 100 man years. In conjunction with the cost saving programme we announced the plans to reduce our personnel globally, including Finland, India, Brazil, APAC and other locations. As the result of the consultation process, Tecnotree's personnel was decreased by 116 globally. By the end of 2016 the gains from the cost saving programme were EUR 2.3 million.

After elimination of the exceptional one time issue of the LATAM settlement costs and prior year write-offs, our earnings before interest and tax (EBIT) for 2016 is EUR 3.1 million (12.0). With the debt restructuring plan approved by the Espoo District court in 2016, our actual net income is a positive 1.4 million euros (0.6).

Along with the confirmation of the payment programme, the group recorded a one-off positive income effect of approximately 6.6 million euros as result of debt rearrangement. In addition, the company cancelled provisions for interest expenses to the total of 2.7 million euros.

2016 Overall Performance:

Tecnotree had a record year in 2016 in terms of the acquisition of new clients for our new BSS suite of products based on open source technologies:

* Ukkoverkot in Finland chose Tecnotree's BSS Express solution for its cloud based on BSS platform delivered in a SaaS mode, and we also signed a deal to supply a Convergent Billing Platform to a West African operator with 60 million customers
* Nepal Telecom – a South Asian operator – chose Tecnotree's Agility™ Mediation and Interconnect system to replace their existing systems for USD 3 million, and EMTEL Mauritius – part of the Airtel Group – chose Tecnotree solutions for expanding its reachability and content management platforms
* We won a USD 8 million contract for a full BSS transformation project with a South East African operator for its omni-channel, quad play offerings on GSM, FXL, ISP and IPTV. The deliveries are expected to be completed in 2017.

During Q4, Tecnotree reached a settlement of 6.0 million euros with a Latin American customer on a long-accrued receivable. Following the outcome of these negotiations, Tecnotree took an impairment charge of approximately 9 million euros, booked in Q4 2016.

Tecnotree reduced its overall operating expenses to 50.9 million euros (53.2) (difference 2.3) working across the geographical centers and looking to optimize and consolidate its operations in LATAM, Europe, MEA and APAC. In 2016, we also significantly rationalized our portfolio of products to ensure that we maintain a relevant set of products that will complete our BSS offering and significantly reduce time-to-market.

Our risk of working in countries where there are severe foreign exchange constraints that affect our cash in-flow, and also countries where withholding taxes are varied and high, continued in 2016.

2017 Outlook

In 2017 we are committed to continuing our internal transformation journey to simplify our portfolio of products, and go-to-market with improved execution, quality and agility and innovative business models.

Given the current critical financial situation of the company, Tecnotree will plan further to reduce operating expenses in 2017 to the tune of an additional 5 million EUR. We will plan to achieve this goal through further reductions in real estate rentals, travel and accommodation cost, consolidation of branch operations, reduction of outsourced services and additional savings in personnel costs.

We will continue to minimize currency exchange risks and withholding taxes by initiating actions to further improve our current structures and processes.

We will continue increased focus on ensuring timely collections of receivables by further improving the quality and timeliness of our deliveries.

Going forward, in 2017 and beyond we continue with our vision as a product company. We will compound our deep telecom experience with creating a delightful customer experience on our BSS platform engaged with signature Finnish design and quality excellence. Our cloud enabled micro-services based interoperable products help us create a ‘digital marketplace’ with our own products and an ecosystem of partner products and services that fosters true business value for our customers.

NET SALES

During 2016, Tecnotree focused on expanding into new territories. Acquiring new business is time consuming and the results may come over period of time. This is a conscious decision to broaden the customer base and minimize dependency on few clients. Tecnotree acquired three new customers as result of its effort in 2016.

During the year, LATAM business witnessed significant reduction in sales. However, settlement with a large LATAM customer during Q4 of the year, is expected to increase business opportunities in 2017.

Similarly, a large effort was spent on stabilizing a core product in one of MEA market. While this impacted revenue for this year, the customer experience of using of product will result in adding new business in 2017.

Tecnotree’s net sales for the financial period were EUR 60.1 (76.5) million, 21.4 % lower than a year ago. Revenue from goods and services declined by EUR 10.2 million, revenue from contract work recognized by stage of completion declined by EUR 3.8 million and revenue from maintenance and support declined EUR 2.2 million. The net sales for 2016 include recorded EUR 0.4 million of positive exchange rate difference mainly due to the fluctuations of the US dollar against the euro. Net sales in Europe and Africa decreased by EUR 10.1 million and net sales in MEA and APAC decreased by EUR 6.3 million.

Further information about sales and net sales are given below in the section “Geographical areas”.

SPECIFICATION OF NET SALES, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Revenue from contract work recognized by stage of completion (IAS 11)	**3.2**	7.7	**19.7**	23.5
Revenue from maintenance and support (IAS 18)	**7.3**	8.0	**28.9**	31.1
Revenue from goods and services (AS 18)	**3.0**	8.3	**11.1**	19.4
Currency exchange gains and losses	**1.1**	0.6	**0.4**	2.4
TOTAL	**14.7**	24.6	**60.1**	76.5

NET SALES BY MARKET AREA, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Europe & Americas	**6.3**	9.8	**25.0**	35.0
MEA & APAC	**8.4**	14.8	**35.1**	41.4
TOTAL	**14.7**	24.6	**60.1**	76.5

CONSOLIDATED ORDER BOOK, MEUR	**31.12. 2016**	31.12. 2015
Europe & Americas	**7.5**	7.0
MEA & APAC	**17.4**	19.8
TOTAL	**24.9**	26.8

RESULT ANALYSIS

The income and costs recorded for Tecnotree’s business operations vary considerably from one quarter to another. For this reason, it is important to review the financial results of the company on the result for more than one quarter.

