
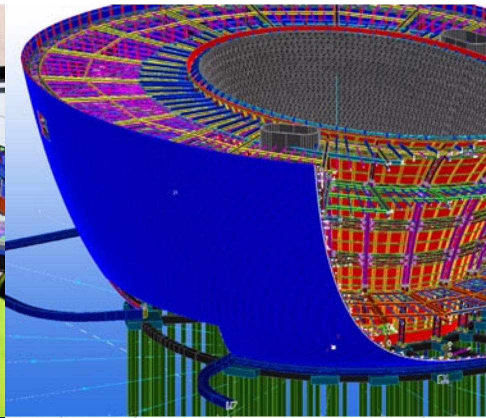
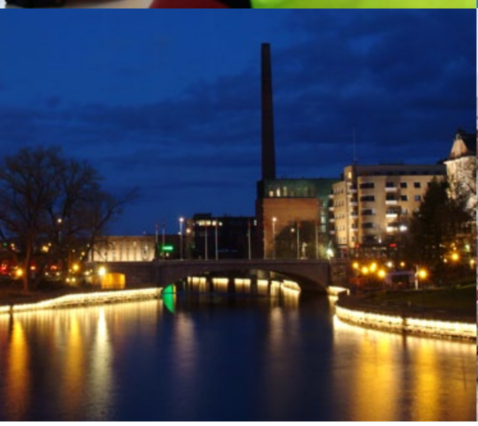


Tekla Corporation

Annual report 2010

CONTENT

TEKLA

www.tekla.com

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FROM THE CEO

All in all, we can be satisfied with Tekla's development in 2010. The markets strengthened during the year but did not yet recover to the level of 2007 – 2008. Our net sales increased and our profitability improved considerably. In our view, the market trend that is favorable to us will continue, and we will continue to focus on developing, for example, our software offering. Even though the year was a good one, we have the potential for better, even much better, performance through our own measures, especially with the general market situation improving.

A significant part of product development concerned the Tekla BIMsight software, which was launched in the middle of February 2011. The software, offered to the construction industry, intends to promote the establishment of information modeling as the dominant practice in the industry. This is an investment in the future, emphasizing the long-term nature of our business decisions.

Tekla's net sales for the fourth quarter were the all-time high in the company's history, almost 17 million euros. The operating result for the quarter was at a good level, even if not record high.

Our main business area, Building & Construction, increased its net sales by almost 19% in 2010, and its operating result improved clearly. Full-year license sales increased by 27% compared to the previous year. The development of maintenance sales was also favorable, up 12%.

In terms of Tekla's largest market areas, full-year license sales increased the most in the Nordic countries, India, the Middle East and the Far East. The United States was Tekla's largest individual market also in 2010, and due to the favorable fourth quarter, full-year sales increased there.

Infra & Energy's annual development was satisfactory. I&E's net sales increased by approximately 7%, but its operating result decreased slightly from the previous year. The number of personnel was increased in order to develop the product offering.

The business area announced at the end of January 2011 that it will renew its software offering commercially. The purpose of the renewed Tekla Solutions offering is to sell Infra & Energy software especially to new customers and new types of customers in Finland and internationally.

The number of personnel increased by 24 people during the year. At the moment we are about 500 people working at Tekla, and of us almost 200 work in area offices outside of Finland. We represent over 30 nationalities. Our long-term personnel trend continues to be rising in order to be able to utilize the market potential in sight.

About 80 percent of Tekla's sales are generated outside of Finland. We continuously develop our network of own offices and resellers to serve our current and new customers in 100 countries even better than before.

At the end of the year we were touched by a sad message. Heikki Marttinen, who was a member of the Tekla Board for over a decade and Chairman of the Board for almost as long, had unexpectedly passed away in early November. We will remember Heikki as a charismatic person who successfully led Tekla with his long leadership experience also in changing conditions.

With this annual report I want to thank Tekla's customers, partners, other stakeholders and personnel for the year 2010, and wish you all a prosperous year 2011!

Ari Kohonen
President and CEO

FIVE YEARS IN FIGURES 2006 - 2010

(Million euros)		2010	2009	2008	2007	2006
SCALE OF OPERATIONS						
Net sales		**57.83**	50.07	58.90	59.25	49.78
Change, %		**15.5**	-15.0	-0.6	19.0	31.2
Net sales, continuing businesses		**57.83**	50.07	58.90	58.24	47.64
Change, %		**15.5**	-15.0	1.1	22.3	
Exports and international operations		**45.84**	40.63	48.81	47.89	37.44
Change, %		**12.8**	-16.8	1.9	27.9	37.2
% of net sales		**79.3**	81.1	82.9	80.8	75.2
Balance sheet total		**47.51**	41.22	44.76	47.00	39.75
Research and development expenses	1)	**15.25**	14.48	15.13	12.93	10.66
% of net sales		**26.4**	28.9	25.7	21.8	21.4
Investments in property, plant and equipment	2)	**3.60**	1.71	2.02	1.66	1.33
% of net sales		**6.2**	3.4	3.4	2.8	2.7
Personnel, on average		**461**	456	430	374	324
Net sales / employee (1,000 euros)		**125.4**	109.8	137.0	158.4	153.6
Personnel expenses / employee (1,000 euros)		**69.5**	61.3	64.7	69.5	70.7
PROFITABILITY						
Operating profit (loss)		**10.06**	6.81	14.10	20.68	13.62
% of net sales		**17.4**	13.6	23.9	34.9	27.4
Operating profit (loss), continuing businesses		**10.06**	6.81	14.10	17.90	13.38
% of net sales		**17.4**	13.6	23.9	30.7	28.1
Profit (loss) before taxes		**10.76**	7.26	15.15	21.21	13.77
% of net sales		**18.6**	14.5	25.7	35.8	27.7
Result for the period		**8.18**	5.24	10.95	15.57	10.16
% of net sales		**14.1**	10.5	18.6	26.3	20.4
Return on equity (ROE), %		**25.7**	17.4	35.4	55.4	48.5
Return on investment (ROI), %		**34.1**	24.5	49.0	74.5	63.1
Operating profit (loss) / employee (1,000 euros)		**21.8**	14.9	32.8	55.3	42.0
FINANCING AND FINANCIAL POSITION						
Equity		**33.87**	29.89	30.34	31.45	24.72
Interest-bearing liabilities		**0.12**	0.13	0.12	0.34	0.69
Non-interest-bearing liabilities		**13.52**	11.20	14.30	15.21	14.34
Equity ratio, %		**72.1**	73.1	68.4	67.5	63.4
Net gearing, %		**-86.7**	-83.7	-86.3	-94.8	-95.2
SHARE RELATED DATA						
Earnings per share (euros)		**0.36**	0.23	0.49	0.69	0.45
Earnings per share (euros), continuing businesses		**0.36**	0.23	0.49	0.60	0.44
Earnings per share (euros), discontinued oper.					0.09	0.01
Equity per share (euros)		**1.51**	1.33	1.35	1.40	1.10
Dividend per share (euros)	3)	**0.25**	0.20	0.25	0.50	0.40
Dividend (1,000 euros)	3)	**5,622**	4,483	5,604	11,258	9,007
Dividend to earnings ratio, %		**69.4**	87.0	51.0	72.5	88.9
Effective dividend yield, %		**2.7**	3.1	6.7	3.9	5.1
Repayment of equity per share (euros)	3)	**0.35**				
Repayment of equity (1,000 euros)	3)	**7,871**				
Price / earnings (P/E)		**26.0**	27.6	7.6	18.4	17.5
Share prices, euros						
period's lowest		**6.29**	3.40	3.25	7.60	3.38
period's highest		**9.49**	7.88	13.00	14.94	7.90
period's average		**7.67**	5.56	8.32	10.88	5.24
on December 31		**9.35**	6.35	3.73	12.70	7.88
Market capitalization		**210.28**	142.35	83.61	285.96	177.43
Share turnover (in 1,000s)		**5,363**	4,419	6,879	13,797	13,742
Share turnover, %		**23.9**	19.7	30.6	61.3	61.0
No. of issue-adjusted shares at year's end		**22,489,600**	22,416,600	22,416,600	22,516,600	22,516,600
Average number of issue-adjusted shares		**22,464,400**	22,416,600	22,485,500	22,516,600	22,516,600

1) The calculation principles of research and development expenses were specified in 2007.
2) Includes 0.89 million euros of R&D expenses capitalized in the financial period 2010.

3) The Board's proposal to the AGM.

Calculation of financial indicators on page 43.

REVIEW BY THE BOARD OF DIRECTORS 2010

FINANCIAL YEAR IN BRIEF

> **Tekla Group's**
- Net sales were 57.83 million euros
- Operating result was 10.06 million euros
- Operating result percentage was 17.4
- The share of operations outside of Finland amounted to 79 percent of net sales

> The net sales of **Building & Construction** business area, amounted to 43.08 million euros, i.e. they increased by 18.5 percent from the previous year. Operating result was 8.23 million euros and the operating result percentage 19.1. Operations outside of Finland accounted for 95 percent of B&C's net sales.

> As for the other business area, **Infra & Energy**, the net sales amounted to 14.81 million euros and the operating result was 1.92 million euros. I&E's operating result percentage was 13.0. Operations outside of Finland accounted for 34 percent of I&E's net sales.

> Tekla Corporation's Board will propose to the Annual General Meeting, to be held on April 6, 2011, that a dividend of 0.25 euros and a repayment of equity of 0.35 euros be distributed for a total payment of 0.60 euros per share (totaling 13,493,760 euros) for the financial period 2010.

