



TECNOTREE

powering the digital marketplace

Q3
2013

Tecnotree
Interim review

TECNOTREE CORPORATION INTERIM REVIEW 1 JANUARY – 30 SEPTEMBER 2013 (UNAUDITED)

30 October 2013 at 8:30 am

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

PROFITABILITY IMPROVED

Third quarter

- Third quarter net sales were EUR 17.4 (19.7) million.
- The adjusted operating result for the quarter was EUR 1.0 (-0.8) million and the result was EUR 0.4 (-3.0) million.
- The order book at the end of the period stood at EUR 48.0 (31 December 2012: 54.2) million.
- Third quarter cash flow after investments was EUR -2.0 (-7.4) million.
- On 30 August 2013 Tecnotree reached agreement with its bank on the renewal of its loan financing and on additional financing of EUR 5 million. The agreement is in force until 30 June 2018. In addition the company obtained a EUR 2 million bank guarantee limit.
- Earnings per share were EUR 0.00 (-0.02).

January – September 2013

- Net sales for the review period increased 5.6 per cent from the corresponding period in the previous year to EUR 53.9 (51.0) million.
- The adjusted operating result improved EUR 4.3 million from the previous year to EUR -0.3 (-4.6) million. The operating result was EUR -2.0 (-8.7) million and the result for the period EUR -3.0 (-10.7) million.
- Cash flow after investments for the review period was EUR -6.9 (-6.3) million and the company's cash and cash equivalents were EUR 7.0 (31 December 2012: 11.3) million.
- Earnings per share were EUR -0.02 (-0.11).

KEY FIGURES	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
Net sales, MEUR	17.4	19.7	53.9	51.0	73.4
Adjusted operating result, MEUR*	1.0	-0.8	-0.3	-4.6	-4.9
Operating result, MEUR	0.5	-2.1	-2.0	-8.7	-12.4
Result before taxes, MEUR	1.9	-3.0	0.5	-10.6	-13.7
Result for the period	0.4	-3.0	-3.0	-10.7	-17.0
Earnings per share, basic, EUR **	0.00	-0.02	-0.02	-0.11	-0.16
Order book, MEUR			48.0	59.2	54.2
Cash flow after investments, MEUR	-2.0	-7.4	-6.9	-6.3	-1.3
Change in cash and cash equivalents, MEUR	3.7	-7.4	-3.5	-3.0	4.8
Cash and cash equivalents, MEUR			7.0	3.7	11.3
Equity ratio %			32.2	46.1	42.2
Net gearing %			101.7	50.7	47.5
Personnel at end of period			1,053	1,131	1,116

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

** This key figure has been adjusted for the comparative periods to reflect the share issue.

Unless otherwise stated, all figures presented below are for the review period 1-9/2013 and the figures for comparison are for the corresponding period 1-9/2012.

CEO Ilkka Raiskinen:

"We are happy with the improvement in profitability as planned; this period was the second profit-making quarter in a row. The improvement was mainly due to improved sales margins and keeping costs under control.

Positive factors in net sales have been the growth in the share of net sales accounted for by maintenance and services and short-term projects. If this trend continues it will reduce the amount of working capital tied up and improve the predictability of business operations.

Q4 net sales are usually higher than average. They are expected to come particularly from customers in the MEA and Americas regions. Another typical feature of Q4 is a better cash flow than average. Overall, the company's performance in 2013 is expected to go according to plan. "

SALES AND NET SALES

Tecnotree's net sales in the review period increased 5.6 per cent to EUR 53.9 (51.0) million.

EUR 19.0 million of sales in the review period have been recognised by stage of completion (IAS 11 Construction Contracts) and EUR 34.9 million on delivery (IAS 18 Revenues).

