TECNOTREE

Powering the digital marketplace

Financial Report Q4 2015

TECNOTREE CORPORATION FINANCIAL REPORT 1 JAN – 31 DEC 2015 (UNAUDITED)

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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.

SIGNFICANT IMPROVEMENT IN RESULT

Fourth quarter

- Fourth quarter net sales were EUR 24.6 (24.2) million.
- The operating result for the quarter was EUR 6.4 (4.7) million.
- The adjusted result for the quarter was EUR 3.9 (0.5) million and result EUR 3.3 (0.5) million.
- The order book at the end of the period stood at EUR 26.8 (31 December 2014: 38.9) million.
- Fourth quarter cash flow after investments was EUR 4.4 (2.7) million.
- Earnings per share were EUR 0.03 (0.00).

Jan-Dec 2015

- Net sales for the review period were EUR 76.5 (74.0) million.
- The operating result was EUR 11.7 (3.3) million.
- The adjusted result for the period was EUR 0.6 (-6.4) million and the result EUR 0.2 (-9.3) million.
- Cash flow after investments for the review period was EUR 6.3 (-1.8) million and the company's cash and cash equivalents were EUR 6.4 (31 December 2014: 2.5) million.
- Earnings per share were EUR 0.00 (-0.08).

KEY FIGURES	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Net sales, MEUR	**24.6**	24.2	**76.5**	74.0
Adjusted operating result, MEUR [1]	**6.4**	5.1	**12.0**	3.7
Operating result, MEUR	**6.4**	4.7	**11.7**	3.3
Result before taxes, MEUR	**5.4**	4.0	**7.8**	-2.4
Adjusted result for the period, MEUR [2]	**3.9**	0.5	**0.6**	-6.4
Result for the period, MEUR	**3.3**	0.5	**0.2**	-9.3
Earnings per share, basic, EUR	**0.03**	0.00	**0.00**	-0.08
Order book, MEUR			**26.8**	38.9
Cash flow after investments, MEUR	**4.4**	2.7	**6.3**	-1.8
Change in cash and cash equivalents, MEUR	**3.5**	0.5	**4.2**	-4.2
Cash and cash equivalents, MEUR			**6.4**	2.5
Equity ratio %			**23.9**	22.5
Net gearing %			**145.2**	172.7
Personnel at end of period			**934**	993

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

Unless otherwise stated, all figures presented below are for the review period 1-12/2015 and the figures for comparison are for the corresponding period 1-12/2014.

CEO Ilkka Raiskinen:

“For Tecnotree, 2015 was a year of major events. In March 2015 the company filed an application for debt restructuring proceedings. Particular factors leading to this situation were the capital tied up in two major projects that originally had a combined value of USD 54.6 million and the large trade payables incurred at the end of 2014 for hardware for the projects. In addition, a lack of foreign currency at the central banks in certain countries in the developing markets where clients are located significantly delayed customer payments at the start of the year. In January 2015 one of the two major projects was terminated under an agreement made with the client and payment was received for the outstanding receivables for the project during the second quarter. The debt restructuring proceedings stabilized the company’s situation and the 2015 cash flow after investments was EUR 6.3 million positive.

Net sales in 2015 were EUR 2.5 million higher than in the previous year, even though no income was recognized during the year for the two major projects mentioned above. In the previous year the combined net sales for the projects had been EUR 6.3 million. Net sales in the MEA and APAC area increased EUR 9.4 million. In this area Tecnotree has expanded sales of its products in several countries thanks to its well established customer relationships and has succeeded in selling new products. Average annual growth in net sales in the MEA area has been more than 20% in the period 2012 – 2015. New products that deserve a mention are the Unified Product Catalogue and Customer Lifecycle Management products. Net sales in the Europe & Americas area declined EUR 6.9 million due to the weak state of the markets.

The operating result increased EUR 8.4 million from the previous year. One factor contributing to this, in addition to the growth in net sales, was that the volume of hardware purchased for projects declined considerably. The company spent EUR 4.0 million less on services and materials than in 2014.

Net sales and the operating result in the final quarter of 2015 were at record levels. Projects were completed on schedule, which also contributed to the strong cash flow in the quarter."

SALES AND NET SALES

Tecnotree's net sales for the review period were EUR 76.5 (74.0) million, 3.4 per cent higher than a year ago. Net sales in the MEA & APAC area increased EUR 9.4 million. Tecnotree has expanded sales of its products in several countries thanks to its established customer relationships and has succeeded in selling new products. Net sales in the Europe & Americas area declined EUR 6.9 million due to the weak state of the markets.

No income was recognized at all during the year for the two major projects obtained in 2011 and 2012 in Latin America, which originally had values of USD 30.5 million and USD 24.1 million. The first of these was completed under an agreement made with the client in January 2015 and most of the work for the second had been carried out by the end of 2014. In the previous year the two projects had combined net sales of EUR 6.3 million, and at the end of 2015 EUR 14.1 million unbilled revenue in other receivables in the company's balance sheet.

Net sales in the review period included EUR 2.4 million positive in currency exchange gains arising mainly from the strengthening of the US dollar against the euro.