BUSINESS

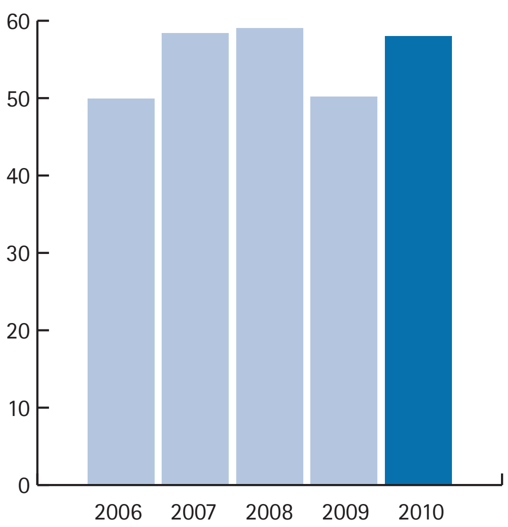
Tekla develops and markets model-based software products and related services. The products are used in building and construction, as well as in infrastructure and energy industries. The ingenuity of Tekla's products is in their model-based technology, and as its developer Tekla is an international forerunner. Tekla also has decades of experience in its customer industries and in close customer cooperation.

TEKLA GROUP'S NET SALES AND OPERATING RESULT

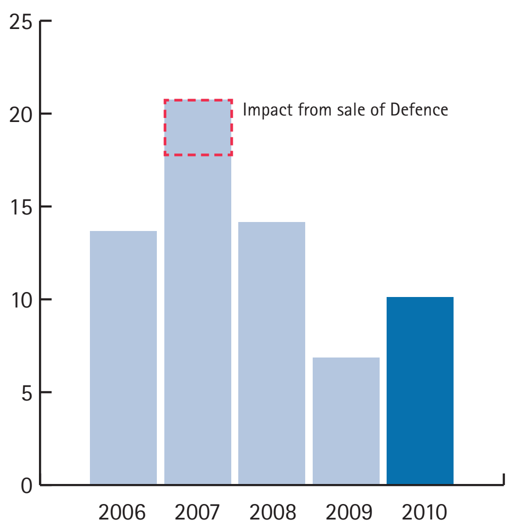
Net sales, million euros	2010	2009	Change
Building & Construction	43.08	36.34	6.74
Infra & Energy	14.81	13.80	1.01
Net sales between segments	-0.06	-0.07	0.01
Total	**57.83**	**50.07**	**7.76**

Operating result, million euros	2010	2009	Change
Building & Construction	8.23	4.72	3.51
Infra & Energy	1.92	2.08	-0.16
Others	-0.09	0.01	-0.10
Total	**10.06**	**6.81**	**3.25**

Tekla Group's net sales, million euros



Tekla Group's operating result, million euros



Tekla's software products are sold in Finland and the international market to a clearly defined customer segments and they are meant for professional use. For Tekla, focusing on the software product business enables more unified processes in the product development and among others customer relations management.

GROUP STRUCTURE

Tekla operates in two business areas: Building & Construction, which focuses on software products for the construction industry, and Infra & Energy, which provides software solutions for infrastructure and energy industries. Building & Construction stood for 74 percent and Infra & Energy for 26 percent of Tekla's net sales. Shared functions for the whole Group are technology, and support functions, such as finance, administration, information management, human resources and communications.

Tekla Group's subsidiaries are reported in the notes to the financial statements (note 28). The foreign branches are in Denmark, Latvia and in the United Arab Emirates.

NET SALES AND OPERATING RESULT

Net sales of Tekla Group for January-December 2010 totaled 57.83 (50.07) million euros, increasing by 15.5%. The operating result was 10.06 (6.81) million euros, 17.4% (13.6%) of net sales.

PROFITABILITY

Return on investment (ROI) was 34.1 (24.5) percent and return on equity (ROE) 25.7 (17.4) percent. Earnings per share were 0.36 (0.23) euros. Equity per share at the end of the period was 1.51 (1.33) euros.

FINANCIAL POSITION

The consolidated balance sheet totaled 47.51 (41.23) million euros. Equity ratio was 72.1 (73.1) percent. Interest-bearing debts were 0.12 (0.13) million euros. Liquid assets stood at 29.49 (26.65) million euros, constituting 62.1 (64.6) percent of the balance sheet total.

INVESTMENTS

Gross investments amounted to 3.60 (1.71) million euros. About one third of the investments were formed by a deal whereby Tekla acquired a 20% stake in Construsoft Groep BV. About one fourth was formed by the capitalized R&D expenses. Additionally they consisted of normal acquisitions of hardware, software and equipment.

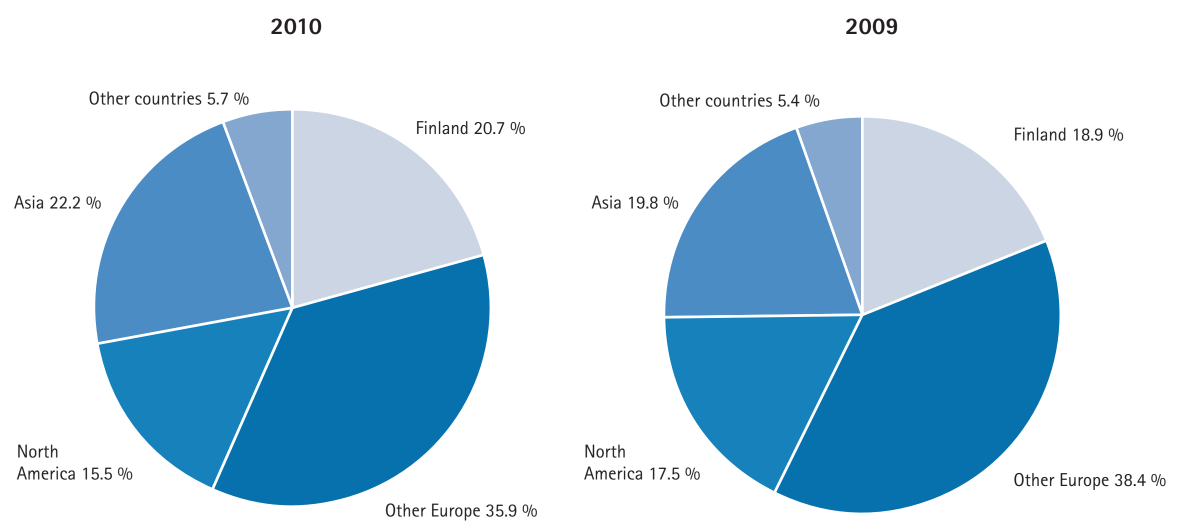
BUSINESS AREAS

Building & Construction

Tekla's Building & Construction business area (B&C) develops and markets the Tekla Structures software product designed for Building Information Modeling (BIM). The software offers open integration with other programs and models imported from them, supporting all the phases of the construction process. Tekla Structures is a comprehensive solution for structural engineering, design and production of steel structures and precast units, reinforced concrete detailing as well as site and construction management.

Tekla's position as a supplier of 3D modeling software is strong and despite the building industry's partly challenging situation, the number of users is increasing further. The number of Tekla Structures licenses sold has exceeded 20,000. Customers in the building industry are seeking

NET SALES BY GEOGRAPHICAL AREA, %



tools like Tekla's products that make their operations more efficient. Information modeling is gaining a stronger foothold in structural design and other stages of the building process. The benefits of information modeling are seen more clearly in site management in particular.

Demand has fluctuated strongly in license-based sales. Demand developed favorably in several market areas in 2010. Large customers accounted for a higher share of net sales, even though sales continued to be quite fragmented. The expansion of the product offering and the extensive sales and support network have both contributed to this development.

The net sales of B&C amounted to 43.08 (36.34) million euros for January-December 2010. The growth in net sales was 18.5% compared to the previous year. Full-year license sales increased by 27% compared to the previous years. The development of maintenance sales was also favorable, up 12%. Approximately one fourth of license sales were generated by functionality for other than detailed steel design. This share was considerably higher in the Nordic countries than other markets. B&C's full-year operating result was 8.23 (4.72) million euros and operating result percentage was 19.1% (13.0%).

During the fourth quarter, B&C's net sales amounted to 12.21 (9.90) million euros, increasing by 23.3%. B&C's operating result for October-December was 2.26 (1.05) million euros and operating result percentage was 18.5% (10.6%).

International operations accounted for 95% (96%) of B&C's net sales in January-December 2010. In terms of the market areas, license sales increased the most in the Middle East and Nordic countries during the fourth quarter. In terms of Tekla's largest market areas, full-year license sales increased the most in the Nordic countries, India, the Middle East and the Far East. The United States was Tekla's largest individual market in 2010 as well, and due to the favorable fourth quarter, full-year sales increased in the U.S. as well. Significant development of the customer relationship with Nucor Corporation contributed to this.

It is very favorable for Tekla that the building industry's move to information model-based 3D processes from traditional 2D ways of working continues. Because of this, the business area's long-term outlook continues to be promising. Building Information Modeling (BIM) is consolidating its position in the building industry. This expands the cooperation between the parties of the construction process. In order to facilitate cooperation, the interoperability of software is increased further and data exchange between software systems is improved, so that customers are able to choose the product that is suited the best for a specific task.

At the end of November 2010, Tekla announced that Max Bögl Group, the largest private construction company in Germany, had decided to introduce the Tekla Structures software solution to their operations. The process of designing concrete elements for construction across the entire company will be handled in Tekla Structures, including the transfer of data to production planning systems.

At the beginning of November, Tekla and Autodesk announced their cooperation to enable even better compatibility between their respective Tekla Structures and Revit software for the construction industry.

In April, Tekla announced that it had signed a framework agreement with the Swedish company Sweco.

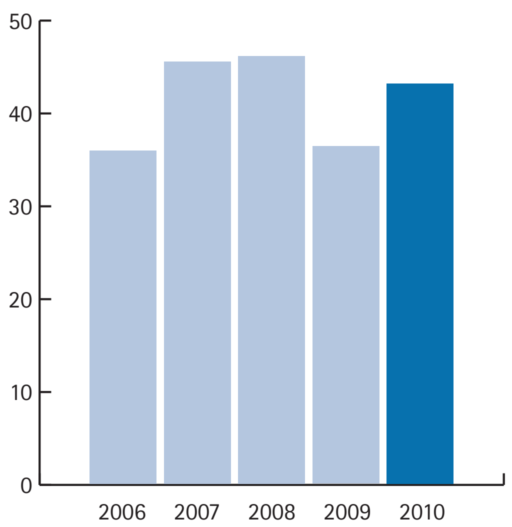
Tekla Structures' functionality for cast-in-place was selected as the "Most Innovative Product" at the North American construction industry's annual "World of Concrete" event in March.