Tecnotree reports its result as follows:

INCOME STATEMENT, KEY FIGURES, MEUR	**1-12/ 2016**	**Adjustments 1-12/ 2016**	**Adjusted 1-12/ 2016**	**Adjusted 1-12/ 2015**
Net sales	**60.1**		**60.1**	76.5
Other operating income	**0.3**		**0.3**	0.1
Operating costs	**-70.4**	**11.3**	**-59.1**	-64.6
OPERATING RESULT	**-10.1**	**11.3**	**1.2**	12.0
Financial items exlusive exchange rate items	**4.5**	**-8.6**	**-4.2**	-3.5
Exchange rate gains and costs	**0.7**		**-0.7**	-0.3
Income taxes	**-0.6**		**-0.6**	-7.6
RESULT FOR THE PERIOD	**-6.3**	**2.7**	**-4.2**	0.6

Tecnotree’s net sales for the financial period were EUR 60.1 (76.5) million and the operating result EUR -10.1 (11.7) million. The operating result included one-time costs of EUR 11.3 million (0.3) and the adjusted operating result was EUR 1.2 million (12.0). The one-time costs, having an impact on net sales, include EUR 9.0 million related to the delivery of a USD 24 million convergent online charging solution, announced in April 2012, as well as EUR 2.3 million (0.3) one-time costs related to redundancies. The adjusted result for the period was EUR -4.2 million (0.6), including one-time revenue of EUR 9.3 million due to the company restructuring. Negative exchange rate differences recorded in financial items of EUR 0.7 million (-0.3). The result for the financial period was EUR -6.3 million (0.2)

Tecnotree’s fourth quarter net sales, EUR 14.7 (24.6) million, and operating result EUR -9.6 (6.4) million. The adjusted operating result included one-time costs of EUR 10.3 million (0.0) and the adjusted operating result excluding one-time costs was EUR 0.8 million (12.0) positive. The result for the fourth quarter was EUR 2.0 million (3.3), including one-time restructuring costs of EUR 9.3 million in financial items.

In the fourth quarter, positive exchange rate differences were EUR 0.6 million and in the financial period negative exchange differences were EUR 0.7 million. It is important to examine Tecnotree’s operative result without the impact of exchange rates, which is why this is shown separately in the table above. 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 million negative (0.7) in the financial period.

Financial income and expenses (net) during the financial period totalled a net profit of EUR 4.5 million (net loss of EUR 3.8 million). Here is a breakdown of these:

FINANCIAL INCOME AND EXPENSES, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Interest income	**-0.0**	0.0	**0.1**	0.0
Exchange rate gains	**0.0**	0.1	**0.1**	0.3
Other financial income	**6.6**	0.2	**6.7**	0.3
FINANCIAL INCOME, TOTAL	**6.6**	0.3	**6.9**	0.6
Interest expenses	**2.3**	-0.5	**0.3**	-1.9
Exchange rate losses	**0.5**	1.1	**-0.7**	-0.6
Other financial expenses	**-0.1**	-0.0	**-2.0**	-2.0
FINANCIAL EXPENSES, TOTAL	**2.7**	0.6	**-2.4**	-4.4
FINANCIAL ITEMS, TOTAL	**9.3**	0.9	**4.5**	-3.8

Other financial expenses, excluding interest expenses and exchange rate losses, were EUR -0.1 million during the fourth quarter and to EUR -2.0 million during the financial period. EUR 1.8 million of this relates to the additional costs for using an exceptional procedure to repatriate funds from a country that has a lack of foreign currency.

Taxes for the period totalled EUR 0.6 (7.6) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Withholding taxes paid abroad	**-1.5**	-1.8	**-4.5**	-6.3
Change in withholding tax accrual	**3.8**	-2.4	**4.3**	-2.4
Income taxes on the results of Group companies	**-0.0**	0.1	**-0.4**	-0.8
Prior year taxes	**0.0**	-0.8	**-0.0**	-1.4
Change in deferred tax asset in India	**-0.1**	-1.1	**-0.0**	-0.4
Change in deferred tax liability based on:				
- dividend tax in India	**0.0**	3.9	**0.0**	3.7
Other items	**0.0**	-0.0	**0.0**	-0.0
TAXES IN INCOME STATEMENT, TOTAL	**2.2**	-2.1	**-0.6**	-7.6

Earnings per share were EUR -0.05 (0.00). Equity per share at the end of the period was EUR 0.09 (EUR 0.14).

FINANCING, CASH FLOW AND BALANCE SHEET

The company's cash situation remained tight during the financial period. The company applied for restructuring proceedings on March 5, 2015, which the District Court of Espoo confirmed on November 15, 2016, in accordance with the amended restructuring programme.