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

SPECIFICATION OF NET SALES, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Revenue from contract work recognised by stage of completion (IAS 11)	**7.7**	9.6	**23.5**	27.7
Revenue from maintenance and support (IAS 18)	**8.0**	7.4	**31.1**	27.4
Revenue from goods and services (AS 18)	**8.3**	6.2	**19.4**	16.5
Currency exchange gains and losses	**0.6**	1.0	**2.4**	2.4
TOTAL	**24.6**	24.2	**76.5**	74.0

NET SALES BY MARKET AREA, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Europe & Americas	**9.8**	14.5	**35.0**	42.0
MEA & APAC	**14.8**	9.7	**41.4**	32.0
TOTAL	**24.6**	24.2	**76.5**	74.0

CONSOLIDATED ORDER BOOK, MEUR	**31.12. 2015**	31.12. 2014
Europe & Americas	**7.0**	5.2
MEA & APAC	**19.8**	33.7
TOTAL	**26.8**	38.9

Net sales in the final quarter in the MEA & APAC area were EUR 5.1 million higher than in the previous year. The company completed delivery of sales in the order book in the area.

The order book at the end of the year only contains EUR 8.6 million in maintenance sales. Most of these orders will be obtained during the coming year.

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 result as follows:

INCOME STATEMENT, KEY FIGURES, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Net sales	**24.6**	24.2	**76.5**	74.0
Other operating income	**0.0**	0.0	**0.1**	0.1
Operating costs excluding one-time costs	**-18.2**	-19.1	**-64.6**	-70.4
Adjusted operating result	**6.4**	5.1	**12.0**	3.7
One-time costs		-0.4	**-0.3**	-0.4
OPERATING RESULT	**6.4**	4.7	**11.7**	3.3
Financial items without foreign currency differences	**-0.3**	-0.7	**-3.5**	-2.8
Income taxes	**-2.1**	-3.5	**-7.6**	-6.9
Adjusted result for the period	**3.9**	0.5	**0.6**	-6.4
Foreign currency differences included in financial items	**-0.6**	0.0	**-0.3**	-2.9
RESULT FOR THE PERIOD	**3.3**	0.5	**0.2**	-9.3

The impact of the restructuring proceedings currently in process at Tecnotree Corporation has not been recorded separately in the financial statements. Their impact are determined after the court has approved the restructuring program proposal filed on 30 March 2016. The one-off positive income effect included in the proposal amounts to EUR 5.6 million. More details are given below in the section "Restructuring proceedings".

The costs for the review period include one-time costs of EUR 0.3 million arising from redundancies.

Tecnotree's fourth quarter net sales, EUR 24.6 (24.2) million, and operating result, EUR 6.4 (4.7) million, were record high figures. During the quarter, the company delivered sales that were in the order book in the MEA & APAC area.

Tecnotree's net sales for the review period increased 3.4 per cent to EUR 76.5 (74.0) million.

Tecnotree's costs for materials and services were down EUR 4.0 million. One factor in this was that deliveries included fewer products from external suppliers, in particular hardware.

Net sales included EUR 2.4 million in positive foreign currency differences, which were mainly due to the strengthening of the US dollar against the euro. Costs for subsidiaries in the consolidated income statement rose EUR 1.9 million from the period for comparison because of the strengthening of the subsidiary company currencies.

Negative foreign currency differences of EUR 0.3 million were recorded in financial items. These are mainly due to the impact of intra-group balance sheet items, when for example a subsidiary records an exchange rate gain or loss on a euro denominated receivable from the parent company. These intra-group items are large, so exchange rates have a significant impact. In the first quarter negative exchange rate differences of EUR 2.9 million were recorded, but in the second and third quarter positive exchange rate differences of EUR 1.2 million and EUR 2.0 million were recorded. In the fourth quarter, negative exchange rate differences were EUR 0.6 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 positive in the review period.

Financial income and expenses (net) during the review period totalled a net loss of EUR 3.8 million (net loss of EUR 5.7 million). Here is a breakdown of these:

FINANCIAL INCOME AND EXPENSES, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Interest income	**0.0**	0.0	**0.0**	0.0
Exchange rate gains	**0.1**	0.1	**0.3**	0.3
Other financial income	**0.2**	0.0	**0.3**	0.1
FINANCIAL INCOME, TOTAL	**0.3**	0.1	**0.6**	0.4
Interest expenses	**-0.5**	-0.5	**-1.9**	-2.4
Exchange rate losses	**-0.7**	-0.0	**-0.6**	-3.1
Other financial expenses	**-0.0**	-0.2	**-2.0**	-0.5
FINANCIAL EXPENSES, TOTAL	**-1.2**	-0.8	**-4.4**	-6.0
FINANCIAL ITEMS, TOTAL	**-0.9**	-0.7	**-3.8**	-5.7

Other financial expenses, that is excluding interest expenses and exchange rate losses, totalled EUR 2.0 million. EUR 1.4 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 7.6 (6.9) million, including the following items:

TAXES IN INCOME STATEMENT, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Withholding taxes paid abroad	**-1.8**	-2.3	**-6.3**	-4.5
Change in withholding tax accrual	**-2.4**	-0.6	**-2.4**	-1.3
Income taxes on the results of Group companies	**0.1**	-0.2	**-0.8**	-0.3
Prior year taxes	**-0.8**	0.0	**-1.4**	0.0
Change in deferred tax asset in India	**-1.1**	0.2	**-0.4**	-0.7
Change in deferred tax liability based on:				
- dividend tax in India	**3.9**	-0.5	**3.7**	-0.2
Other items	**-0.0**	-0.0	**-0.0**	0.0
TAXES IN INCOME STATEMENT, TOTAL	**-2.1**	-3.5	**-7.6**	-6.9

Earnings per share were EUR 0.00 (-0.08). Equity per share at the end of the period was EUR 0.14 (31 December 2014: EUR 0.14).