	1-9/2013	1-9/2012	1-9/2013	1-9/2012
NET SALES BY MARKET AREA	MEUR	MEUR	%	%
Americas (North, Central and South America)	26.4	25.5	49.0	50.0
Europe	3.7	4.9	6.8	9.6
MEA (Middle East and Africa)	22.1	18.3	41.1	35.9
APAC (Asia and Pacific)	1.7	2.3	3.1	4.6
TOTAL	53.9	51.0	100.0	100.0

	30.9.2013	30.9.2012	30.9.2013	30.9.2012
CONSOLIDATED ORDER BOOK	MEUR	MEUR	%	%
Americas (North, Central and South America)	29.0	42.9	60.5	72.5
Europe	2.2	2.4	4.6	4.0
MEA (Middle East and Africa)	15.8	13.8	33.0	23.4
APAC (Asia and Pacific)	0.9	0.1	2.0	0.1
TOTAL	48.0	59.2	100.0	100.0

Maintenance and service sales totalled EUR 22.3 (16.5) million or 41.4 per cent (32.4 %) of net sales.

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 base an examination of the profitability of the company on the result for more than one quarter.

Tecnotree reports its operating result in two stages: first the adjusted operating result and then the operating result after the capitalisation and amortisation of product development costs and one-time costs:

INCOME STATEMENT, KEY FIGURES, MEUR	1-9/2013	1-9/2012	1-12/2012
Net sales	53.9	51.0	73.4
Other operating income	0.1	0.0	0.1
Operating costs excluding product development capitalisation and one-time costs	-54.2	-55.6	-78.4
Adjusted operating result	-0.3	-4.6	-4.9
Product development capitalisation			
Product development amortisation	-1.7	-4.1	-5.4
One-time costs			-2.1
Operating result	-2.0	-8.7	-12.4

The adjusted operating result for the nine month period improved EUR 4.3 million from the corresponding period in the previous year particularly as the result of an increase of EUR 2.9 million in net sales. Material costs have fallen. The devaluation of the Indian rupee has reduced

costs in India in the consolidated income statement. The third quarter adjusted operating result was a profit of EUR 1.0 million, compared to a loss of EUR 0.8 million in the previous year.

A further factor contributing to the improvement in the operating result for the period by EUR 6.8 million was a reduction of EUR 2.4 million in amortisation of capitalised product development costs. Tecnotree has only EUR 18 thousand in capitalised product development costs remaining in its balance sheet.

After receiving payments from LapGreenN, a company owned by the Libyan government, EUR 1.1 million of the credit loss provision was reversed in the review period.

Financial income and expenses (net) during the review period totalled a net gain of EUR 2.4 million (net loss of EUR -1.9 million). The exchange rate gains and losses consist mainly of exchange rate differences from intragroup payables in the parent company.

FINANCIAL INCOME AND EXPENSES, MEUR	1-9/2013	1-9/2012	1-12/2012
Interest income	0.1	0.0	0.1
Exchange rate gains	4.2	1.3	1.5
Other financial income	0.1	0.0	0.2
FINANCIAL INCOME, TOTAL	4.3	1.4	1.8
Interest expenses	-1.0	-1.6	-2.0
Exchange rate losses	-0.3	-1.3	-0.7
Other financial expenses	-0.6	-0.4	-0.5
FINANCIAL EXPENSES, TOTAL	-1.9	-3.3	-3.1
FINANCIAL ITEMS, TOTAL	2.4	-1.9	-1.3

Taxes for the period totalled EUR 3.4 (0.1) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	1-9/2013	1-9/2012	1-12/2012
Withholding tax expenses in parent company	-1.5	-1.1	-3.0
Income taxes on the results of Group companies	-1.0	-0.4	-0.9
Prior year taxes		-0.2	-0.4
Change in deferred tax asset in India	-0.2	0.4	-0.4
Change in deferred tax liability based on:			
- capitalisation of product development costs	0.3	0.7	0.9
- dividend tax in India	-1.2	0.3	0.1
Other items	0.2	0.3	0.4
TAXES IN INCOME STATEMENT, TOTAL	-3.4	-0.1	-3.3

Earnings per share were EUR -0.02 (-0.11). Equity per share at the end of the period was EUR 0.19 (31 December 2012: EUR 0.28). These key figures have been adjusted for the comparative periods to reflect the share issue.