Tecnotree's working capital decreased during the period by EUR 3.5 million:

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Change in trade receivables	**1.3**	-0.6	**-1.7**	2.1
Change in other receivables	**3.9**	1.8	**2.2**	4.2
Change in inventories	**-0.2**	0.6	**-0.3**	-0.0
Change in trade payables	**1.2**	-2.1	**3.6**	-1.4
Change in other liabilities	**-1.1**	-1.1	**-0.2**	-1.9
CHANGE IN WORKING CAPITAL, TOTAL	**5.1**	-1.4	**3.5**	2.9

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

In other receivables in the company's balance sheet was EUR 6.0 million unbilled revenue from the remaining large project in Latin America, to be repatriated during 2017.

Tecnotree's cash and cash equivalents totalled EUR 3.5 (6.4) million. Cash flow after investments for the financial period ended up EUR 0.9 million negative. The change in cash and cash equivalents for the financial period was EUR 3.0 million negative. The company received EUR 0.5 million short-term credit limit from the bank, which it amortized by EUR 0.1 million in October.

The balance sheet total on 31 December 2016 stood at EUR 59.8 (74.6) million. Tecnotree's gross capital expenditure during the financial period was EUR 0.3 (1.2) million or 0.5% (1.5%) of net sales. Interest-bearing liabilities were EUR 24.4 (32.3) million. The net debt to equity ratio (net gearing) was 195.6% (145.2%) and the equity ratio was 17.9% (23.9%). During the period, total equity was affected by negative translation differences of EUR 0.7 million, mainly from Indian rupees (INR).

The financing agreement signed by Tecnotree with its bank in 2013 contains loan covenants, but in conjunction with the confirmation of the amended restructuring programme, their validity came to an end in 15 November, 2016.

SHAREHOLDERS' EQUITY OF PARENT COMPANY

After the interim financial statements of Tecnotree Group for the first half of 2015 were completed, it was noticed that while the Group shareholders equity value was positive the shareholders' equity of the Group's parent company Tecnotree Corporation was negative. The company's Board of Directors has recognised the loss of shareholders' equity and submitted a statement on this matter to the Trade Register. The parent company's shareholders' equity was EUR 1.2 million negative on 31 December 2016.

BUSINESS DESCRIPTION

Tecnotree is a global supplier of telecom IT software products and solutions, for charging, billing, customer care, messaging and content management services. The company's product portfolio comprises virtually the full range (order-to-cash) business management solutions for telecom operators, with standard solutions for fixed networks, mobile services and broad band 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 enabled micro-services based interoperable products helps us 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 services on our products to a global customer base. Tecnotree has an especially strong footprint in developing markets such as LATAM, 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 as well as product development. Costs for product management and administration, depreciations, taxes and financial items 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

The business operations in the market area continued to be challenging in 2016. Net sales in the area decreased 28.7% from the previous year to EUR 25.0 (35.0) million.

The order book in the area grew compared to the previous year and stood at EUR 7.4 million (7.0). During this period Tecnotree launched its cloud based BSS platform for a European customer Ukkoverkot.

During the financial period, Tecnotree reached a settlement of 6.0 million EUR with a Latin American customer on a long-accrued overdue receivable, concerning the delivery of a USD 24 million convergent online charging solution, announced in April 2012. The company created an impairment charge of approx. EUR 9.0 million for the remaining amount.

MEA & APAC

The company was able to win new orders amounting to EUR 31.7 million, an increase from the previous year (29.1).

Net sales decreased 15.2% from the previous year, to EUR 35.1 (41.4) million. The sales for the financial period consisted of the extension and update of the solutions carried out to current customers, the renewal of annual maintenance agreements, as well as the partial implementation of new deals. At the end of 2016, the order book stood at EUR 17.4 million (19.8.).

During the period, Tecnotree signed agreements with two significant new customers. The total value of the contracts was EUR 10.5 million. These new businesses, together with the company's other long-term customer relationships, offer a solid foundation for business operations in the region.

PERSONNEL

At the end of December 2016 Tecnotree employed 818 (934) persons, of whom 88 (105) worked in Finland and 730 (829) elsewhere. The company employed on average 895 (950) people during the financial period. Personnel by country were as follows:

PERSONNEL	**1-12/2016**	1-12/2015
Personnel, at end of period	**818**	934
Finland	**88**	105
Ireland	**24**	46
Brazil	**11**	22
Argentina	**41**	37
India	**567**	648
United Arab Emirates	**25**	33
Other countries	**62**	43
Personnel, average	**895**	950
Personnel expenses (MEUR)	**-33,6**	-33,5

SHARE AND PRICE ANALYSIS

At the end of December 2016 the shareholders' equity of Tecnotree Group stood at EUR 10.7 million (17.8) and the share capital was EUR 1.3 (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 0.09 (EUR 0.14).

A total of 29,741,652 Tecnotree shares (EUR 3,491,481) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2016, representing 24.25% of the total number of shares.

The highest share price quoted in the period was EUR 0.17 and the lowest EUR 0.09. The average quoted price was EUR 0.11 and the closing price on 31 December 2016 was EUR 0.10. The market capitalisation of the share stock at the end of the period was EUR 12.2 million.

CURRENT AUTHORISATIONS

The Annual General Meeting of Tecnotree Corporation held on 9 May 2016 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 authorizations 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 financial period.

RESTRUCTURING PROCEEDINGS

The District Court of Espoo confirmed by a decision on 15 November 2016 the amended restructuring programme drafted by the supervisor Jari Salminen as the payment programme of the company. Along with the decision, the restructuring proceedings of Tecnotree Oyj came to an end. The proposal for Tecnotree's restructuring programme was approved before the resolution of the District Court in the extraordinary general meeting on November 9, 2016.