FINANCING, CASH FLOW AND BALANCE SHEET

The company's cash situation remained tight during the review period. This resulted in Tecnotree Corporation applying for debt restructuring proceedings in March 2015. The Company's debts on 4 March 2015 will be dealt with in the restructuring proceedings and the court will make a decision about them.

Tecnotree's working capital decreased during the period by EUR 2.9 million:

CHANGE IN WORKING CAPITAL, MEUR (increase - / decrease +)	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Change in trade receivables	**-0.6**	-2.9	**2.1**	1.5
Change in other receivables	**1.8**	3.7	**4.2**	-7.5
Change in inventories	**0.6**	1.3	**-0.0**	0.1
Change in trade payables	**-2.1**	-1.4	**-1.4**	5.0
Change in other liabilities	**-1.1**	-1.3	**-1.9**	0.7
CHANGE IN WORKING CAPITAL, TOTAL	**-1.4**	-0.7	**2.9**	-0.3

Project revenue is recognised 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 14.1 million unbilled revenue from the remaining large project in Latin America.

Tecnotree's cash and cash equivalents totalled EUR 6.4 (31 December 2014: 2.5) million. Cash flow after investments for the review period ended up EUR 6.3 million positive. A particular factor in this was the decrease in receivables. The change in cash and cash equivalents for the review period was EUR 4.2 million positive. The company had no unused credit facilities at the end of the review period (31.12.2014: 0.0). After the debt restructuring proceedings began, the company's EUR 10 million working capital credit facility was frozen, and payments of EUR 0.7 million received from clients relating to pledged receivables are in a pledged blocked account.

During the second quarter, the bank granted a short-term loan of EUR 1.5 million, of which the company paid back EUR 1.0 million during the second quarter and EUR 0.5 million during the third quarter. In addition, the company received and paid back a loan of EUR 0.6 million during the third quarter. In the fourth quarter, the company received and paid back a loan of EUR 0.5 million.

The balance sheet total on 31 December 2015 stood at EUR 74.6 (31 December 2014: 75.0) million. Tecnotree's gross capital expenditure during the review period was EUR 1.2 (0.7) million or 1.5 per cent (1.0%) of net sales. Interest-bearing liabilities were EUR 32.3 (31 December 2014: 31.8) million. The net debt to equity ratio (net gearing) was 145.2 per cent (31 December 2014: 172.7 %) and the equity ratio was 23.9 per cent (31 December 2014: 22.5 %). During the period, total equity was affected by positive 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. Tecnotree had discussions in May with its bank concerning the state of these covenants. The company estimated then that the figures for the covenants on 30 June 2015 would not all be at the level stipulated in the financing agreement. The company intended to reach agreement with the bank in the same way as in 2014, when the bank agreed that failure to achieve the figures stated in the covenants would not result in the consequences specified in the financing agreement, such as the obligation to repay the loans. In the discussions with the bank, however, it was recognised that there was no need for a separate agreement on this matter because of the restructuring proceeding currently in progress at Tecnotree Corporation.

On the 31 December 2015 test date, all covenants except for interest coverage and equity ratio complied with the requirements of the financing agreement. A sensitivity analysis as of 31 December 2015 of the covenants is presented in the table below. Overdue trade receivables are tested monthly. The other covenants are tested at six month intervals by using the last 12 months values.

COVENANT	Meeting /failing to meet covenant	Needed improvement or amount below /above limit
Interest coverage	Failed to meet	Needed improvement in operating result 2.1 MEUR
Leverage	Met	Operating result 1.9 MEUR above limit
Cash flow cover	Met	Cash flow after investments 4.5 MEUR above limit
Equity ratio	Failed to meet	Needed improvement in equity 12.1 MEUR
Capital expenditure	Met	Capital expenditure 0.3 MEUR below limit
Overdue trade receivables	Met	Overdue trade receivables 6.1 MEUR below limit

SHAREHOLDERS’ EQUITY OF PARENT COMPANY

After the interim financial statements of Tecnotree Group for the first half of 2015 were completed, it was realised that 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 delivered a statement concerning the matter to the Trade Register. The parent company’s shareholders’ equity was EUR 3.0 million negative on 31 December 2015 but the Group’s shareholders’ equity was EUR 17.8 million positive.

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 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.

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.