During the first quarter, Tekla established a regional office in Singapore to serve customers throughout Southeast Asia. At the same time, the product development activity in Malaysia was transferred to Finland.

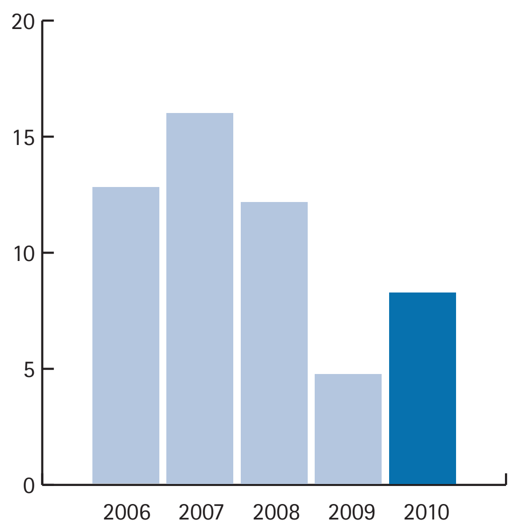
Measures against software piracy continued both by own efforts and in cooperation with other parties, such as BSA. The efforts bore fruit during 2010. Piracy will probably not be completely eradicated.

The product development of Tekla Structures concentrated on development that supports the advance of BIM and, in

B&C's net sales, million euros



B&C's operating result, million euros



particular, enhancing project-related communication. With regard to product development, investments were increased in longer-term development of new technology and completely new types of customer offerings. The Tekla BIMsight software will be launched as a result of this in February 2011. Additional information on the software is provided in this review under Events after the reporting period.

The 2010 annual main version of Tekla Structures was released at the beginning of February.

Infra & Energy

The Infra & Energy business area focuses on the development and sales of model-based software solutions that support customers' core processes in the infrastructure and energy sectors. Its key customer industries (products in parentheses) are energy distribution (Tekla Xpower), public administration (Tekla Xcity), as well as civil engineering and water (Tekla Xstreet and Tekla Xpipe).

At the end of January 2011, Infra & Energy announced that it will renew its product offering, Tekla Solutions. For additional information, see Events after the reporting period in this review.

In the energy industry, information system acquisitions are strategic investments for the companies. The economic recession has not had much effect on these investments. Climate change and the endeavor towards sustainable development set new requirements for the industry, e.g., with new energy production methods becoming more common and partial decentralization of production. In addition, consumers' demands for the reliability of distribution and energy consumption-related customer service will increase. New technologies, smart grids and software solutions hold a key role in achieving these objectives. Tekla's market position as a supplier of energy distribution information systems is strong in the Nordic and Baltic countries.

In public administration, the tightening economy has decreased income and funds available for investments. Improved and more extensive utilization of information technology is seen to be a key solution for achieving efficiency, self-services and thereby cost-savings. Citizens' services are being extensively migrated into the Web, and the accessibility of the services can also be improved this way. Tekla's sales and market position remained strong in Finland.

Infra & Energy's annual development was satisfactory. The net sales for January-December 2010 totaled 14.81 (13.80) million euros, increasing by approximately 7%. I&E's operating result was 1.92 (2.08) million euros. I&E's operating result percentage was 13.0% (15.1%). International operations accounted for 34% (42%) of net sales.

Net sales for the fourth quarter amounted to 4.70 (4.41) million euros, and operating result was 1.03 (0.95) million euros, or 21.9% (21.5%) of net sales. Once again, the net sales for the fourth quarter were the highest of all quarters, and Q4 operating result accounted for more than one half of the full-year operating result.

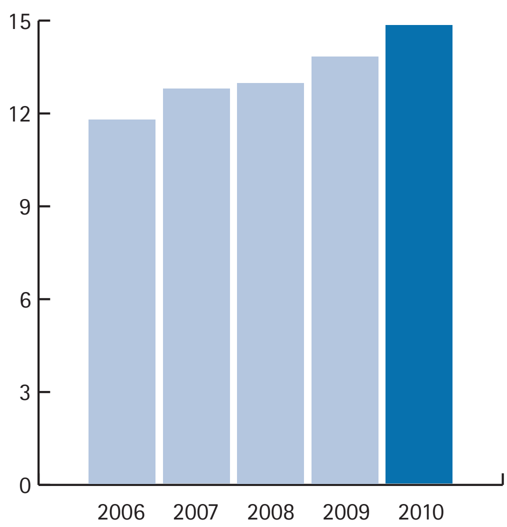
With regard to customers in the energy sector, Latvenergo expanded the Tekla Xpower system by ordering an outage communication solution for customer service during the second half of 2010. During the fourth quarter, an agreement on the development of automatic fault limiting functionalities for use support application was made with Vattenfall Distribution Finland. Implementation projects with Vattenfall Central Europe Berlin, Vattenfall Heat and a few other Finnish energy companies were completed.

Agreements on the implementation of the Tekla Xpower district heating application were made with a Norwegian and a Swedish customer during the second quarter.

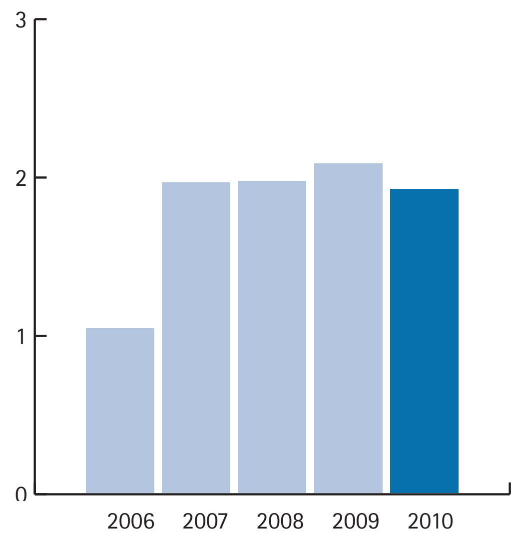
In public administration, several Finnish Tekla Xcity customers ordered out-of-the-box applications for their municipal e-services towards the end of the year. The adoption of e-service solutions expanded in Finnish cities.

An agreement was signed with the City of Kuopio in the spring on the implementation of the Tekla Xcity system as the core solution for the city's geographic information management.

I&E's net sales, million euros



I&E's operating result, million euros



An application for the utilization of quality data of automatic meter reading in Tekla Xpower was completed. Agreements were signed with key customers on the further development of Tekla Xcity. The project focuses on the further development of Tekla's Web solutions and geographic information analyses. An application of e-services developed for the collection and centralized management of geographic information-based feedback data was completed, initially for customers in the public administration.

RISKS AND UNCERTAINTY FACTORS

Possible risks and uncertainty factors associated with Tekla's business are mainly related to the market and competition situation and the general economic situation. A majority of Tekla's net sales comprises of sales of licenses entitling to use software products. Fluctuation in their demand can be rapid and significant. The sales of Tekla software are geographically distributed. In addition, individual customers do not account for a significant share of net sales, and therefore such risks are not essential.

Financial risks are discussed further in the notes to the financial statements (note 29).

A more detailed description of risk management can be found in Tekla's Corporate Governance Statement.

PRODUCT DEVELOPMENT

Tekla's product development is done in the corresponding business areas. This ensures that the product development takes place close to the customers. Product development activities are described under the business areas. The Technology unit is responsible for the technology shared by all of the products.

Research and development expenses in 2010 amounted to 26.4 (2009: 28.9) percent of net sales. During the reporting period, 0.89 (0) million euros of R&D expenses were capitalized.

ENVIRONMENT

The direct environmental consequences of Tekla's business are minimal. The direct environmental effects arising from the use of the company's products are not considered to be significant.

PERSONNEL AND ORGANIZATION

Personnel

Tekla Group personnel averaged 461 (in 2009: 456 and 2008: 430) in January-December 2010; on average 184 (2009: 189; 2008: 174) worked outside Finland. In these figures, the number of part-time staff has been converted to correspond to full-time work contribution.

At the end of the year, Tekla personnel totaled 490 (2009: 466; 2008: 464) including part-time staff, of whom 188 (2009: 192; 2008: 189) worked outside Finland.

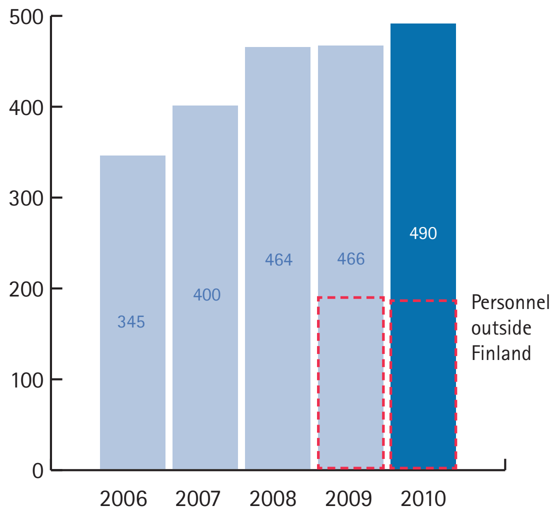
The number of personnel increased by 24 people during the year. The average number of personnel increased by 5 persons on the previous year.

The average age of Tekla's employees was 38.3 (2009: 37.8; 2008: 37.0) years. Of the personnel, 63% (2009: 64%; 2008: 64%) had a higher academic degree or university-level studies. 28% (2009: 29%; 2008: 29%) of Tekla employees were female, and 72% (2009: 71; 2008: 71%) male. The turnover of personnel was still lower than the average in the field; 7.6% (2009: 3.8%; 2008: 6.6%).