In the voting procedure preceding the confirmation, all the creditors who participated in it voted in favor of confirming the payment programme.

The total amount of the restructuring debts taken into account in the payment programme was approximately 73.9 million euros. The amount of intragroup restructuring debts that were fully cut was approximately 36.7 million euros. The amount of normal unsecured restructuring debts was approximately 13.2 million euros. The amount of the secured restructuring debts was approximately 23.8 million euros out of which approximately 7.9 million euros was secured by business mortgage. The capital of the unsecured restructuring debts was cut by 50 percent. Payments under the payment programme will end on 30 June 2025.

The restructuring programme includes a provision regarding a duty to make supplementary payments on the unsecured restructuring debts if the actual cash flow of Tecnotree Oyj exceeds the projected cash flow during the payment programme.

Along with the confirmation of the payment programme, the group recorded a one-off positive income effect of approximately 6.6 million euros as a result of debt rearrangement. In addition, the company cancelled provisions for interest expenses in total of 2.7 million euros.

As stated in the restructuring programme, Tecnotree Oyj has committed itself to sell its real estate used as its office premises by 31.12.2019. The sales price shall be paid to the collateral holder Nordea Pankki Suomi Oyj. The company has a right not to sell the real estate in the given time only if approved by the supervisor and Nordea Pankki Suomi Oyj.

The District Court has appointed Attorney-at-Law Jari Salminen to supervise the implementation of the restructuring programme. The supervisor monitors the progress of the payment programme and gives reports to the committee of creditors and to the creditors.

RISKS AND UNCERTAINTY FACTORS

Risks and uncertainty factors relating to business operations
As part of its strategic change and the streamlining of its business, Tecnotree is in the process of shifting the focus of its operations from services to product-based solutions. This change may involve risks, such as the time to develop new products, the timely market introduction of products, the competitive situation as well as the company's ability to respond to customer and market demand.

Dependence on key customers
Tecnotree's largest customers are much bigger businesses than the company itself and the two largest customers accounted for 77% of net sales in 2016 (80%). The relationship between the company and its major customers is one of interdependence, which offers business opportunities but also poses risks.

Carrying out customer projects, profitability, forecasting
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 commitments 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 in accordance with the insurance agreement.

Carrying out projects involves 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.

Risks relating to international operations, receivables and developing markets
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. Regulation by the authorities of foreign payment transactions and international sanctions hamper operations in certain countries. Various regulations can change frequently and may be ambiguous. In many countries it is common practice to delay payment of invoices. For these reasons forecasting customer payments is often unreliable and delays occur.

Exchange rate risks
Changes in exchange rates create risks especially in sales activities, but also in other income statement and balance sheet items and in cash flow. A significant part of the company's net sales is in US dollars. The exchange rate fluctuations of Indian Rupies also have a significant impact on the Group's net result because of the costs for the large number of employees in India and other costs denominated in rupees. Intra-group receivables and liabilities result exchange rate differences in the consolidated income statement, since the Group companies

usually have different functional currencies. In conjunction with the debt restructuring programme, the parent company's intra-group liabilities to subsidiaries were written off.

Financing and liquidity risks

The cash position of the company remains critical. Long-term projects generate receivables through revenue recognition, but there may be a long delay in invoicing for these and receiving payment. This delay increases the risk for the payment.

Grounds for observing the going concern principle

The liquidity of the company continues to remain tight and hence the financial situation of the company remains critical. The amount of overdue trade payables have continued to increase. The company is engaged aggressively to collect its receivables from the key customers and is also negotiating with financiers to secure some short financing for additional liquidity. In addition, the company has been seeking long-term external funding through investors. 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 the payment programs

The company has sales in several countries where the country's central bank has a shortage of foreign currencies. This may cause extra delays in payments, costs and even risks of not receiving payment at all. The cash flow varies considerably from one quarter to another, and this places strain on the money situation at times.

The company had all its credit facilities in use at the end of 2016. Payments received relating to receivables pledged for working capital credit facilities go into a pledged blocked account. The agreement is based on the financing of individual customer receivables.

The financing agreement signed by Tecnotree in August 2013 included covenants, but they expired after the District Court of Espoo confirmed the restructuring programme on 15 November 2016.

The parent company's shareholders' equity was EUR 1.2 million negative on 31 December 2016 (3.0 negative). Further information about significant uncertainty factors related to going concern is given in the Accounting principles for the consolidated financial statements under "Going concern basis".

Goodwill

The goodwill of EUR 17.6 million resulting from company acquisitions involve risks. The Group's shareholders' equity was EUR 10.7 million at the end of 2016. The goodwill impairment tests are based on management's financial expectations and assumptions, which contain uncertainty factors.

Sensitivity analysis of the impairment tests

In the goodwill impairment test, the sensitivity of the outcome is estimated through changes in key variables. The segment wise sensitivity analysis is presented in the table below. After recognition of goodwill impairment losses in 2012, no goodwill is allocated to Europe and APAC regions. In the analyses, it is presented how many percentage points the used post-tax discounting rate, the terminal period adjusted operating result and the residual value growth rate factor should change, other variables remaining constant, that the estimated cash flow would match with the carrying amount of the tested assets on 31 December 2016.