FINANCING AND INVESTMENTS

On 30 August 2013 Tecnotree reached agreement with its bank on the renewal of the company's loan financing. The agreement is based on the Term Sheet disclosed on 12 August 2013. The financing is in force until 30 June 2018 and it comprises a long-term loan of EUR 21.8 million and a credit facility of EUR 10.0 million to finance working capital. In addition, the company received a EUR 2.0 million bank guarantee limit for a shorter term.

The semi-annual amortisations of the long-term loan are EUR 1.1 million, starting on 31 December 2014 and the balance, EUR 14.1 million, is due on 30 June 2018. The credit facility is in force until 30 June 2018. This arrangement gave Tecnotree additional financing of EUR 5.0 million, as the credit facility for financing working capital went up from EUR 5.0 million to EUR 10.0 million. The company has not had a separate bank guarantee limit.

The covenants for the financing agreement involve testing semi-annually Tecnotree's key figures for EBITDA, cash flow, capital expenditure, equity and overdue receivables (which are tested on a monthly basis). To compensate for seasonal fluctuation, many key figures are calculated using 12 month cumulative figures.

The financing agreement includes typical conditions for this kind of arrangement.

Tecnotree's working capital grew during the period by EUR 2.3 million:

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	1-9/2013	1-9/2012	1-12/2012
Change in trade receivables	7.3	-6.2	-4.5
Change in other receivables	-9.1	2.6	9.1
Change in inventories	-0.3	-0.7	0.2
Change in trade payables	-0.2	3.1	-3.4
Change in other liabilities	-0.0	-0.7	2.0
CHANGE IN WORKING CAPITAL, TOTAL	-2.3	-1.9	3.4

Project revenue is recognised in other receivables. When the agreement allows the customer to be invoiced, the receivables are regrouped in trade receivables. Trade and other receivables should be treated as one item when assessing changes in Tecnotree's working capital.

Tecnotree's liquid funds totalled EUR 7.0 (31 December 2012: 11.3) million. The change in cash and cash equivalents for the review period was EUR -3.5 million. The company had no unused credit facilities at the end of the review period (31.12.2012: 0.0). One year earlier the cash and cash equivalents were EUR 3.7 million.

The balance sheet total on 30 September 2013 stood at EUR 73.7 (31 December 2012: 81.8) million. Interest-bearing liabilities were EUR 31.8 (31 December 2012: 28.3) million. The net debt to equity ratio (net gearing) was 101.7 per cent (31 December 2012: 47.5 %) and the equity ratio was 32.2 per cent (31 December 2012: 42.2 %). During the period, total equity has been reduced by negative translation differences of EUR 7.8 million, of which EUR 6.6 million is due to the devaluation of the Indian rupee. Net gearing has gone up due to the reduction in equity and the increase in interest-bearing liabilities.

Tecnotree's gross capital expenditure during the review period, excluding the capitalisation of development costs, was EUR 0.4 (0.8) million or 0.8 per cent (1.6 %) of net sales.

BUSINESS DESCRIPTION

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

creating digital market places, individual service packages and personalised subscriptions, and increase added value throughout their customers' life cycles.

Tecnotree's business is based on system project sales, system maintenance and on customising, support and operating services. Tecnotree has a strong footing especially in developing markets such as Latin America, Africa and the Middle East.

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 for the operating segments are presented based on the location of customers.

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)

Net sales in the Americas rose 3.5 per cent from the corresponding period in the previous year, and were the highest of all the Group's areas. Order book for major deliveries turned into net sales, which contributed to the fact that the order book declined by just over 32 per cent. The proportion of service business in the region's sales has developed positively. Demand in the region for replacing business support systems has remained active. Sales in the area comprise expansions and upgrades of solutions installed for current customers, the renewal of annual maintenance contracts, and partial implementation of new orders. The company has succeeded in selling business support systems and services that are part of its strategic core business. The area offers the company growth potential.