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

Operations in the market area remained stable. Net sales in the area fell 16.5 per cent from the previous year to EUR 35.0 (42.0) million. The decline in sales was due to seasonal fluctuations and above all to the sales structure focusing more on Tecnotree's own products and less on third party hardware and software. The company succeeded well in achieving its goal of switching the business focus, in line with its strategy, from delivery projects with a long time scale to the service business and deliveries with shorter deadlines. These measures helped reduce the amount of capital tied up in operations in the area. The USD 24 million delivery of a convergent charging system to a group of operators in Latin America announced in April 2012 is drawing to a close. Most of the customers are covered by the new system, and transferring the last customer groups to Tecnotree's system will begin in February 2016 and will be completed in April 2016. The proportion of net sales accounted for by the service business increased, which offers more stable and longer term business operations. The number of new orders remained low, which is due to the recession in the major economies in Latin America. However, the order book for the area rose 35.6 per cent from the end of the previous year to EUR 7.0 (5.2) million. Sales comprises expansions and upgrades of solutions installed for current customers, the renewal of annual maintenance contracts, and partial implementation of new orders.

MEA & APAC

Business continued to develop positively in the area, supported by the strong order book, and boosted growth in net sales for the entire company. Net sales increased 29.3 per cent from the previous year, to EUR 41.4 (32.0) million. The major deliveries completed during the final quarter reduced the order book 42 per cent from the end of the previous year, but considering the nature of the business in the area it remained at a healthy EUR 19.8 (33.7) million. The company's customer base and long-standing customer relationships in Africa provide a firm base for stable business operations in the area. The growth in the national economies in Africa supports growth in the company's business in the area. The growth in net sales was affected by Deliveries of the latest Customer Lifecycle Management and Unified Product Catalogue products to key clients in the area. Sales in the period comprise expansions and upgrades of solutions installed for current customers, the renewal of annual maintenance contracts, and partial implementation of new orders.

PERSONNEL

At the end of December 2015 Tecnotree employed 934 (31 December 2014: 993) persons, of whom 105 (31 December 2014: 89) worked in Finland and 829 (31 December 2014: 904) elsewhere. During the third quarter certain people who had been employed under contract as consultants became Tecnotree employees and are included in the personnel at end of period in the line "Other countries". The company employed on average 950 (1,038) people during the review period. Personnel by country were as follows:

PERSONNEL	**1-12/2015**	1-12/2014
Personnel, at end of period	**934**	993
Finland	**105**	89
Ireland	**46**	51
Brazil	**22**	31
Argentina	**37**	35
India	**648**	743
United Arab Emirates	**33**	32
Other countries	**43**	12
Personnel, average	**950**	1,038
Personnel expenses (MEUR)	**33.5**	33.6

SHARE AND PRICE ANALYSIS

At the end of December 2015 the shareholders' equity of Tecnotree Group stood at EUR 17.8 (31 December 2014: 16.9) million and the share capital was EUR 1.3 (31 December 2014: 4.7) 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 0.14 (31 December 2014: EUR 0.14).

A total of 69,127,180 Tecnotree shares (EUR 7,524,573) were traded on the Helsinki Exchanges during the period 1 January – 31 December 2015, representing 56.4 per cent of the total number of shares.

The highest share price quoted in the period was EUR 0.20 and the lowest EUR 0.07. The average quoted price was EUR 0.11 and the closing price on 31 December 2015 was EUR 0.10. The market capitalisation of the share stock at the end of the period was EUR 12.5 million.

CURRENT AUTHORISATIONS

The Annual General Meeting of Tecnotree Corporation held on 14 April 2015 authorized the Board of Directors in accordance with the proposal of the Board of Directors to decide to issue and/or to convey a maximum of 100,000,000 new shares and/or the company's own shares either against payment or for free. New shares may be issued and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company or waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so. The Board of Directors may also decide on a free share issue to the company itself. The Board of Directors is, within the limits of the authorization, authorized to grant special rights referred to in Chapter 10, Section 1 of the Companies Act, which carry the right to receive, against payment, new shares of the company or the company's own shares held by the company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. The Board of Directors shall decide on other terms and conditions related to the share issues and granting of the special rights. The said authorisations will be valid for one year from the decision of the Annual General Meeting. The Board of Directors has not exercised this authorisation during the review period.

RESTRUCTURING PROCEEDINGS

On 5 March 2015 Tecnotree Corporation filed an application with the district court of Espoo for debt restructuring proceedings. The court decided on 9 March 2015 to commence the corporate restructuring proceedings. The extraordinary meeting of shareholders of Tecnotree Corporation held on 27 March 2015 decided to approve the application made by the Board of Directors and to continue with the restructuring proceedings.

Tecnotree Corporation's business operations have been loss-making for several years, the cash situation remained tight during 2014, and on 31 December 2014 the shareholders' equity of the parent company fell below half of the share capital. The Company actively searched for a solution to improve its financial standing and carefully studied different options for solving the situation. As the result, the Company came to the conclusion that it was in the best interest of the Company and its shareholders for the Company to apply for restructuring proceedings in accordance with the Act on Restructuring of Enterprises. The Company considered that its difficulties were temporary in nature, and that the restructuring proceedings would in the Company's assessment make it possible to remedy the Company's financing and equity structure and thus secure the long-term continuation of the Company's business operations. As it is implemented, the restructuring eases the debt liability of the Company and consequently also improves the shareholders' equity.

On 9 March 2015 the district court appointed Mr. Jari Salminen, Attorney-at-Law, from Eversheds Attorneys Ltd as the administrator in respect of the restructuring process. The administrator delivered his proposed restructuring programme to the district court of Espoo on

30 March 2016. Tecnotree Corporation has to comply with the restructuring programme to be confirmed through court proceedings. This requires a sufficient cash inflow, in other words payments by customers.