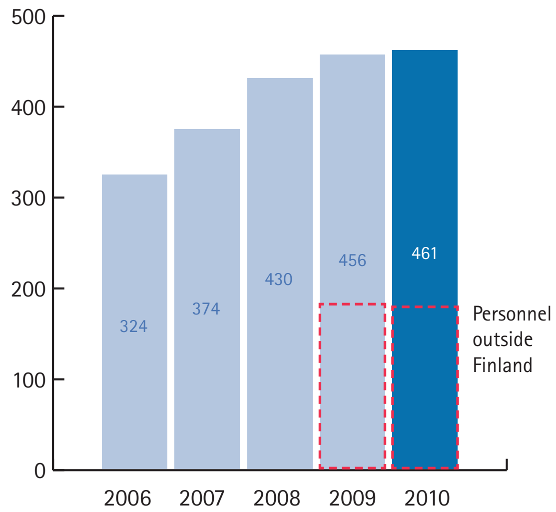
The company has an incentive system that covers all employees. Its level is decided by the Board of Directors. Compensation is linked to the operational and, in particular, financial performance during the previous year. Tekla has no options or share-related remuneration systems.

In 2010 salaries totaled 26.8 (2009: 24.2; 2008: 23.1) million euros.

Personnel in continuing businesses, at the end of the year



Personnel, average



Senior management

The members of the Management Team in 2010 were Ari Kohonen, President and CEO; Risto Räty, Executive Vice President and CEO's deputy (Building & Construction); Heikki Multamäki, Executive Vice President (Business Development); Kai Lehtinen, Senior Vice President (Infra & Energy); Petri Raitio, Senior Vice President (Technology & Architecture); Leif Granholm, Senior Vice President; Harald Lundberg, Vice President (Information Management); Anneli Bergström, Vice President (Human Resources) and Timo Keinänen, CFO.

As of the beginning of 2011 the composition of the the Tekla Management team changed. This is discussed in this review under Events after the reporting period.

CORPORATE GOVERNANCE

Corporate Governance in Tekla Corporation complies with the provisions of the Finnish Companies Act, Tekla's Articles of Association, and the Finnish Corporate Governance Code 2010 issued by the Securities Market Association.

Tekla's Corporate Governance Statement is given as a separate report, which will be published in the second week of March 2011 together with the Annual Report and also on Tekla's IR site at www.tekla.com > Investors > Corporate Governance.

ANNUAL GENERAL MEETING 2009

Tekla Corporation's Annual General Meeting was held on April 8, 2010. The AGM adopted Tekla Corporation's financial statements and consolidated financial statements for 2009. It also discharged the CEO and the Board members from liability. The AGM accepted the Board's proposal whereby a dividend of 0.20 euros per share was distributed for 2009 (total of 4,483,320 euros). The dividend payment date was April 20, 2010.

Board of Directors

Ari Kohonen, Olli-Pekka Laine (Vice Chair), Heikki Marttinen (Chair), Erkki Pehu-Lehtonen and Reijo Sulonen were re-elected Board members until the conclusion of the Annual General Meeting in 2011. Timo Keinänen was re-elected deputy member of the Board. Juha Kajanen continued as the Tekla personnel representative on the Board with Kirsi Hakkila as his personal deputy.

Change in the composition of the Board of Directors

Heikki Marttinen, the Chairman of the Board of Tekla Corporation, passed away in November 2010. The Board appointed Olli-Pekka Laine as his successor as Chairman. Erkki Pehu-Lehtonen replaced Laine as the Vice Chairman of the Board.

Auditor

Ernst & Young Oy, Authorized Public Accountants, were re-elected as the company auditor, with Erkka Talvinko, Authorized Public Accountant, as the auditor in charge.

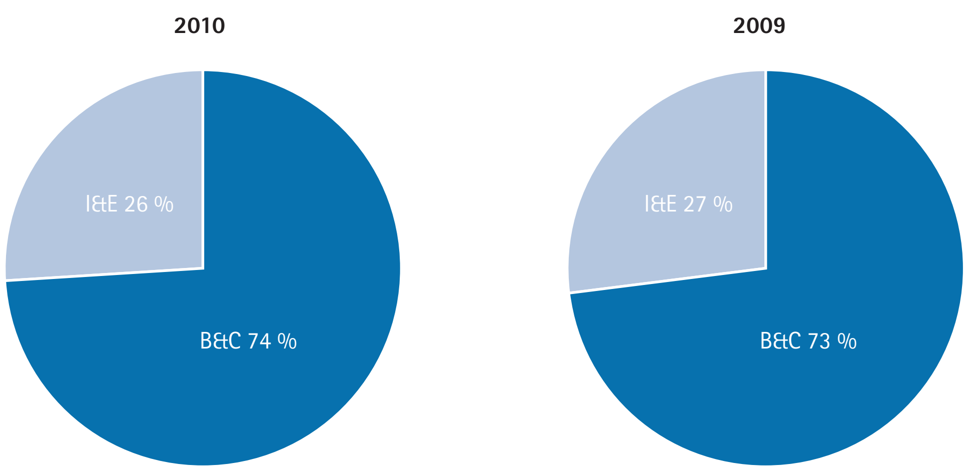
Reducing of the share premium account

The AGM decided on reducing the share premium account shown on the company's balance sheet of December 31, 2009 by 8,892,678.86 euros by transferring all the funds in the share premium account to the invested non-restricted equity fund. The National Board of Patents and Registration of Finland authorized the reduction of the share premium account in the third quarter. The reduction was booked in September. Any repayment of equity requires a decision by a general meeting of shareholders.

Authorizations

The AGM authorized the Board to increase the company's share capital and acquire or transfer the company's treasury shares. The authorizations are valid until the next Annual General Meeting, however not later than April 30, 2011.

NET SALES BY BUSINESS AREA, %



The Board of Directors exercised the authorization in 2010 to transfer treasury shares at the beginning of May. This has been discussed under "Share and shareholders" in this review.

The decisions of the AGM 2010 are discussed in more detail in the stock exchange release published on April 8, 2010.

EVENTS AFTER THE REPORTING PERIOD

Tekla BIMsight – information model-based tool for project collaboration
Tekla wants to advance information model-based cooperation as an industry standard and launched Tekla BIMsight, an easy-to-access Web-based software tool in mid-February. The software makes the benefits of building information modeling available to everyone in the industry. It contains all the necessary information needed to manage and collaborate in a construction project in an illustrative form. Tekla BIMsight reads and understands a variety of file formats and it supports software interoperability and industry standardization. The Tekla BIMsight tool can be used throughout the project from the design phase to erection and site management.

Tekla Solutions
Tekla announced at the end of January 2011 that it will renew the commercial structure, naming and market message of the Infra & Energy business area software during 2011. Instead of the previous X products (such as Tekla Xpower and Tekla Xcity), customers will be offered Tekla Solutions software solutions that better reflect the customer orientation and modularity of the software as well as the common elements in the software foundation. The renewal is part of the development of Tekla's software offering to customers in energy distribution, public administration and civil engineering.

Tekla Solutions offering supports the sales, delivery and development of customer group-specific solutions. In addition, the renewed software offering supports Tekla's objective to sell Infra & Energy software to new customers and new types of customers both in Finland and internationally.

Composition of the Tekla Management Team
As of January 1, 2011, the Tekla Management Team consists of the following persons: Ari Kohonen (President and CEO), Anneli Bergström (Vice President, Human Resources), Ritva Keinonen (Vice President, Product Development, Building & Construction), Timo Keinänen (CFO), Kai Lehtinen (Senior Vice President, Infra & Energy business area), Harald Lundberg (Vice President, Information Management), Heikki Multamäki (Executive Vice President, Business Development), and Risto Räty (Executive Vice President, Building & Construction business area).

BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFIT

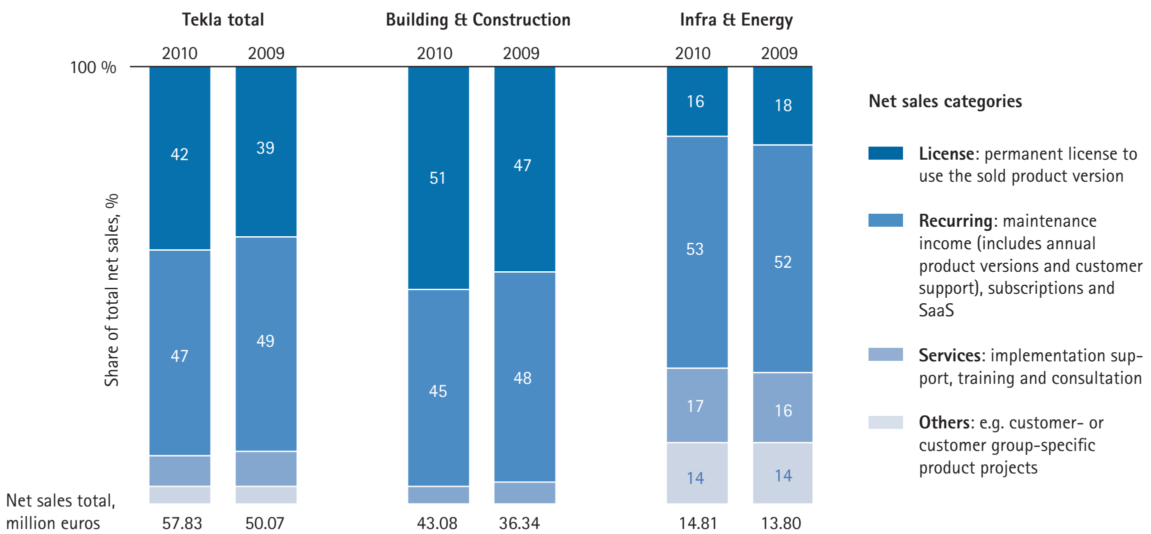
The parent company's distributable assets on December 31, 2010 were 35,932,873 euros, of which net profit for the period amounted to 7,730,713 euros.

Tekla Corporation's Board will propose to the Annual General Meeting, to be held on April 6, 2011, that a dividend of 0.25 euros and a repayment of equity of 0.35 euros be distributed for a total payment of 0.60 euros per share (totaling 13,493,760 euros). No dividend or repayment of equity shall be paid on the 96,600 shares held by the company.