Europe

Net sales in Europe declined 25 per cent from the same period in 2012. The decline in sales was due to the fall in sales of the company's established messaging solutions, while the company's efforts to sell the business support system products contained in the new strategy have not brought results yet. The order book in the region declined by almost 9 per cent. In Europe Tecnotree has supplied completely new systems and expansions of existing systems, mainly to existing customers.

MEA (Middle East and Africa)

The strong growth in sales that began towards the end of 2012 continued in the Middle East and Africa. Sales increased 21 per cent from the same period in 2012 and the order book rose 14 per cent. Tecnotree has an extremely broad customer base in the MEA region and the business of its customers is growing, so the company has considerable growth potential in the region.

Implementation of Tecnotree's new strategy has made encouraging progress in the area, while demand for its established products has remained firm.

APAC (Asia and Pacific)

Net sales in the Asia and Pacific region fell 28 per cent from the corresponding period in the previous year. The decline in sales in the area was due to the fall in sales of the company's established messaging solutions, while sales of the business support system products contained in the new strategy have still not compensated for this fall. Sales focused on established products to existing customers. The order book was more than ten times as high as in the corresponding period in the previous year, standing at EUR 0.9 million.

PERSONNEL

At the end of September 2013 Tecnotree employed 1,053 (31 December 2012: 1,116) persons, of whom 88 (31 December 2012: 90) worked in Finland and 965 (31 December 2012: 1,026) elsewhere. The company employed on average 1,073 (1,054) people during the review period. Personnel by country were as follows:

PERSONNEL	1-9/2013	1-9/2012	1-12/2012
Personnel, at end of period	1,053	1,131	1,116
Finland	88	91	90
Ireland	47	56	56
Brazil	36	41	40
Argentina	34	39	36
India	799	849	843
Other countries	49	55	51
Personnel, average	1,073	1,054	1,070
Personnel expenses before R&D capitalisation (MEUR)	25.7	24.5	35.4

TECNOTREE SHARES AND SHARE CAPITAL

At the end of September 2013 the shareholders' equity of Tecnotree Corporation stood at EUR 23.8 (31 December 2012: 34.5) million and the share capital was EUR 4.7 million. The total number of shares was 122,628,428.

At the end of the period, the company held 64,704 (31 December 2012: 134,800) of these shares, which represents 0.05 per cent of the company's total number of shares and votes. During the period 70,096 own shares were used for management rewards. Equity per share was EUR 0.19 (31 December 2012: 0.28 adjusted to reflect the share issue).

A total of 61,632,715 Tecnotree shares (EUR 13,084,729) were traded on the Helsinki Exchanges during the period 1 January – 30 September 2013, representing 50.3 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.29 and the lowest EUR 0.15. The average quoted price was EUR 0.21 and the closing price on 30 September 2013 was EUR 0.24. The market capitalisation of the share stock at the end of the period was EUR 29.4 million.

CURRENT AUTHORISATIONS

The Annual General Meeting of Tecnotree Corporation held on 25 March 2013 authorised the Board of Directors in accordance with the proposal of the Board of Directors to decide on the acquisition of a maximum of 12,262,842 of the Company's own shares. Own shares shall 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 can be acquired for the purpose of developing the capital structure of the Company, carrying out corporate acquisitions or other business arrangements to develop the business of the Company, financing capital expenditure, to be used as part of the Company's incentive schemes, or to be otherwise retained in the possession of the Company, disposed of or nullified in the extent and manner decided by the Board of Directors. The Board of Directors will decide on other terms of the share acquisition. The authorisation will be valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

In addition, the Annual General Meeting authorised 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 60,000,000 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 authorization, authorized to grant the special rights referred to in Chapter 10, Section 1 of the Companies Act, which carry the right to receive, against payment, new shares of the Company or the Company's own shares held by the Company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. The Board of Directors shall decide on other terms and conditions related to the share issues and granting of the special rights. The said authorisations will be valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

STOCK OPTION PROGRAMMES AND INCENTIVE SCHEME

During the review period the company had in force one option series 2009C of the 2009 stock option programme. The exercise period for the 2009C options ended on 31 March 2013. This means that the company now has no stock option programmes.