Filing the application for restructuring has had no direct impact on Tecnotree's business operations, and the Company has continued to carry out agreed customer projects and to serve its customers as usual.

Content of the draft restructuring programme of Tecnotree Corporation

The Administrator of the corporate restructuring of Tecnotree Corporation filed the draft restructuring programme to the District Court of Espoo on 30 March 2016. The Administrator considers that the draft restructuring programme will result in a more favorable outcome for the creditors compared to bankruptcy. The Administrator's view is that if implemented, the draft restructuring programme would lead to the Company's operations being rehabilitated. The essential content of the draft restructuring programme is as follows:

- At the moment, the total amount of the restructuring debts to be taken into account in the restructuring proceedings is approximately 73.9 million euros. The Company has intragroup restructuring debts approximately 36.7 million euros. According to the Administrator's draft programme the intragroup restructuring debts will be fully cut. In addition, the Company has 11.1 million euros unsecured debt. The total amount of the restructuring debts includes also approximately 26.1 million euros secured debts out of which approximately 8.9 million euros is secured by business mortgage. The Administrator is proposing that the unsecured restructuring debts be cut by 50% which would leave 50% of the amount of such debt to be repaid.
- The draft restructuring programme does include a provision on a duty to make supplementary payments on restructuring debts with no priority if the Company's actual cash flow exceeds the projected cash flow during the payment programme.
- Payments under the restructuring programme will end on 31 December 2020.
- The draft restructuring programme contains obligations concerning the sale of the Company's property. The sales proceeds will be used to fund some of the payments to secured creditors and to creditors holding a business mortgage as security for their claims.

If the draft restructuring programme is approved, the group will record a one-off positive income effect of approximately 5.6 million euros as a result of debt rearrangement.

The approval and entry into force of the draft programme are conditional upon Tecnotree Corporation's General Meeting approving the draft programme.

RISKS AND UNCERTAINTY FACTORS

Dependence on key customers

Tecnotree's largest customers are much bigger businesses than the company itself and the two largest customers accounted for 80 % of net sales in 2014 (79 % in 2014). 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.

The company's order book includes large projects with deliveries of over a year, some deliveries even several years. These include customer specific customizations, in which success lies risk. During the long time of delivery, the needs of the customers change and this can lead to unforeseen problems. Long-term projects can tie up significant amounts of capital, like was the case with one Latin America project.

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.

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 are large and these result in large exchange rate differences in the consolidated income statement, since the Group companies usually have different functional currencies.

Financing

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.

The company had all its credit facilities in use at the end of 2015. Payments received relating to receivables pledged for working capital credit facilities go into a pledged blocked account, so for the time being the company cannot use the funds accumulated there. The company will have to agree on new financing arrangements once the restructuring proceedings have been completed.

The cash flow varies considerably from one quarter to another, and this places strain on the money situation at times. The risk exists that the company will have to postpone payment of expenses.

The financing agreement made by Tecnotree in August 2013 that is in force until 2018 contains six different covenants. One of these is tested monthly, four at half year intervals, and one annually. The terms of three covenants become tighter as the loan period progresses. If a condition for a covenant is not met, the financier is entitled to demand payment of the loans taken. Tecnotree had discussions in May 2015 with its bank concerning the state of these covenants. The company estimated then that the figures for the covenants on 30 June 2015 would not all be at the level stipulated in the financing agreement. The company intended to reach agreement with the bank in the same way as in 2014, when the bank agreed that failure to achieve the figures stated in the covenants would not result in the consequences specified in the financing agreement, such as the obligation to repay the loans. In the discussions with the bank, however, it was recognised that there was no need for a separate agreement on this matter because of the restructuring proceeding currently in progress at Tecnotree Corporation. The state of the covenants on 31 December 2015 is given above in the section “Financing, cash flow and balance sheet”.

As far as can be seen, the company has no chance of paying a dividend in the next few years. Contributing factors are the lack of distributable funds, the terms of the financing agreement, and the reduction in the share capital that was approved by the Annual General Meeting of shareholders.

The parent company’s shareholders’ equity was EUR 3.0 million negative on 31 December 2015.

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”.

Technology

Tecnotree operates in a rapidly changing sector. When making R&D decisions there is the risk that the choice made may not bring the expected returns. Products in Tecnotree’s sector have a fairly short life span, and the company has changed course several times during its history to new product areas.

High tech products require skilled people, and personnel turnover is quite high particularly in India. Copyright issues can result in disputes and loss of income.

Goodwill

The goodwill of EUR 17.5 million resulting from company acquisitions involve risks. The Group’s shareholders’ equity was EUR 17.8 million at the end of 2015. The goodwill impairment tests are based on management's financial expectations and assumptions, which contain uncertainty factors.

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, so in the current situation it is not possible to obtain credit in taxation for withholding taxes and they remain as costs for the company.

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. It also often has to pay withholding taxes.

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 is the biggest single risk. The financing agreement contains covenants that create risk.

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.