OUTLOOK FOR 2011

The Board of Directors estimates net sales to increase by 10% to 15% in 2011. The operating result is estimated to be better than the previous year, 15% to 20% of net sales. The estimates are based on organic growth in net sales and the expected continuation of the favorable trend in construction activity in Tekla's central market areas.

NET SALES BY CATEGORY



SHARE AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

The total number of Tekla Corporation shares at the end of December 2010 was 22,586,200, of which the company owned 96,600. The total book counter value of those was 2,898 euros representing 0.43% of the company's shares. A total of 652,479.02 euros had been used for acquiring the company's own shares, and their market value was 903,210 euros on December 31, 2010. The book counter value of the share is 0.03 euros. At the end of the period, share capital stood at 677,586 euros.

TRANSFER OF TREASURY SHARES

Based on the authorization issued by the Annual General Meeting of 2010, a total of 73,000 treasury shares were transferred as part of the purchase price when Tekla acquired a 20% share in Construsoft Groep BV at the beginning of May. Construsoft has been a reseller of Tekla products in several countries for 15 years.

SHARE PRICE TRENDS AND TRADING

The highest quotation of the share in January-December 2010 was 9.49 (7.88) euros, the lowest 6.29 (3.40) euros. The average quotation was 7.67 (5.56) euros. On the last trading day of December, trading closed at 9.35 (6.35) euros.

A total of 5,363,953 (4,419,355) Tekla shares changed hands in January-December 2010 at NASDAQ OMX Helsinki Ltd, amounting to 23.8% (19.6%) of the entire share capital.

CHANGES IN OWNERSHIP STRUCTURE

Ilmarinen Mutual Pension Insurance Company's holdings in Tekla Corporation increased over the 5% threshold on August 13, 2010. According to the notification, Ilmarinen's holdings then were in total 1,403,625 shares, which represented 6.21% of Tekla's shares and voting rights.

The holdings of Threadneedle Asset Management Holdings Limited and Ameriprice Financial Inc decreased below the 5% threshold on January 21, 2010. According to the notification, the holdings of Ameriprice Financial Inc and its group companies totaled then 808,973 shares, which represented 3.582% of Tekla's shares and voting rights.

Nominee registered and foreign owners held 18.58% (22.46%) of all shares at the end of December 2010.

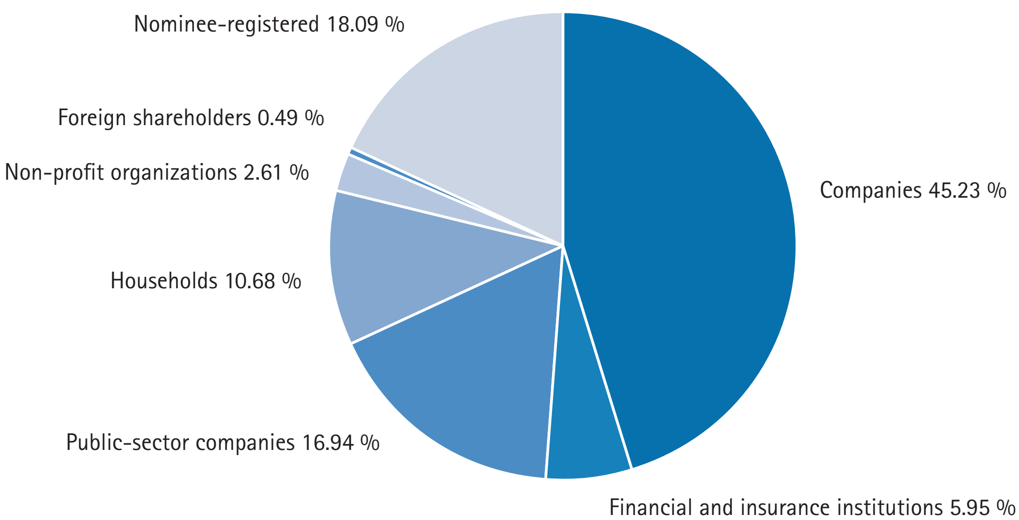
OWNERSHIP OF THE MANAGEMENT

The Board of Directors and the CEO owned or controlled 8,610,270 shares of Tekla Corporation at year's end. These shares represented 38.1 percent of share capital and 38.3 percent of votes.

BASIC FACTS ON SHARE

Listed on	22.5.2000
Trade symbol	TLA1V
Industry	Information technology
ISIN	FI0009008833

OWNERSHIP BREAKDOWN BY SECTOR 31.12.2010



THE LARGEST SHAREHOLDERS 31.12.2010

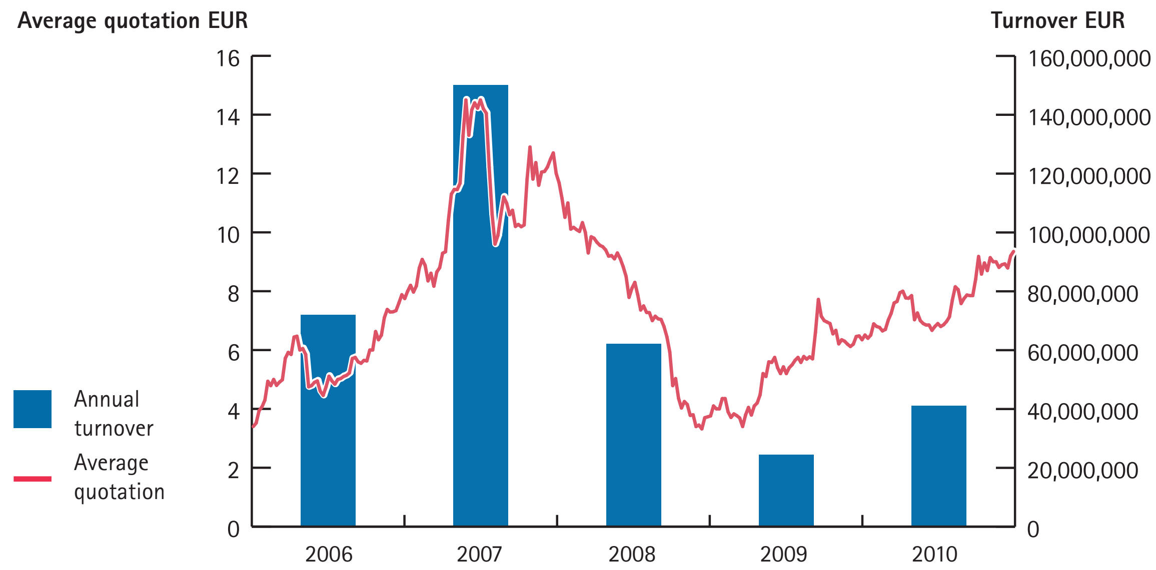
Owner	Number of shares	Share of shares, %	Share of votes, % *)
Gerako Oy	8,596,020	38.06	38.22
OMXBS/Skandinaviska Enskilda Banken (nominee reg.)	2,288,203	10.13	10.17
Ilmarinen Mutual Pension Insurance Company	1,979,116	8.76	8.80
Nordea Bank Finland Plc (nominee reg.)	1,601,089	7.09	7.12
Tapiola Mutual Pension Insurance Company	1,029,000	4.56	4.58
FIM Bank Ltd.	563,000	2.49	2.50
Etera Mutual Pension Insurance Company	557,426	2.47	2.48
Ereka Oy	480,000	2.13	2.13
Mutual Fund FIM Fenno	464,953	2.06	2.07
Fondita Nordic Micro Cap Placeringsfond	451,220	2.00	2.01
Mutual Fund Aktia Capital	275,000	1.22	1.22
Veritas Pension Insurance Company	241,345	1.07	1.07
Heinonen Reino	183,490	0.81	0.82
Kaleva Mutual Insurance Company	173,915	0.77	0.77
Mutual Fund Nordea Nordic Small Cap	170,260	0.75	0.76
Svenska Handelsbanken AB (publ), Branch Operation in Finland (nominee reg.)	167,061	0.74	0.74
Mutual Fund Evli Finnish Equity	105,000	0.46	0.47
Tekla Corporation	96,600	0.43	0.43
Mandatum Life Insurance Company	80,206	0.36	0.36
Mutual Fund Handelsbanken Aktie	72,000	0.32	0.32
20 largest shareholders total	**19,574,904**	**86.68**	**87.04**
Others	**3,011,296**	**13.32**	**12.96**
All shares total	**22,586,200**	**100.00**	
All votes total *)			**100.00**

*) Total number of votes is 22,489,600 = total number of shares (22,586,200) - own shares held by the company (96,600).