During the review period the company had a current incentive scheme that the Board of Directors had established on 25 October 2011. Any reward in the scheme for the 2013 earning period is based on Tecnotree Group's operating profit and the company's trade weighted average share price in December 2013.

PRESIDENT AND CEO; DUTIES OF BOARD OF DIRECTORS

Tecnotree made a change in its management and appointed the deputy chairman of its Board of Directors, Ilkka Raiskinen, as president and CEO as from 28 May 2013. Ilkka Raiskinen remains a member of the Board of Directors.

After the appointment of Ilkka Raiskinen as Tecnotree president and CEO, the Board decided on the following changes in the duties of Board members: Pentti Heikkinen was elected deputy chairman of the Board. Ilkka Raiskinen resigned from the Board committees. Tuija Soanjärvi was elected chairman of the Audit Committee and Pentti Heikkinen was elected a new member of the committee.

LEGAL PROCEEDINGS

An action was brought against Tecnotree at the start of the year by Atul Chopra and Aparna, a company close to him, in a court of arbitration in Singapore, claiming that Tecnotree has failed to honour the Settlement Agreement dated 21 February 2011 reached with Atul Chopra. Atul Chopra and Aparna are claiming indemnity of about EUR 1.1 million.

In October 2011 Atul Chopra brought an action relating to the same matter in the High Court of Delhi. According to the decision of the High Court of Delhi in July 2012, all disputes relating to the Settlement Agreement shall be resolved in arbitration in Singapore, as pleaded by Tecnotree. In September 2012 the Division Bench of the High Court of Delhi dismissed the appeal made by Atul Chopra regarding the High Court of Delhi's decision in July.

Tecnotree denies the claims presented by Atul Chopra and is initiating legal action in order to protect its rights. The proceedings are in progress in the court of arbitration.

The company is not involved in any other major legal proceedings.

RISKS AND UNCERTAINTY FACTORS

The risks and uncertainty factors for Tecnotree are explained in the 2012 Board of Directors' Report and in the notes to the Financial Statements.

Tecnotree's risks and uncertainties in the near future relate to major projects and their timing and costs, to receivables, to changes in foreign exchange rates, to financing and to the covenants for the financing agreement. The company's cash flow varies considerably from one quarter to another.

EVENTS AFTER THE END OF PERIOD

No significant events have occurred after the end of the period.

PROSPECTS IN 2013

Tecnotree's order book at the end of 2012 stood at EUR 54.2 million, so the company moved into 2013 in a good position. The company estimates that its net sales and operating result will improve from the previous year. Variations in the quarterly figures will be considerable.

Prospects have not changed from the previous interim review.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts, investors and the media to announce its third quarter results on 30 October 2013 at 10.00 am in the Tapiola conference room at the Scandic Hotel Simonkenttä, Simonkatu 9, Helsinki. The interim review will be presented by CEO Ilkka Raiskinen and the conference will be held in Finnish. The material to be presented at the press conference will be available at www.tecnotree.com.