Tecnotree Corporation's restructuring proceedings are still in progress. The administrator delivered his proposed restructuring program to the district court of Espoo on 30 March 2016. The draft restructuring programme contains obligations concerning the sale of the Company's property. The court will take the decision on this matter later. In case an acceptable restructuring plan does not come into force, the company will have to pay its creditors in full for its debts in the restructuring process. The Company is also obliged to fulfil the terms of the restructuring programme, which includes risk.

At the end of the year the Group's shareholders' equity of stood at EUR 17.8 million. However, the shareholders' equity of the parent company was EUR 3.0 million negative.

EVENTS AFTER THE END OF THE PERIOD

The administrator of Tecnotree's restructuring proceedings delivered his proposed restructuring program to the district court of Espoo on 30 March 2016. The content of this proposal is disclosed above under "Restructuring proceedings".

PROSPECTS IN 2016

The operative performance of the company has improved. Tecnotree believes that the filing of its draft debt restructuring plan in early 2016, along with its continued focus on cost, product renewal and better serving its customers will give the company a solid base to continue to improve both its operating efficiency and addressable revenue opportunities. However, Tecnotree does not provide an annual outlook for 2016 due to several uncertainty factors having impact on customer investments. These uncertainty factors relate to a strengthening dollar as well as the softening macroeconomic environment and political instability in some of its key markets in Latin America, the Middle East and Africa.

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

PROPOSAL CONCERNING THE RESULT

The Board of Directors proposes to the Annual General Meeting, that no dividend be paid for the financial year ended 31 December 2015, and that the parent company's loss for the financial year, EUR 5,213,387.24, be remained in retained earnings.

FINANCIAL INFORMATION

Tecnotree is holding a conference for analysts, investors and the media to present its financial report on 31 March 2016 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 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 (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/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
NET SALES	2	**24.6**	24.2	**76.5**	74.0
Other operating income		**0.0**	0.0	**0.1**	0.1
Materials and services		**-3.7**	-3.6	**-7.9**	-11.9
Employee benefit expenses		**-8.1**	-9.2	**-33.5**	-33.6
Depreciation, amortisation and impairment charges		**-0.3**	-0.3	**-1.0**	-1.1
Other operating expenses		**-6.2**	-6.4	**-22.5**	-24.4
OPERATING RESULT	2	**6.4**	4.7	**11.7**	3.3
Financial income		**0.3**	0.1	**0.6**	0.4
Financial expenses		**-1.2**	-0.8	**-4.4**	-6.0
RESULT BEFORE TAXES		**5.4**	4.0	**7.8**	-2.4
Income taxes		**-2.1**	-3.5	**-7.6**	-6.9
RESULT FOR THE PERIOD		**3.3**	0.5	**0.2**	-9.3
Allocated to:					
Equity holders of parent company		**3.3**	0.5	**0.2**	-9.3
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		**0.03**	0.00	**0.00**	-0.08
Earnings per share, diluted, EUR		**0.03**	0.00	**0.00**	-0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, MEUR	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
RESULT FOR THE PERIOD	**3.3**	0.5	**0.2**	-9.3
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**	0.0
Items that may be reclassified subsequently to profit or loss:				
Translation differences from foreign oper.	**0.9**	0.5	**1.2**	4.7
Tax relating to translation differences	**-0.3**	-0.2	**-0.4**	-0.3
Other comprehensive income, net of tax	**0.5**	0.3	**0.6**	4.4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3.8**	0.8	**0.9**	-4.9
Allocated to:				
Equity holders of parent company	**3.8**	0.8	**0.9**	-4.9
Non-controlling interest	**0.0**	0.0	**0.0**	-0.0

CONSOLIDATED BALANCE SHEET	Note	**31.12.2015**	31.12.2014
Assets			
Goodwill		**17.5**	16.6
Other intangible assets		**0.6**	0.4
Tangible assets		**3.6**	3.8
Deferred tax assets		**0.6**	0.9
Other non-current trade and other receivables		**1.3**	1.1
Current assets			
Inventories		**0.5**	0.5
Trade receivables		**12.1**	15.2
Other receivables		**31.9**	33.8
Investments		**0.0**	0.1
Cash and cash equivalents		**6.4**	2.5
TOTAL ASSETS		**74.6**	75.0
Shareholders’ equity		**17.8**	16.9
Non-current liabilities			
Deferred tax liabilities		**0.0**	3.4
Non-current interest-bearing liabilities	3	**0.5**	0.0
Other non-current liabilities		**1.8**	1.2
Current liabilities			
Current interest-bearing liabilities	3	**31.8**	31.8
Trade payables and other liabilities		**22.8**	21.7
EQUITY AND LIABILITIES, TOTAL		**74.6**	75.0

CALCULATION OF CHANGES IN SHAREHOLDERS’ EQUITY, MEUR

MEUR	A	B	C	D	E	F	G	H	I	J
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, net of tax:										
Remeasurement items							-0.1	-0.1		-0.1
Translation differences				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
Sharebased payments							0.0	0.0		0.0
Transactions with shareholders, total							0.0	0.0		0.0
Covering of loss	-3.4				-2.1		5.5	-0.0		-0.0
Other transfer between items					0.5	-0.3	-0.2	0.0		0.0
Other changes							0.0	0.0	0.0	0.0
SHAREHOLDERS' EQUITY 31 DEC 2015	**1.3**	**0.8**	**0.0**	**-7.8**	**0.0**	**2.0**	**21.3**	**17.7**	**0.1**	**17.8**