OWNERSHIP BREAKDOWN BY NUMBER OF SHARES 31.12.2010

Shares	Number of owners	%	Number of shares	%
1 – 1,000	2,356	81.92	811,842	3.59
1,001 – 10,000	458	15.93	1,252,028	5.54
10,001 – 100,000	45	1.57	1,196,232	5.30
100,001 – 500,000	10	0.34	2,712,244	12.01
500,001 – 1,000,000	2	0.07	1,120,426	4.96
1,000,001 –	5	0.17	15,493,428	68.60
Total	**2,876**	**100.00**	**22,586,200**	**100.00**

SHARE TURNOVER AND AVERAGE QUOTATION 2006 – 2010



OMX INDICES AND SHARE PRICE 2006 – 2010

CONSOLIDATED INCOME STATEMENT, IFRS

1,000 euros	Note	1.1. – 31.12.2010	1.1. – 31.12.2009
Net sales	1, 3	57,834	50,069
Other operating income	4	581	330
Change in inventories of finished goods and in work in progress		-52	77
Raw materials and consumables used		-2,079	-2,113
Employee compensation and benefit expense	5	-32,059	-28,735
Depreciation	6	-1,712	-1,572
Other operating expenses	7	-12,539	-11,243
Share of results in associated companies	14	86	
Operating profit		10,060	6,813
Financial income	9	1,811	2,012
Financial expenses	9	-1,115	-1,566
Profit before taxes		10,756	7,259
Income taxes	10	-2,574	-2,023
Net profit for the year		**8,182**	**5,236**
Attributable to			
Equity holders of the parent company		8,182	5,236
Earnings per share calculated from the profits attributable to equity holders of the parent company:			
Earnings per share (EUR)		0.36	0.23

Earnings are not diluted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit for the year		8,182	5,236
Other comprehensive income, net of tax:	9, 10		
Available-for-sale financial assets		-55	-153
Translation differences		-179	77
Total		-234	-76
Total comprehensive income for the year		**7,948**	**5,160**
Attributable to			
Equity holders of the parent company		7,948	5,160

CONSOLIDATED BALANCE SHEET, IFRS

1,000 euros	Note	31.12.2010	31.12.2009
Assets			
Non-current assets			
Property, plant and equipment	12	1,336	1,417
Goodwill	13	143	194
Intangible assets	13	2,689	2,034
Investments in associated companies	14	1,356	
Other financial assets	15, 16	125	1,637
Receivables	15, 19	362	361
Deferred tax assets	17	638	437
		6,649	**6,080**
Current assets			
Inventories	18	56	108
Trade and other receivables	15, 19	11,234	9,739
Current income tax assets	15	51	126
Other financial assets	15, 16	21,343	20,040
Cash and cash equivalents	15, 20	8,179	5,129
		40,863	**35,142**
Assets total		**47,512**	**41,222**
Equity and liabilities			
Capital and reserves attributable to equity holders of the parent company			
Share capital	21	678	678
Share premium account	21		8,893
Reserve fund	21	1,325	1,325
Treasury shares	21	-652	-898
Translation differences	21	200	379
Fair value reserve	21	34	89
Invested non-restricted equity fund	21	9,160	
Retained earnings		23,126	19,427
		33,871	**29,893**
Non-current liabilities			
Deferred tax liabilities	17	67	103
Financial liabilities	15, 24	46	74
		113	**177**
Current liabilities			
Trade and other payables	15, 25	13,038	11,054
Current income tax liabilities	15	413	40
Financial liabilities	15, 24	77	58
		13,528	**11,152**
Liabilities total		**13,641**	**11,329**
Equity and liabilities total		**47,512**	**41,222**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

1,000 euros	Note	1.1. – 31.12.2010	1.1. – 31.12.2009
Cash flows from operating activities			
Profit (loss) before income taxes		10,756	7,259
Adjustments; transactions with no associated payment:			
Depreciation		1,712	1,572
Financial income and expenses		-691	-438
Other adjustments		241	568
Cash flow before working capital changes		12,018	8,961
Changes in working capital:			
Change in trade and other current receivables		-1,941	3,320
Change in inventories		52	-77
Change in trade and other payables		2,019	-3,021
Net cash from operating activities		12,148	9,183
Interest paid		-36	-58
Interest received		24	52
Other financial expenses		-101	-92
Income taxes paid		-2,298	-2,193
Net cash flows from operating activities		**9,737**	**6,892**
Cash flows from investing activities			
Investments in property, plant and equipment		-2,334	-1,418
Proceeds from sale of property, plant and equipment		65	51
Cash outflow on acquisition			-272
Acquisition of associated companies	2	-400	
Investments in available-for-sale financial assets		-1,551	-189
Interests received from available-for-sale financial assets		377	718
Net cash flows from investing activities		**-3,843**	**-1,110**
Cash flows from financing activities			
Payment of finance lease liabilities		-47	-41
Payment of dividend		-4,483	-5,604
Net cash used in financing activities		**-4,530**	**-5,645**
Change in cash and cash equivalents		**1,364**	**137**
Cash and cash equivalents at beginning of the period		7,125	6,988
Cash and cash equivalents at end of the period		**8,489**	**7,125**

Reconciliation of cash and cash equivalents in the balance sheet and cash flow statement

Cash and cash equivalents according to balance sheet at beginning of the period	5,129	6,343
Available-for-sale financial assets, cash equivalents	1,996	645
Cash and cash equivalents according to cash flow statement at beginning of the period	7,125	6,988
Cash and cash equivalents according to balance sheet at end of the period	8,179	5,129
Available-for-sale financial assets, cash equivalents	310	1,996
Cash and cash equivalents according to cash flow statement at end of the period	8,489	7,125

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

	Equity attributable to equity holders of the parent								
1,000 euros	Share capital	Share premium account	Reserve fund	Treasury shares	Acc.transl. difference	Fair value reserves	Inv. non-restr. equity fund	Retained earnings	Total
Equity Jan 1, 2009	**678**	**8,893**	**1,325**	**-898**	**-534**	**242**		**20,632**	**30,338**
Transl. differences					0				0
Payment of dividend								-5,604	-5,604
Transfer from retained earnings					836			-837	-1
Total comprehensive income for the year					77	-153		5,236	5,160
Equity Dec 31, 2009	**678**	**8,893**	**1,325**	**-898**	**379**	**89**		**19,427**	**29,893**
Equity Jan 1, 2010	**678**	**8,893**	**1,325**	**-898**	**379**	**89**		**19,427**	**29,893**
Transl. differences					0				0
Payment of dividend								-4,483	-4,483
Transfer of treasury shares May 7				246			267		513
Reduction of share premium account		-8,893					8,893		0
Total comprehensive income for the year					-179	-55		8,182	7,948
Equity Dec 31, 2010	**678**	**0**	**1,325**	**-652**	**200**	**34**	**9,160**	**23,126**	**33,871**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Tekla Corporation (the parent company) is a Finnish public limited company, domiciled in Espoo, and its registered address is Metsänpojankuja 1, 02130 Espoo, Finland.

A copy of the consolidated financial statements is available at www.tekla.com > Investors or at Tekla Corporation's headquarters (address as above).

Tekla is an international software product company whose model-based software products make customers' core processes more effective in building and construction, energy distribution, infrastructure management and water supply. Tekla has customers in 100 countries.

The Board of Directors of Tekla Corporation has authorized the 2010 financial statements for issue on February 10, 2011. According to the Finnish Companies Act shareholders have a possibility to approve or reject the financial statements in the Annual General Meeting held after the publishing. The financial statements may also be revised in the Annual General Meeting.

BASIS OF PREPARATION

In preparing the financial statements, the IAS and IFRS standards and SIC and IFRIC interpretations effective on December 31, 2010 were observed. International Financial Reporting Standards refer to the standards defined in the Finnish Accounting Act and related regulations approved for application in the EU and their interpretations in accordance with the EU regulation (EC) 1606/2002.

The financial statements have been prepared based on historical cost conventions, excluding available-for-sale investments and derivative instruments, which are measured at fair value.

The financial statements are presented in thousands of euros, unless otherwise stated.

The Group has adopted certain new standards, amendments and interpretations to existing standards, which have been published and which are mandatory for accounting periods beginning on January 1, 2010:

- IFRS 3 (Revised), Business Combinations. The revised standard continues to apply the acquisition method to business combinations, but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. The amendments to the standard have an effect on the amount of goodwill recognized for acquisitions and sales results of the business functions. The amendments also have an effect on items recognized through profit or loss both during the financial period of acquisition and those financial periods during which an additional purchase price is paid or additional acquisitions are performed. In accordance with the transition requirements of the standard, business combinations where the date of acquisition precedes the mandatory implementation of the standard are not adjusted. The changes of the revised standard may affect the Group's financial statements in future financial periods.
- IAS 27 (Amendment), Consolidated and Separate Financial Statements. The amended standard requires that the effects arising from changes in the ownership of a subsidiary be recognized directly under the group's shareholders' equity when the parent company's control is retained. If control in the subsidiary is lost, any remaining investment is measured at fair value through profit or loss. The respective accounting standard is in the future applied also to IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The amended IAS 27 has no impact on the current period, as no subsidiary ownership changes have occurred during the period.
- IFRS 2 (Amendment), Share-based Payment. Group cash-settled share-based payment transactions. The Group estimates that the amendment has not had a significant effect on the Group's financial statements.
- Annual improvements to IFRS standards in 2009. The amendments concern a total of 12 standards, and their impacts vary by standard. The Group estimates that the amendments have not had a significant effect on the Group's financial statements.

The following new interpretations or amendments to existing standards are mandatory for accounting periods beginning on January 1, 2010, but they are not currently relevant to the Group's operations:

- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement – Eligible Hedged Items. The amendments apply to hedge accounting. The interpretation has had no impact in the Group's financial statements.
- IFRIC 12, Service Concession Arrangements
- IFRIC 15, Agreements for the Construction of Real Estate
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation
- IFRIC 17, Distributions of Non-cash Assets to Owners
- IFRIC 18, Transfers of Assets from Customers.

The following amendments and interpretations to existing standards have been published and they are mandatory for accounting periods beginning on or after January 1, 2011. They are not expected to be relevant to the Group's operations.

- IAS 32 (Amendment), Financial Instruments: Presentation – Classification of Rights Issues. The amendment particularly applies to the classification of rights issues offered for a fixed amount of foreign currency.
- IAS 24 (Revised), Related Party Disclosures. The amendment is to clarify and simplify the definition of a related party, especially with regard to significant influence or joint control.
- IFRIC 14, IAS 19 (Amendment), The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.
- Annual improvements to IFRS standards.

USE OF ESTIMATES

When preparing the financial statements, the Group's management is required to make estimates and assumptions influencing the content of the financial statements, and it must exercise its judgment regarding the application of accounting policies. These estimates are based on the management's best knowledge, but it is possible that actual results may ultimately differ from the estimates used in the financial statements. Tax losses carried forward are recognized as deferred tax assets only to the extent that it is probable that future taxable profits will be available against which unused tax losses can be utilized. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent company Tekla Corporation and the subsidiaries in which the parent company holds directly or indirectly more than half of the votes or in which the parent company directly or indirectly has the right to decide on the principles of the company's finances and business activity. Subsidiaries acquired during the financial year are included in the financial statements from the date of acquisition, and divested subsidiaries up to the date when control has been relinquished.