TECNOTREE CORPORATION

Board of Directors

FURTHER INFORMATION

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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	7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
NET SALES	2	17.4	19.7	53.9	51.0	73.4
Other operating income		0.0	-0.0	0.1	0.0	0.1
Materials and services		-2.2	-4.5	-9.5	-10.4	-14.4
Employee benefit expenses		-8.5	-8.9	-25.7	-24.5	-35.4
Depreciation, amortisation and impairment charges		-1.0	-1.6	-3.1	-5.5	-8.9
Other operating expenses		-5.3	-6.8	-17.6	-19.4	-27.2
OPERATING RESULT	2	0.5	-2.1	-2.0	-8.7	-12.4
Financial income		2.2	0.6	4.3	1.4	1.8
Financial expenses		-0.8	-1.6	-1.9	-3.3	-3.1
RESULT BEFORE TAXES		1.9	-3.0	0.5	-10.6	-13.7
Income taxes		-1.5	0.0	-3.4	-0.1	-3.3
RESULT FOR THE PERIOD		0.4	-3.0	-3.0	-10.7	-17.0
Allocated to:						
Equity holders of parent company		0.4	-3.0	-3.0	-10.7	-17.0
Non-controlling interest		0.0	0.0	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 *		0.00	-0.02	-0.02	-0.11	-0.16
Earnings per share, diluted, EUR *		0.00	-0.02	-0.02	-0.11	-0.16
* This key figure has been adjusted for the comparative periods to reflect the share issue.						
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR		7-9/ 2013	7-9/ 2012	1-9/ 2013	1-9/ 2012	1-12/ 2012
RESULT FOR THE PERIOD		0.4	-3.0	-3.0	-10.7	-17.0
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Translation differences from foreign operations		-4.7	1.0	-8.3	-0.3	-3.4
Tax relating to components of other comprehensive income		0.3	-0.1	0.5	-0.0	0.1
Other comprehensive income, net of tax		-4.4	1.0	-7.8	-0.3	-3.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-4.0	-2.0	-10.8	-11.0	-20.3
Allocated to:						
Equity holders of parent company		-4.0	-2.0	-10.8	-11.0	-20.3
Non-controlling interest		0.0	0.0	0.0	-0.0	-0.0

CONSOLIDATED BALANCE SHEET	Note	30.9.2013	30.9.2012	31.12.2012
Assets				
Goodwill		15.3	19.3	17.4
Other intangible assets		0.6	5.1	3.0
Tangible assets		4.2	5.1	4.7
Deferred tax assets		2.0	3.5	2.5
Other non-current trade and other receivables		0.7	0.4	0.4
Current assets				
Inventories		0.9	1.5	0.6
Trade receivables		15.3	21.5	22.2
Other receivables		27.0	34.2	19.0
Investments		0.6	0.0	0.6
Cash and cash equivalents		7.0	3.7	11.3
Non-current assets held for sale *			0.9	
TOTAL ASSETS		73.7	95.3	81.8
Shareholders' equity		23.8	43.9	34.5
Non-current liabilities				
Deferred tax liabilities		3.1	3.1	2.8
Non-current interest-bearing liabilities	3	21.8	11.1	0.0
Other non-current liabilities		0.5	0.5	0.4
Current liabilities				
Current interest-bearing liabilities	3	10.0	14.9	28.3
Trade payables and other liabilities		14.6	21.7	15.6
EQUITY AND LIABILITIES, TOTAL		73.7	95.3	81.8

* In October 2012, Tecnotree sold a plot of land at the price of EUR 980 thousand. The sale had not taken place by the end of the Q3 2012 review period.

CALCULATION OF CHANGES IN
SHAREHOLDERS' EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2013	4.7	0.8	-0.1	-4.2	18.0	5.2	10.1	34.5	0.1	34.5
Covering of loss					-12.6	-2.9	15.4	0.0		0.0
Disposal of own shares			0.1				-0.1	0.0		0.0
Sharebased payments							0.0	0.0		0.0
Other changes							0.0	0.0	-0.0	0.0
Total comprehensive income for the period				-7.8			-3.0	-10.8	0.0	-10.8
Shareholders' equity 30 Sept 2013	4.7	0.8	-0.1	-12.1	5.5	2.3	22.5	23.7	0.1	23.8

MEUR	A	B	C	D	E	F	G	H	I	J
Shareholders' equity 1 Jan. 2012	4.7	0.8	-0.1	-1.0	12.6	19.0	13.3	49.4	0.1	49.5
Sharebased payments					5.4			5.4		5.4
Covering of loss						-13.9	13.9	0.0		0.0
Other changes							0.0	0.0	0.0	0.0
Total comprehensive income for the period				-0.3			-10.7	-11.0	-0.0	-11.0
Shareholders' equity 30 Sept 2012	4.7	0.8	-0.1	-1.3	18.0	5.2	16.5	43.9	0.1	43.9