Me	A	B	C	D	E	F	G	H	I	J
SHAREHOLDERS' EQUITY 1 JAN 2014	4.7	0.8	-0.1	-12.9	5.5	2.3	21.3	21.7	0.1	21.7
Result for the period							-9.3	-9.3	-0.0	-9.3
Other comprehensive income:										
Translation differences, net of tax				4.4				4.4		4.4
Total compr. income for the period				4.4			-9.3	-4.9	-0.0	-4.9
Disposal of own shares			0.1				-0.0	0.0		0.0
Sharebased payments							-0.0	-0.0		-0.0
Transactions with shareholders, total			0.1				-0.1	0.0		0.0
Covering of loss					-3.8		3.8	0.0		0.0
Transfer to legal reserve						0.0	-0.0			
Other changes							0.1	0.1	-0.0	0.1
SHAREHOLDERS' EQUITY 31 DEC 2014	4.7	0.8	0.0	-8.5	1.6	2.3	15.8	16.8	0.1	16.9

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	**10-12/ 2015**	10-12/ 2014	**1-12/ 2015**	1-12/ 2014
Cash flow from operating activities				
Result for the period	**3.3**	0.5	**0.2**	-9.3
Adjustments of the result	**4.0**	6.0	**11.9**	13.9
Changes in working capital	**-1.4**	-0.7	**2.9**	-0.3
Interest paid	**0.9**	-0.1	**-0.4**	-0.2
Interest received	**-0.1**	-0.0	**0.0**	0.1
Income taxes paid	**-2.2**	-2.9	**-7.8**	-5.9
Net cash flow from operating activities	**4.5**	2.8	**6.9**	-1.7
Cash flow from investing activities				
Investments in intangible assets	**-0.0**	-0.0	**-0.4**	-0.1
Investments in tangible assets	**-0.1**	-0.1	**-0.2**	-0.7
Proceeds from disposal of intangible and tangible assets	**-0.0**	0.0	**0.0**	0.1
Changes in other securities	**0.0**	-0.1	**0.1**	0.5
Interest received from other securities	**-0.0**	0.0	**0.0**	0.0
Net cash flow from investing activities	**-0.1**	-0.1	**-0.5**	-0.1
Cash flow from financing activities				
Borrowings received	**0.5**	0.7	**2.9**	2.8
Repayments of borrowings	**-0.5**	-2.3	**-2.9**	-2.8
Changes in credit facilities in use				
Finance lease liabilities, repayments and interest	**-0.0**		**-0.0**	
Changes in pledged cash deposits	**0.0**		**-0.8**	
Interest paid	**-0.9**	-0.6	**-1.3**	-2.4
Net cash flow from financing activities	**-0.9**	-2.2	**-2.1**	-2.4
Increase (+) and decrease (-) in cash and cash equivalents	**3.5**	0.5	**4.2**	-4.2
Cash and cash equivalents at beg. of period	**3.2**	2.0	**2.5**	6.6
Impact of changes in exchange rates	**-0.3**	0.0	**-0.3**	0.2
Cash and cash equivalents at end of period	**6.4**	2.5	**6.4**	2.5

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 2014 Annual Report. The new and revised IFRS regulations that came into force on 1 January 2015 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".

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, for which sales of new products have not fully managed to compensate. Another contributing factor to the losses before 2014 was that as from 2009 Tecnotree no longer capitalised R & D costs and previous capitalisation, some EUR 20 million, was amortised in the years 2009-2013.

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 2015 the company still had recognised receivables of EUR 14.1 million from the other project in its balance sheet. The company estimates that it will bring this project to a conclusion in 2016. 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 financial performance in 2015 was positive. It is estimated that the decline in sales of old products will become of less significance when compared to the growth in sales of new products. The company recognised no income for the two projects mentioned above during 2015 apart from exchange rate differences on receivables for the projects. Even so, Tecnotree's net sales increased in 2015.

It is estimated that the debt restructuring will have a stabilising influence on the company's operations.

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.

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	**1-12/2015**	1-12/2014
NET SALES, MEUR		
Europe & Americas	**35.0**	42.0
MEA & APAC	**41.4**	32.0
TOTAL	**76.5**	74.0
RESULT, MEUR		
Europe & Americas	**7.8**	12.4
MEA & APAC	**17.0**	6.9
TOTAL	**24.8**	19.2
Non-allocated items	**-12.9**	-15.5
OPERATING RESULT BEFORE R&D CAPITALISATION & AMORTISATION AND ONE-TIME COSTS	**12.0**	3.7
One-time costs	**-0.3**	-0.4
OPERATING RESULT	**11.7**	3.3

3. INTEREST-BEARING LIABILITIES

At the end of the review period, Tecnotree had a long-term bank loan of EUR 21.8 million (31 December 2014: 21.8), and a fully used credit facility of EUR 10.0 million (31 December 2014: 10.0) to finance working capital. The company had all its credit facilities in use at the end of the review period.

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. This is the reason for presenting the credit facility as current liability in the balance sheet. After the debt restructuring proceedings began, the credit facility was frozen, and payments of EUR 0.7 million received from clients relating to pledged receivables are in a pledged blocked account.