Acquired subsidiaries are included in the financial statements using the purchase method of accounting, i.e. the assets, liabilities and contingent liabilities are measured at fair value at the time of acquisition. The acquisition cost less the fair value of specifiable assets, liabilities and contingent liabilities constitutes goodwill. In accordance with the IFRS 1 standard, business acquisitions preceding the IFRS transition date are not adjusted to the IFRS principles; they remain in the pretransition date values based on the Finnish Accounting Standards.

All intragroup transactions, unrealized margins of internal deliveries, internal liabilities and receivables, and internal profit distribution are eliminated.

Intragroup holding is eliminated using the purchase method of accounting. The exchange differences arising from elimination of intragroup holdings are entered under consolidated shareholders' equity.

Associates are companies in which the Group has considerable influence but not control, generally accompanying a shareholding of between 20 – 50 percent of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements under the equity method, and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement as a separate item before the operating profit. The Group's investments in the associated companies upon the date of acquisition, adjusted for changes in the associated companies' equity after the date of acquisition, are shown in the consolidated balance sheet under "Investments in associated companies".

FOREIGN CURRENCY TRANSACTIONS

The figures on Group units' results and financial standing are measured in the currency that is the currency of the primary operating environment of each unit ("functional currency"). The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are recorded at the exchange rate on the date of transaction. At the end of the financial period, foreign currency monetary items are translated to the functional currency using the exchange rate at the balance sheet date. Non-monetary items are carried at the exchange rate at the date of the transaction.

All foreign exchange gains and losses from operational and financial items are entered as exchange rate differences in the income statement under financial income and expenses. Exchange differences arising from a monetary item that forms a part of the company's net investment in a foreign operation is recognized in shareholders' equity.

In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euros at the average rate for the year and balance sheets at the average exchange rate of the balance sheet date. A translation difference resulting from translation of the income statement and balance sheet at different rates is entered under consolidated shareholders' equity. A translation difference resulting from the translation of a subsidiary's equity in the consolidation is entered under shareholders' equity.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets are classified as follows: financial assets at fair value through profit or loss, loans and other receivables, and available-for-sale financial assets. The categorization is based on the purpose of the acquisition of the financial assets, and it is performed in connection with the original acquisition. The classification is always re-evaluated at the balance sheet date.

Transaction costs are included in the original book value of the financial assets, when the item in question is not recognized as income at fair value. The financial assets measured at fair value are originally recognized at fair value, and the transaction costs are entered in the income statement. All purchases and sales of financial assets are recorded on the date of the transaction.

Derecognition of a financial asset is done when the Group has lost its contractual right to cash flow or when it has, for a significant extent, transferred risks and rewards to outside the Group.

Financial assets and liabilities at fair value through profit or loss

Derivatives that do not meet the requirements of hedge accounting, are categorized as held for trading and they are measured at fair value through profit or loss. Profit and loss, both realized and unrealized, from fair value changes is recognized in the income statement for the period during which they arise.

Loans and other receivables
Loans and other receivables are non-derivative financial assets, with fixed or determinable payments, which are not traded in an active market and not held for trading. They are measured at amortized cost. They are recognized in the balance sheet's Trade and other receivables group as current or non-current assets based on their nature; non-current, if they mature after 12 months.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets specifically designated to this group or not classified otherwise. Available-for-sale financial assets are measured at fair value, using quoted market prices. The unlisted securities whose fair value cannot be reliably determined are measured at cost with impaired losses. Fair value changes on available-for-sale financial assets are recognized directly in equity, in the fair value reserve. When such an asset is sold, the cumulative fair value changes are recognized in profit or loss.

Available-for-sale financial assets are included in non-current assets excluding those that are meant to be held for less than 12 months after the balance sheet date, in which case they are included in current assets.

Cash and cash equivalents
Cash and cash equivalents are reported at cost in the balance sheet. Cash and cash equivalents include cash and bank deposits that can be withdrawn on demand. In the cash flow statement, cash and cash equivalents also contain the liquid investments whose remaining maturity at date of purchase is at the most 3 months. Such investments are originally recognized in accounting as belonging to available-for-sale financial assets.

Financial liabilities
Financial liabilities are initially recognized at fair value based on the consideration received or paid in a transaction. Subsequently, (interest-bearing) loans are measured at amortized cost using the effective interest method. The amount of financial liabilities that is to be settled within 12 months of the balance sheet date is presented as a current liability. Other liabilities are presented as non-current liabilities.

DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

The Group uses derivative contracts to hedge against the exchange rate risks of prospective sales agreements. Hedge accounting as defined in IAS 39 is not in use in the Group.

Derivatives are initially recognized at cost, corresponding to their fair value. After this, derivatives are measured at fair value. All fair value changes of derivatives are recognized directly in financial income and expenses. In the balance sheet, the fair value of derivatives is presented in non-current receivables or liabilities, based on whether their fair value is positive or negative.

The fair value of foreign exchange forward contracts is calculated by valuing the forward contract at the forward rate on the balance sheet date and by comparing it with the equivalent value calculated through the forward rate when the forward contract was entered into.

REVENUE RECOGNITION

Revenue from the sale of products and services is presented as net sales at fair value less indirect sales taxes and discounts.

Revenue is recognized when significant risks, rewards and control connected with the ownership of the goods have been transferred to the buyer. Usually, the revenue is recognized upon delivery.

Revenue from out-of-the-box software is comprised of license fees. **License sales** are comprised of the permanent right to use the product version sold. License payment is recognized as income once the software and the password have been delivered to the customer. **Recurring sales** include maintenance income and subscriptions, and they are periodized to the months defined in the maintenance or rental agreement over time. **Service sales** refer to implementation support, training and consultation. Service sales are invoiced and recognized as income when the service has been carried out, arranged or the customer has received the service performed. **Other sales** are comprised of customer- or customer group-specific product projects. Revenue from goods or services sold is recognized at the time of delivery. Projects with a lower total value are recognized when the software and related work have been delivered and the customer has accepted the delivery or taken the software into production use. Expenses of unfinished projects are capitalized in the balance sheet under work in progress until the project is recognized as income.

Revenue from significant long-term projects (generally lasting more than 6 months) is recognized on the percentage of completion method. The percentage of completion method is also applied to projects that take place during two interim report periods. The percentage of completion is defined as the proportion of costs incurred for work performed to date compared to the total estimated project costs. When it is likely that the total costs required for completing the project exceed the total revenue from the project, the expected loss is recognized as an expense immediately.

When the outcome of a long-term project cannot be reliably estimated, project-related costs are recognized as an expense in the period in which they are incurred, and revenue from the project is recognized only to the extent of recoverable expenses. Loss on the project is recognized as an expense immediately.

Should the estimates on the outcome of the project change, recognized sales and profit will be adjusted in the period in which the change first becomes known and can be estimated.

As available-for-sale financial assets are measured at their fair value, interest income related to these is not accrued.

INCOME TAXES

The Group income statement includes current taxes of Group companies based on taxable profit for the financial period according to local tax regulations as well as adjustments to prior year taxes and changes in deferred taxes.

Deferred tax assets and liabilities are recognized for all temporary differences arising from the difference between the tax basis of assets and liabilities and their book values in financial reporting. In the determination of deferred income tax the enacted tax rate is used. Principal temporary differences arise from property, plant and equipment, provisions, tax losses carried forward and financial instruments. A deferred tax asset is recognized only to the extent that it is probable that it can be utilized for future taxable income.

GOODWILL AND OTHER INTANGIBLE ASSETS

In calculating goodwill, the net fair value of the acquiree's assets, liabilities and contingent liabilities is deducted from the cost of the transaction. Goodwill is not amortized. Instead, goodwill is tested for impairment at least annually whenever there is an indication of impairment.

Other intangible rights comprise trademarks and patents, other intangible assets software licenses, for instance. Patents and software licenses are recognized in the balance sheet at cost. Software licenses are amortized on a straight-line basis during an expected useful life of from two to six years. Trademarks and patents are amortized over ten years.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are expensed in the period in which they are incurred. Development costs of new products and new product versions and technologies with significant enhancements are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured. Capitalized direct expenses contain personnel, subcontracting and testing expenses directly caused by completing the software ready for use. Development expenses are amortized over the useful life of 4 – 8 years. Amortization starts once the product version is launched. Unfinished development projects are tested for impairment at the balance sheet date.

DISPOSED OPERATIONS

Held-for-sale non-current assets and assets associated with discontinued operations are classified as held for sale and measured at the lower of book value and fair value less costs to sell, if their amount corresponding to the book value will mostly be recovered through the sale of the asset instead of continued use. Depreciation of these assets is discontinued upon classification.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Property, plant and equipment are depreciated using the straight-line method over their useful lives. The depreciation period of machinery and equipment is 2 to 5 years. The useful life of an asset is reviewed at each financial year-end and, if necessary, any change in expectations for financial benefit reflected as an adjustment to the estimated useful life.

Property, plant and equipment are stated in the Notes at cost less accumulated depreciation and impairment loss. Cost includes only the commodities for which the acquisition cost has not yet been depreciated in full according to plan. Sales gains and losses on machinery and equipment are included in other operating income and expenses.

BORROWING COSTS

Borrowing costs are recognized as an expense in the period in which they are incurred.

GOVERNMENT GRANTS

The Group receives government grants, intended to, e.g., promote the companies' research and development activity. Such grants are reported as other income and recognized in proportion with the costs incurred in each project subject to the grant. Grants to capitalized research and development expenses are recognized as decrease of intangible assets.

Grants relating to acquisition of assets (property, plant and equipment) are presented by deducting the grant from the tangible asset's carrying amount. Grants are recognized in the income statement through smaller depreciations over the useful life of the asset. So far, Tekla has not received government grants related to the acquisition of assets.