A = Share capital

B = Share premium fund

C = Own shares

D = Translation differences

E = Invested non-restricted equity reserve

F = Other reserves

G = Retained earnings

H = Total equity attributable to equity holders of parent company

I = Non-controlling interest

J = Total shareholders' equity

CONSOLIDATED CONDENSED CASH FLOW STATEMENT, MEUR 1-9/2013 1-9/2012 1-12/2012

Cash flow from operating activities			
Result for the period	-3.0	-10.7	-17.0
Adjustments of the result	3.7	10.0	20.5
Changes in working capital	-2.3	-1.9	3.4
Interest paid	-2.3	-0.5	-3.2
Interest received	0.1	0.1	0.1
Income taxes paid	-2.9	-2.6	-5.1
Net cash flow from operating activities	-6.6	-5.5	-1.3
Cash flow from investing activities			
Investments in intangible assets	-0.0	-0.1	-0.2
Investments in tangible assets	-0.4	-0.7	-0.7
Proceeds from disposal of intangible and tangible assets	0.0		1.0
Investments in other securities			
Proceeds from disposal of other securities	0.0		0.3
Interest received from other securities	0.0		0.0
Dividends received from other securities		0.0	0.0
Net cash flow from investing activities	-0.3	-0.8	0.4
Cash flow from financing activities			
Proceeds from share issue		5.4	5.4
Borrowings received	28.8	1.2	9.8
Repayments of borrowings	-25.3	-3.2	-9.5
Repayments of finance lease liabilities		-0.0	-0.0
Net cash flow from financing activities	3.4	3.3	5.6
Increase (+) and decrease (-) in cash and cash equivalents	-3.5	-3.0	4.8
Cash and cash equivalents at beg. of period	11.3	6.7	6.7
Impact of changes in exchange rates	-0.8	0.0	-0.2
Cash and cash equivalents at end of period	7.0	3.7	11.3

1. ACCOUNTING PRINCIPLES FOR THE FINANCIAL REVIEW

This interim report has been prepared in accordance with IFRS reporting and evaluation principles and applying the same accounting principles as in the previous annual financial statements, but not complying with all the requirements of IAS 34 Interim Financial Reporting. The new and revised IFRS regulations that came into force on 1 January 2013 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 for the operating segments are presented based on the location of customers.

OPERATING SEGMENTS	1-9/2013	1-9/2012	1-12/2012
NET SALES, MEUR			
Americas (North, Central and South America)	26.4	25.5	38.5
Europe	3.7	4.9	6.7
MEA (Middle East and Africa)	22.1	18.3	24.9
APAC (Asia Pacific)	1.7	2.3	3.3
TOTAL	53.9	51.0	73.4

3. INTEREST-BEARING LIABILITIES

At the end of the review period, Tecnotree had a new long-term loan of EUR 21.8 million as well as a fully used credit facility of EUR 10.0 million to finance working capital. The credit facility is long-term in nature and in force until 30 June 2018, but is based on financing individual customer receivables. Financing taken under the credit facility falls due on payment of the receivables for which they were taken, but is renewed by financing new receivables.

At the end of 2012, the previous financial arrangement with the bank was ending during 2013, so the EUR 13.3 million loan and the EUR 15.0 million credit facility in use were current liabilities.