Likewise the previously mentioned loan of EUR 21.8 million that is long-term in nature is classified as current in the balance sheet, because the financing agreement signed by Tecnotree with its bank in 2013 contains loan covenants with terms that the company does not comply with in every respect. A more detailed explanation of the situation concerning the covenants is given in the section “Financing, cash flow and balance sheet” above.

INTEREST-BEARING LIABILITIES, MEUR	**31.12.2015**	31.12.2014
Loans from financial institutions, 1 Jan	**31.8**	31.8
Raised loans	**2.9**	2.0
Repayments of loans	**-2.9**	-2.0
Changes in credit facilities in use		
Loans from financial institutions, end of period	**31.8**	31.8
Loans from related parties, 1 Jan		0.0
Raised loans		0.8
Repayments of loans		-0.8
Loans from related parties, end of period		0.0
Finance lease liabilities, 1 Jan	**0.0**	
Finance lease liabilities, additions	**0.6**	
Finance lease liabilities, decreases	**-0.1**	
Finance lease liabilities, end of period	**0.5**	
Interest-bearing liabilities total	**32.3**	31.8

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.

In June 2014 Tecnotree raised a variable-interest short-term loan with market-based conditions of EUR 0.8 million from certain shareholders in the company who are related parties. The company repaid these loans in December 2014.

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

5. CONTINGENT LIABILITIES

CONSOLIDATED CONTINGENT LIABILITIES, MEUR	**31.12.2015**	31.12.2014
On own behalf		
Real estate mortgages	**4.4**	4.4
Corporate mortgages	**45.3**	45.3
Pledged deposits	**0.8**	
Guarantees	**0.2**	0.2
Pledged trade and other receivables related to construction contracts	**15.0**	14.5
Other liabilities		
Desputed income tax liabilities in India	**1.3**	1.3

OTHER OPERATING LEASES, MEUR	**31.12.2015**	31.12.2014
Minimum rents payable based on other leases that cannot be cancelled:		
Other operating leases		
Less than one year	**1.1**	0.7
Between one and five years	**2.3**	0.3

DERIVATIVE CONTRACTS, MEUR	**31.12.2015**	31.12.2014
Currency call options, fair value (negative)		-0.1
Currency call options, value of underlying instruments		8.4
Currency put options, fair value (positive)		0.0
Currency put options, value of underlying instruments		7.8
Interest rate swap, fair value (negative)	**-0.4**	-0.5
Interest rate swap, value of underlying instruments	**13.1**	14.5

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.

6. KEY FIGURES

CONSOLIDATED KEY FINANCIAL FIGURES	**1-12/2015**	1-12/2014
Return on investment, %	**24.7**	7.1
Return on equity, %	**1.4**	-48.2
Equity ratio, %	**23.9**	22.5
Net gearing, %	**145.2**	172.7
Investments, MEUR	**1.2**	0.7
% of net sales	**1.5**	1.0
Research and development, MEUR	**13.0**	12.0
% of net sales	**17.0**	16.2
Order book, MEUR	**26.8**	38.9
Personnel, average	**950**	1,038
Personnel, at end of period	**934**	993

CONSOLIDATED KEY FIGURES PER SHARE	**1-12/2015**	1-12/2014
Earnings per share, basic, EUR	**0.00**	-0.08
Earnings per share, diluted, EUR	**0.00**	-0.08
Equity per share, EUR	**0.14**	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**	122,605
Share price, EUR		
Average	**0.11**	0.19
Lowest	**0.07**	0.13
Highest	**0.20**	0.26
Share price at end of period, EUR	**0.10**	0.14
Market capitalisation of issued stock at end of period, MEUR	**12.5**	17.0
Share turnover, million shares	**69.1**	44.6
Share turnover, % of total	**56.4**	36.3
Share turnover, MEUR	**7.5**	8.7
Price/earnings ratio (P/E)	**51.7**	-1.8

QUARTERLY KEY FIGURES	**Q4/15**	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14
Net sales, MEUR	**24.6**	17.7	17.1	17.1	24.2	23.7
Net sales, change %	**1.7**	-25.3	45.6	18.9	20.6	35.7
Adjusted operating result [1]	**6.4**	2.7	1.5	1.4	5.1	4.7
% of net sales	**25.9**	15.5	8.6	8.0	21.3	19.8
Operating result, MEUR	**6.4**	2.7	1.5	1.1	4.7	4.7
% of net sales	**25.9**	15.5	8.6	6.2	19.4	19.8
Adjusted result for the period, MEUR [2]	**3.9**	0.0	-2.9	-0.4	0.5	2.4
Result for the period, MEUR	**3.3**	1.9	-1.7	-3.3	0.5	1.2
Personnel at end of period	**934**	932	939	970	993	1,059
Earnings per share, basic, EUR	**0.03**	0.02	-0.01	-0.03	0.00	0.01
Earnings per share, diluted, EUR	**0.03**	0.02	-0.01	-0.03	0.00	0.01
Equity per share, EUR	**0.14**	0.11	0.12	0.15	0.14	0.13
Net interest-bearing liabilities, MEUR	**25.8**	28.6	26.7	28.2	29.2	31.4
Order book, MEUR	**26.8**	33.7	37.4	48.1	38.9	52.7

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