	Europe **2016**	Middle-East and Africa **2016**	Asia Pacific **2016**	Americas **2016**	Europe 2015	Middle-East and Africa 2015	Asia Pasific 2015	Americas 2015
The change of discount rate (WACC), in percentage points	-	**1.0 %**	-	**3.7 %**	-	8.0 %	-	6.6 %
Change in adjusted operating result for terminal period, in percentage	-	**-17 %**	-	**-45 %**	-	-73 %	-	-61 %
Change in residual value growth rate factor, in percentage points	-	**-1.9 %**	-	**-7.9 %**	-	-25.7 %	-	-22.3 %
Amount by which the recoverable amount exceeds the carrying value, EUR 1,000	**2436**	**1 786**	**2402**	**4 376**	3271	16 377		8 640

In 2016, cash flow, in accordance with the impairment testing of goodwill on net present value of cash and cash equivalents and interest-bearing loan capital was adjusted by EUR 0.4 million, the average market value of the company's smaller (31.5 million higher in 2015). At the end of 2016 the balance sheet value of EUR 11.0 million, cash flow, net present value greater (EUR 29.8 million higher in 2015).

Taxation

Operating in developing markets often involves problems relating to taxation. Local tax legislation can change rapidly and may be subject to conflicting interpretations. It is possible for the tax authorities in different countries to demand taxation of the same revenue. Withholding taxes are often imposed on sales of systems and services, and obtaining credit for this in the country receiving the revenue is not a clear case. In Finland Tecnotree has a large amount of tax-deductible costs from previous fiscal periods, which can be capitalized in taxation.

As a rule, Tecnotree applies the cost-plus method in its transfer pricing. This clarifies the taxable result recorded in different countries. When the Group makes a loss, however, the consequence is that it has to pay tax in countries where it has subsidiaries. In many cases, withholding taxes have to be paid for dividends, too.

Risks and uncertainties in the near future

Tecnotree's risks and uncertainties in the near future relate to financing, 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 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 the year the Group's shareholders' equity of stood at EUR 10.7 million. However, the shareholders' equity of the parent company was EUR 1.2 million negative.

EVENTS AFTER THE END OF THE PERIOD

In the first quarter 2017, Tecnotree repatriated EUR 3.0 million receivables from its customer in Latin America.

OUTLOOK FOR 2017

The company continues to be financially constrained and the liquidity will remain tight in 2017. Tecnotree cost savings plan is to reduce personnel costs by 5.0 million euros, representing 100 man years was commenced in 2016 and the full impact will be realized in 2017.

Given the current critical financial situation of the company, Tecnotree will plan to further reduce operating expenses in 2017 to the tune of an additional 5 million EUR. We will plan to achieve this goal through further reductions in real estate rentals, travel and accommodation cost, consolidation of branch operations, reduction of outsourced services and additional savings in personnel costs.

We will continue to minimize currency exchange risks and withholding taxes by initiating actions to further improve our current structures and processes.

We will continue increased focus on ensuring timely collections of receivables by further improving the quality and timeliness of our deliveries.

Results are subject to quarterly variations and seasonality.

Tecnotree will continue its debt payment program according to the debt restructuring plan.

PROPOSAL CONCERNING THE RESULT

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial period ended 31 December 2016, and that the parent company's profit for the financial period, EUR 1 816 403.05, be in retained earnings.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts, investors and the media to present its financial report on 31 March 2017 at 10.00 am in the Tapiola conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The financial report will be presented by CEO Padma Ravichander. The event is held partly in English and will be interpreted into Finnish if needed. The material to be presented at the press conference will be available at www.tecnotree.com .

Espoo 31 March 2017
TECNOTREE CORPORATION
Board of Directors

FURTHER INFORMATION
Padma Ravichander, CEO, tel. +97 15 641 414 20
Kirsti Parvi, CFO, tel. +358 (0)505 174 569
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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	Note	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
NET SALES	2	**14.7**	24.6	**60.1**	76.5
Other operating income		**0.2**	0.0	**0.3**	0.1
Materials and services		**-0.8**	-3.7	**-4.7**	-7.9
Employee benefit expenses		**-8.7**	-8.1	**-33.6**	-33.5
Depreciation, amortisation and impairment charges		**-0.2**	-0.3	**-0.9**	-1.0
Other operating expenses		**-14.7**	-6.2	**-31.2**	-22.5
OPERATING RESULT	2	**-9.6**	6.4	**-10.1**	11.7
Financial income		**6.6**	-0.4	**6.9**	0.6
Financial expenses		**2.7**	-0.6	**-2.4**	-4.4
RESULT BEFORE TAXES		**-0.2**	5.4	**-5.6**	7.8
Income taxes		**2.2**	-2.1	**-0.6**	-7.6
RESULT FOR THE PERIOD		**2.0**	3.3	**-6.3**	0.2
Allocated to:					
Equity holders of parent company		**2.0**	3.3	**-6.3**	0.2
Non-controlling interest		**0.0**	0.0	**0.0**	0.0
EPS calculated on the profit attributable to equity holders of parent company:					
Earnings per share, basic, EUR		**0.02**	0.03	**-0.05**	0.00
Earnings per share, diluted, EUR		**0.02**	0.03	**-0.05**	0.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
RESULT FOR THE PERIOD	**2.0**	0.5	**-6.3**	0.2
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement items on net defined benefit liability	**-0.1**	-0.1	**-0.1**	-0.1
Tax on items that will not be reclassified subsequently to profit or loss	**-0.0**		**0.0**	0.0
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign oper.	**1.0**	0.5	**-1.1**	1.2
Tax relating to translation differences	**-0.3**	-0.2	**0.4**	-0.4
Other comprehensive income, net of tax	**0.6**	0.2	**-0.8**	0.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2.6**	0.7	**-7.1**	0.9