INTEREST-BEARING LIABILITIES, MEUR	30.9.2013	30.9.2012	31.12.2012
Loans from financial institutions, 1 Jan	28.3	28.0	28.0
Raised loans	28.8	1.2	9.8
Repayments of loans	-25.3	-3.2	-9.5
Loans from financial institutions, end of period	31.8	26.0	28.3
Finance lease liabilities		0.0	
Interest-bearing liabilities total	31.8	26.0	28.3

4. CONSOLIDATED CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	30.9.2013	30.9.2012	31.12.2012
On own behalf			
Real estate mortgages	4.4	6.4	4.4
Corporate mortgages	45.3	42.3	42.3
Pledged deposits		0.0	
Guarantees	0.5	0.8	0.5
Other liabilities			
Desputed income tax liabilities in India	0.4		0.7
OTHER OPERATING LEASES, MEUR	30.9.2013	30.9.2012	31.12.2012
Minimum rents payable based on other leases that cannot be cancelled:			
Other operating leases			
Less than one year	0.3	1.0	0.5
Between one and five years	0.2	1.0	0.2

In addition, the shares of the Indian subsidiary held by the parent company are pledged. These shares have a book value of EUR 35.4 million in the parent company. The net assets of the Indian subsidiary in the consolidated balance sheet are EUR 43.2 million.

5. CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	1-9/2013	1-9/2012	1-12/2012
Return on investment, %	5.3	-13.3	-15.0
Return on equity, %	-13.6	-30.5	-40.5
Equity ratio, %	32.2	46.1	42.2
Net gearing, %	101.7	50.7	47.5
Investments, MEUR	0.4	0.8	0.9
% of net sales	0.8	1.6	1.2
Research and development, MEUR	10.3	9.0	13.0
% of net sales	19.2	17.6	17.7
Order book, MEUR	48.0	59.2	54.2
Personnel, average	1,073	1,054	1,070
Personnel, at end of period	1,053	1,131	1,116

CONSOLIDATED KEY FIGURES PER SHARE	1-9/2013	1-9/2012	1-12/2012
Earnings per share, basic, EUR **	-0.02	-0.11	-0.16
Earnings per share, diluted, EUR **	-0.02	-0.11	-0.16
Equity per share, EUR **	0.19	0.36	0.28
Number of shares at end of period, x 1,000	122,564	122,494	122,494
Number of shares on average, x 1,000	122,546	90,188	98,264
Share price, EUR			
Average	0.21	0.28	0.25
Lowest	0.15	0.12	0.12
Highest	0.29	0.35	0.35
Share price at end of period, EUR	0.24	0.24	0.17
Market capitalisation of issued stock at end of period, MEUR	29.4	29.4	20.8
Share turnover, million shares	61.6	34.5	49.7
Share turnover, % of total	50.3	28.2	40.5
Share turnover, MEUR	13.1	9.0	11.7
Price/earnings ratio (P/E)			-1.0

** This key figure has been adjusted for the comparative periods to reflect the share issue.

QUARTERLY KEY FIGURES	3Q/13	2Q/13	1Q/13	4Q/12	3Q/12	2Q/12
Net sales, MEUR	17.4	22.5	13.9	22.4	19.7	21.3
Net sales, change %	-11.5	5.6	39.3	39.5	14.9	15.2
Adjusted operating result *	1.0	2.7	-4.0	-0.3	-0.8	2.0
% of net sales	5.8	12.2	-28.8	-1.1	-4.0	9.3
Operating result, MEUR	0.5	2.2	-4.6	-3.7	-2.1	0.6
% of net sales	2.7	9.7	-32.9	-16.3	-10.4	2.7
Result before taxes, MEUR	1.9	4.2	-5.6	-3.1	-3.0	0.4
Personnel at end of period	1,053	1,068	1,073	1,116	1,131	1,109
Earnings per share, basic, EUR **	0.00	0.02	-0.04	-0.05	-0.02	0.01
Earnings per share, diluted, EUR **	0.00	0.02	-0.04	-0.05	-0.02	0.01
Equity per share, EUR **	0.19	0.23	0.26	0.28	0.36	0.37
Net interest-bearing liabilities, MEUR	24.2	21.5	14.6	16.4	22.3	14.9
Order book, MEUR	48.0	53.3	55.3	54.2	59.2	58.8

* 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".

** This key figure has been adjusted for the comparative periods to reflect the share issue.