Allocated to:				
Equity holders of parent company	**2.6**	0.7	**-7.1**	0.9
Non-controlling interest	**0.0**	0.0	**0.0**	-0.0

CONSOLIDATED BALANCE SHEET	Note	**31.12.2016**	31.12.2015
Assets			
Goodwill		**17.6**	17.5
Other intangible assets		**0.4**	0.6
Tangible assets		**2.5**	3.6
Deferred tax assets		**0.6**	0.6
Other non-current trade and other receivables		**1.3**	1.3
Current assets			
Inventories		**0.9**	0.5
Trade receivables		**13.8**	12.1
Other receivables		**19.3**	31.9
Investments		**0.0**	0.0
Cash and cash equivalents		**3.5**	6.4
TOTAL ASSETS		**59.8**	74.6
Shareholders’ equity		**10.7**	17.8
Non-current liabilities			
Deferred tax liabilities		**0.0**	0.0
Non-current interest-bearing liabilities	3	**24.0**	0.5
Other non-current liabilities		**8.8**	1.8
Current liabilities			
Current interest-bearing liabilities	3	**0.4**	31.8
Trade payables and other liabilities		**15.8**	22.8
EQUITY AND LIABILITIES, TOTAL		**59.8**	74.6

CALCULATION OF CHANGES IN SHAREHOLDERS’ EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I
SHAREHOLDERS' EQUITY 1 JAN 2016	1.3	0.8	-7.8	0.0	2.0	21.3	17.7	0.1	17.8
Result for the period						-6.3	-6.3	0.0	-7.9
Other comprehensive income, net of tax:									
Remeasurement items						-0.0	-0.0		-0.0
Translation differences			-0.7		-0.0		-0.8		-0.8
Total compr. income for the period			-0.7		-0.0	-6.3	-7.1	0.0	-8.7
Sharebased payments						0.0	0.0		0.0
Transactions with shareholders, total						0.0	0.0		0.0
Covering of loss							0.0		0.0
Other transfer between items					-0.0		-0.0		-0.0
Other changes						-0.1	-0.1	0.0	-0.1

SHAREHOLDERS' EQUITY 31 DEC 2016	**1.3**	**0.8**	**-8.5**	**0.0**	**2.0**	**14.9**	**10.6**	**0.1**	**10.7**
Me	A	B	C	D	E	F	G	H	I
SHAREHOLDERS' EQUITY 1 JAN 2015	4.7	0.8	-8.5	1.6	2.3	15.8	16.8	0.1	16.9
Result for the period						0.2	0.2	0.0	0.2
Other comprehensive income:									
Remeasurement items						-0.1	-0.1		-0.1
Translation differences, net of tax			0.7		-0.0		0.7		0.7
Total compr. income for the period			0.7		-0.0	0.1	0.9	0.0	0.9
Disposal of own shares						0.0	0.0		0.0
Sharebased payments						0.0	0.0		0.0
Transactions with shareholders, total									
	-3.4			-2.1		5.5	-0.0		-0.0
Covering of loss				0.5	-0.3	-0.2	0.0		0.0
Transfer to legal reserve						0.0	0.0	0.0	0.0
Other changes									
SHAREHOLDERS' EQUITY 31 DEC 2015	1.3	0.8	-7.8	0.0	2.0	21.3	17.7	0.1	17.8

A = Share capital
B = Share premium fund
C = Translation differences
D = Invested non-restricted equity reserve
E = Other reserves
F = Retained earnings
G = Total equity attributable to equity holders of parent company
H = Non-controlling interest
I = Total shareholders’ equity

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR	**10-12/ 2016**	10-12/ 2015	**1-12/ 2016**	1-12/ 2015
Cash flow from operating activities				
Result for the period	**2.0**	3.3	**-6.3**	0.2
Adjustments of the result	**-2.2**	4.0	**6.5**	11.9
Changes in working capital	**5.1**	-1.4	**3.5**	2.9
Interest paid	**0.1**	0.9	**-0.0**	-0.4
Interest received	**0.1**	-0.1	**0.1**	0.0
Income taxes paid	**-1.6**	-2.2	**-5.0**	-7.8
Net cash flow from operating activities	**3.4**	4.5	**-1.2**	6.9

Cash flow from investing activities				
Investments in intangible assets	**-0.0**	-0.0	**-0.0**	-0.4
Investments in tangible assets	**-0.1**	-0.1	**-0.3**	-0.2
Proceeds from disposal of intangible and tangible assets	**0.5**	-0.0	**0.6**	0.0
Changes in other securities	**0.0**	0.0	**0.0**	0.1
Interest received from other securities	**0.0**	-0.0	**0.0**	0.0
Net cash flow from investing activities	**0.5**	-0.1	**0.3**	-0.5
Cash flow from financing activities				
Borrowings received	**0.0**	0.5	**2.1**	2.9
Repayments of borrowings	**-0.8**	-0.5	**-1.7**	-2.9
Changes in credit facilities in use				
Finance lease liabilities, repayments and interest	**0.0**		**0.0**	
Changes in pledged cash deposits	**-0.2**		**-0.2**	
Interest paid	**-0.4**	-0.9	**-2.2**	-1.3
Net cash flow from financing activities	**-1.5**	-0.9	**-2.1**	-1.3
Increase (+) and decrease (-) in cash and cash equivalents	**2.3**	3.5	**-3.0**	4.2
Cash and cash equivalents at beg. of period	**1.0**	3.2	**6.4**	6.6
Impact of changes in exchange rates	**0.2**	-0.3	**0.0**	-0.3
Cash and cash equivalents at end of period	**3.5**	6.4	**3.5**	6.4

1. ACCOUNTING PRINCIPLES FOR THE FINANCIAL REPORT

This financial report has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The formulas for calculating the key figures presented and the accounting principles for the financial report are the same as the principles published in the 2015 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2016 have not had a significant impact on the accounting principles and basis for preparing the financial report.

Going concern basis

Uncertainty factors

The uncertainty factors relating to Tecnotree’s operations are explained 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 and they are described in the section mentioned above under the heading “Financing”. In addition, Tecnotree has a risk affected by the negative shareholders’ equity of the parent company. This is explained under its own heading above and is mentioned in the section “Risks and uncertainties in the near future”.

The liquidity of the company continues to remain tight and hence the financial situation of the company remains critical. The amount of overdue trade payables have continued to increase. The company is engaged aggressively to collect its receivables from the key customers and is also negotiating with financiers to secure some short financing for additional liquidity. In addition, the company has been seeking long-term external funding through investors. 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 execute the payment programs.

Grounds for observing the going concern principle

The consolidated financial statements of Tecnotree Corporation have been prepared in accordance with the going concern principle. This is justified on the following grounds:

Tecnotree's business operations have been loss-making for several years. One key reason for this has been the decline in sales of old products and no corresponding decrease in operating expenses. In 2017 Tecnotree will continue to focus on stringent control of operating expenses while launching its new open source products.

The company's financial situation has been tight for the past couple of years. One contributing factor has been two exceptionally large customer projects obtained in 2011 and 2012 that originally had a combined value of USD 54.6 million. It had been agreed that the payments for these projects would mainly take place towards the end of the projects. The first project was completed in an agreement made with the client in January 2015. At the end of 2016 the company still had recognised receivables of EUR 6.0 million from the other project in its balance sheet. The company estimates that it will bring this project to a conclusion in 2017. The company does not intend in future to undertake projects of such a large scale. Instead it will make customer agreements in which the projects consist of smaller elements, for which payment is received more quickly and that are easier to manage. The company recognized no income for the two projects mentioned above during 2016 apart from exchange rate differences on receivables for the projects. The cost savings programme, started during the fourth quarter 2016, and other one-time items decreased the results.

The company is well underway in its own internal transformation journey of moving from a services company to a fully-fledged digital services product company. The advantage of a product company is that they attract exceptional talent, being able to sell license, which increases the revenue and enhances the cash inflows. Product companies have shorter revenue turnaround time which increases the revenue and cash flow. In addition to garnering top talent the necessary to continuously scale resources to deliver customized projects across the globe so that increased risk and costs are further eliminated.

The payment programme, agreed in the proposal for restructuring programme, is estimated to have a stabilizing effect on the company's operations. The company has paid the first installment belonging to the payment programme, on 30 December 2016, in accordance with the agreed timetable.

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.

The operating segments have changed in 2015. The former segments Americas (North, Central and South America) and Europe have been combined to form a single segment called Europe & Americas, and the former segments MEA (Middle East and Africa) and APAC (Asia Pacific) have also been combined to form a single segment called MEA & APAC. The segment figures for the comparative period have been correspondingly adjusted. The segments were combined because the management considered the Europe and APAC segments to be insignificant in respect of reporting.

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 as well as product development. Costs for product management and administration, depreciations, taxes and financial items are not allocated to the segments.

The segment results have been amended during the period to include costs for product development. Similarly, the segment results in the comparative periods have been changed.

OPERATING SEGMENTS	**1-12/2016**	1-12/2015
NET SALES, MEUR		
Europe & Americas	**25.0**	35.0
MEA & APAC	**35.1**	41.4
TOTAL	**60.1**	76.5
RESULT, MEUR		
Europe & Americas	**-11.4**	12.4
MEA & APAC	**2.0**	6.9
TOTAL	**-9.4**	19.2
Non-allocated items	**10.6**	-7.2
OPERATING RESULT BEFORE R&D CAPITALISATION & AMORTISATION AND ONE-TIME COSTS	**1.2**	12.0
One-time costs	**-11.3**	-0.3
OPERATING RESULT	**-10.1**	11.7

3. INTEREST-BEARING LIABILITIES

At the end of the financial period, the company had a payment programme related long-term debt EUR 27.9 million (0.0), which consisted of interest-bearing EUR 23.5 million and EUR 4.4 million non-interest bearing liabilities to financial institutions.

Interest-bearing liabilities
The company had in accordance with the payment programme of secured interest-bearing liabilities to financial institutions EUR 23.5 million. EUR. At the end of the financial period, 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 8.8 million and the other external restructuring debts EUR 4.7 million. Half of these debts were write down. After write down, there were the ordinary restructuring non-interest bearing liabilities to financial institutions, EUR 4.4 million and other liabilities to the other creditors of EUR 2.5 million. In accordance with the restructuring programme, the parent company had a debt to Group companies EUR 36.7 million, which was written down in full.

In accordance with the payment programme, half of the debts were written down. After write down, there were the ordinary restructuring non-interest bearing liabilities to financial institutions of EUR 4.4 million, and other liabilities to the other creditors of EUR 2.5 million. In accordance with the restructuring programme, the parent company had a debt to Group companies of EUR 36.7 million, which was written down in full.

The company performed at the end of December, the first payments in accordance with the payment programme to the other creditors. Ordinary restructuring debts or secured debts to financial institutions were not repaid in the fiscal year 2016.

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

INTEREST-BEARING LIABILITIES, MEUR	31.12.2016	31.12.2015
Loans from financial institutions, 1 Jan	**31.8**	31.8
Raised loans	**2.7**	2.9
Repayments of loans	**-1.7**	-2.9
Cut of the loans in the restructuring programme	**-4.4**	0.0
Transfer to non interest-bearing loans	**-4.4**	0.0
Loans from financial institutions, end of period	**23.9**	31.8
Finance lease liabilities, 1 Jan	**0.5**	0.0
Finance lease liabilities, additions	**0.0**	0.6
Finance lease liabilities, decreases	**-0.1**	-0.1
Finance lease liabilities, end of period	**0.4**	0.5
Interest-bearing liabilities total	**24.4**	32.3

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 financial period or previous year.

5. CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	31.12.2016	31.12.2015
On own behalf		
Real estate mortgages	**4,4**	4,4
Corporate mortgages	**45,3**	45,3
Pledged deposits	**1,2**	
Guarantees	**0,7**	0,2
Pledged trade and other receivables related to construction contracts	**6,0**	15,0
Other liabilities		
Disputed income tax liabilities in India	**4,0**	1,3

OTHER OPERATING LEASES, MEUR	31.12.2016	31.12.2015
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	**0,9**	1,1
Between one and five years	**1,7**	2,3

DERIVATIVE CONTRACTS, MEUR	**31.12.2016**	31.12.2015
Interest rate swap, fair value (negative)	**-0,3**	-0,4
Interest rate swap, value of underlying instruments	**11,6**	13,1

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	**1-12/2016**	1-12/2015
Return on investment, %	**-7.6**	24.7
Return on equity, %	**-43.9**	1.4
Equity ratio, %	**17.9**	23.9
Net gearing, %	**195.6**	145.2
Investments, MEUR	**0.3**	0.6
% of net sales	**0.5**	0.8
Research and development, MEUR	**6.5**	12.0
% of net sales	**10.8**	15.7
Order book, MEUR	**24.9**	26.8
Personnel, average	**895**	950
Personnel, at end of period	**818**	934

CONSOLIDATED KEY FIGURES PER SHARE	**1-12/2016**	1-12/2015
Earnings per share, basic, EUR	**-0.05**	0.00
Earnings per share, diluted, EUR	**-0.05**	0.00
Equity per share, EUR	**0.09**	0.14
Number of shares at end of period, x 1,000	**122 628**	122 628
Number of shares on average, x 1,000	**122 628**	122 628
Share price, EUR		
Average	**0.11**	0.11
Lowest	**0.09**	0.07
Highest	**0.17**	0.20
Share price at end of period, EUR	**0.10**	0.10
Market capitalisation of issued stock at end of period, MEUR	**12.2**	12.5
Share turnover, million shares	**29.7**	69.1
Share turnover, % of total	**24.3**	56.4
Share turnover, MEUR	**3.5**	7.5
Price/earnings ratio (P/E)	**0.0**	51.7

QUARTERLY KEY FIGURES	**Q4/16**	Q3/16	Q2/16	Q1/16	Q4/15	Q3/15
Net sales, MEUR	**14.7**	16.2	16.2	13.0	24.6	17.7
Net sales, change %	**-40.2**	-8.6	-5.4	-23.7	1.7	-25.3
Adjusted operating result [1]	**0.8**	1.8	1.0	-2.4	6.4	2.7
% of net sales	**5.2**	11.3	6.2	-18.3	25.9	15.5
Operating result, MEUR	**-9.6**	0.8	1.0	-2.4	6.4	2.7
% of net sales	**-65.0**	5.2	6.2	-18.3	25.9	15.5
Adjusted result for the period, MEUR [2]	**3.0**	-0.8	-1.1	-5.1	3.9	0.0
Result for the period, MEUR	**2.0**	-1.1	-2.6	-4.8	3.3	1.9
Personnel at end of period	**818**	892	926	922	934	932
Earnings per share, basic, EUR	**0.02**	-0.01	-0.02	-0.04	0.03	0.02
Earnings per share, diluted, EUR	**0.02**	-0.01	-0.02	-0.04	0.03	0.02
Equity per share, EUR	**0.09**	0.07	0.07	0.09	0.14	0.11
Net interest-bearing liabilities, MEUR	**20.9**	32.5	29.7	28.9	25.8	28.6
Order book, MEUR	**24.9**	23.9	29.8	28.2	26.8	33.7

[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. Exchange rate gains and losses that are included in financial items, arise mainly on receivables due to subsidiaries from the parent company.