IMPAIRMENT OF ASSETS

With regard to assets subject to depreciation, it is reviewed whether there are indications that an asset's value may be impaired. If there are indications, the recoverable amount of the item is estimated based on its net selling price or a higher value in use. The need for impairment is assessed at the level of cash generating units, i.e. at the lowest possible level largely independent of others, the cash flows of which can be separated from other units. If the carrying amount exceeds the recoverable amount, the difference is recognized in the income statement as an impairment loss.

Goodwill is not amortized. Instead, it is tested for impairment annually or whenever there is an indication of impairment.

A previously recognized impairment is reversed, if the assumptions used in estimating the recoverable amount change. The extent of impairment loss to be reversed should not be more than what the asset's carrying amount would have been if the impairment had not been recognized. Impairment loss for goodwill is not reversed.

According to IAS 39, all financial assets are assessed at each balance sheet date by examining whether there is any objective evidence of impairment of the value of item or item group in the financial assets. Impairment losses recognized as income relating to investments in available-for-sale equity instruments are not reversed. If, in a subsequent period, the fair value of a debt instrument carried as available-for-sale increases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit and loss.

LEASES

Leases on property, plant and equipment are classified as finance leases if they transfer a substantial portion of the risks and rewards incident to ownership. Finance leases are recognized in the balance sheet as assets and liabilities at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease. Assets held under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Finance lease payments are apportioned between finance charges and reductions of outstanding liability.

Leases where substantially all the risks and rewards of ownership are retained by the lessor are classified as other rental contracts. Other rental expenses based on a lease are recognized as expenses in the income statement on a straight-line basis over the lease term. Lease commitments are presented as off-balance sheet commitments in the Notes.

INVENTORIES

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the FIFO method. Cost of finished goods and work in progress includes direct production related wages, other direct production expenses and the share of general production costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

TRADE RECEIVABLES

Trade receivables are measured at their expected net present value, which is the original invoice amount less expected impairment. A trade receivable is impaired when it is justifiably probable that the Group will not collect all amounts due on the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default in payments are considered as indicators that a trade receivable is impaired. The impairment amount is classified as other operating expense.

SHARE CAPITAL AND TREASURY SHARES

The entire share capital consists of ordinary shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

When purchasing Tekla Corporation's own shares, equity is deducted by the consideration paid for the shares including transaction costs. When treasury shares are sold, retained earnings are increased by the consideration received for the shares less direct costs, taking taxes into account. The exceeding share of the acquisition cost of transferred treasury shares will be included in the invested non-restricted equity fund.

PENSION BENEFITS

The pension arrangements of the Group companies comply with local regulations and practices. Pension plans are classified as defined contribution plans.

Contributions for defined contribution plans are recognized as expenses in the balance sheet for the period for which they are contributed.

PROVISIONS

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that fulfilling the obligation requires payment or induces financial loss and the amount of the loss can be estimated reliably. Provisions can be related to restructuring, loss-making contracts and tax-related risks.

Provisions are measured at the present value of the expenditure required in order to cover the obligation.

SHARE-BASED PAYMENT

Tekla Corporation has no valid share option programs.

DIVIDENDS

Dividends distributed by the Group are recognized during the period in which shareholders have approved the dividend to be distributed. No dividend or repayment of equity is paid on treasury shares held by the company.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing net profit or loss by the weighted average number of shares outstanding during the period.

Tekla has no options, so there is no need to compute the dilution effect of options.

NOTES TO THE FINANCIAL STATEMENTS

In 1,000 euros unless otherwise noted.

1. SEGMENT INFORMATION

The Group has two reporting segments, which are the Group's strategic business areas. Operating segments have been defined based on reports the Group Management Team uses in the strategic decision making. The business segments are based on internal organizational structure and internal financial reporting. Item 'All other segments' is comprised of the Technology unit and the support units of the Group.

Building & Construction develops and markets the Tekla Structures software for the construction industry. The software is used in structural engineering, design and production of steel structures and precast units, reinforced concrete detailing as well as site and construction management.

Infra & Energy focuses on the development and sales of model-based software solutions that support customers' core processes. Its key customer industries are energy distribution, public administration, as well as civil engineering and water.

The Group Management Team assesses the results of the operating segments based on the operating profit figure. Net sales from external customers reported to the Group Management Team are measured in a manner consistent with that in the income statement. Interest income or expenses are not allocated to segments, because the Financial Administration responsible for financing also manages the funds of the Group.

Segments' investments consist of additions in property, plant and equipment as well as in intangible assets, which are used over more than one period. Segments' assets and liabilities are not presented, because they are not reported to the Group Management Team.

Net sales are divided into license, recurring, service and other sales. License sales comprise of a permanent right to use the sold product version. Recurring sales include maintenance income (annual product versions and customer support), subscriptions and net sales of SaaS. Service sales refer to implementation support, training and consultation. Other sales comprise of customer- or customer group-specific product projects.

Business segments	**2010** **Building & Construction**	**Infra & Energy**	**All other segments**	**Eliminations**	**Total**
External sales					
Licenses	21,775	2,381			24,156
Recurring	19,553	7,855			27,408
Services	1,599	2,442			4,041
Other	93	2,135	1		2,229
External sales	43,020	14,813	1	0	57,834
Internal sales	60			-60	0
Net sales total	43,080	14,813	1	-60	57,834
Operating profit	8,227	1,915	-82		10,060
Unallocated items					-1,878
Profit (loss) for the year					8,182

	2010 **Building & Construction**	**Infra & Energy**	**All other segments**	**Total**
Segment depreciations	827	301	584	1,712
Segment investments	2,708	219	726	3,653

Business segments	2009 Building & Construction	Infra & Energy	All other segments	Eliminations	Total
External sales					
Licenses	16,992	2,503			19,495
Recurring	17,601	7,102			24,703
Services	1,587	2,223			3,810
Other	98	1,962	1		2,061
External sales	36,278	13,790	1	0	50,069
Internal sales	57	12		-69	0
Net sales total	36,335	13,802	1	-69	50,069
Operating profit	4,718	2,082	13		6,813
Unallocated items					-1,577
Profit (loss) for the year					5,236

	2009 Building & Construction	Infra & Energy	All other segments	Total
Segment depreciations	816	291	465	1,572
Segment investments	631	127	986	1,744

Reconciliations	2010	2009
Income		
Income from reporting segments	57,893	50,137
Income from all other segments	1	1
Eliminations of income between segments	-60	-69
Group income total	57,834	50,069
Operating profit		
Operating profit of reporting segments	10,142	6,800
Operating profit of all other segments	-82	13
Group operating profit total	10,060	6,813

Information related to geographical areas

The Group operates in four geographical areas: Finland, other Europe, North America and Asia. Net sales of the geographical areas are presented based on the location of the customers or the resellers. Assets are presented based on the location of the assets. Net sales from external customers are measured in a manner consistent with that in the income statement.

2010	Finland	Other Europe	North America	Asia	Others	Total
Net sales	11,996	20,781	8,977	12,838	3,242	57,834
Non-current assets	4,738	912	77	160		5,887

2009	Finland	Other Europe	North America	Asia	Others	Total
Net sales	9,443	19,219	8,788	9,929	2,690	50,069
Non-current assets	2,663	1,078	61	205		4,007

2. ACQUIRED BUSINESSES

Tekla Corporation reinforced its collaboration with the Dutch reseller Construsoft Groep BV by acquiring 20% of its shares on May 3, 2010. Construsoft has been a reseller of Tekla products in several countries for 15 years.

Of the purchase price, 0.40 million euros was paid in cash. As part of the purchase price, 73,000 treasury shares were transferred at a price of 7.03 euros per share according to the market value on May 7, 2010, for a total price of 0.51 million euros. Tekla is obliged to pay an additional purchase price depending on the result development of the acquired business in 2009–2011. The additional purchase price estimated in the financial statements is 0.36 million euros, and any resulting liability will be due in 2012.

Acquired net assests and goodwill	**2010**
Consideration paid in cash	400
Transferred treasury shares	513
Additional purchase price	357
Total	**1,270**

Consolidated result of the associated company and equity adjustment to the investment is 0.09 million euros. Had Construsoft Groep BV's figures been consolidated as from the beginning of the financial period, Tekla's result would have been approximately 0.01 million euros higher.

Of the purchase price, 0.16 million euros was allocated to goodwill and 0.61 million euros to customer relationships in intangible assets, which are included in the balance sheet value of the associated company according to the one-line principle.

3. LONG-TERM PROJECTS

	2010	**2009**
Income recognized	1,197	1,020
Not recognized	341	195
Revenues recorded prior to billings, incl. in receivables	561	402
Advances received	-177	-291
Receivables/liabilities from long-term contracts	**384**	**111**

In 2010 the long-term projects consisted of three Tekla Xpower projects, six Tekla Xcity projects, two Tekla Xpipe projects, and one Tekla Xstreet project in the Infra & Energy business area. In 2009 they consisted of five Tekla Xpower projects, four Tekla Xcity projects and one Tekla Xstreet project of Infra & Energy.

4. OTHER OPERATING INCOME

	2010	**2009**
Sales gains from property, plant and equipment	3	2
Product development grants	539	310
Others	39	18
Total	**581**	**330**

Tekla Corporation's product development grants have been given by Tekes (the Finnish Funding Agency for Technology and Innovation). The grants are meant to promote companies' research and development activities and share their risks, encourage commercializing the outcome of the projects, increase networking and make use of international collaboration.

5. EMPLOYEE BENEFITS EXPENSE

	2010	2009
Salaries	26,752	24,207
Pension expenses, defined contribution plans	3,303	2,815
Other personnel expenses	2,004	1,713
Total	**32,059**	**28,735**
Group headcount:		
Personnel, on average	461	456
Personnel, end of period	490	466
of whom part-time	25	20

Information on the executive compensation and benefits is presented in Note 28. Related party transactions.

6. DEPRECIATION AND AMORTIZATION

	2010	2009
Intangible assets		
Intangible rights	97	80
Other intangible assets	732	612
Tangible assets		
Machinery and equipment	883	880
Total	**1,712**	**1,572**

7. OTHER OPERATING EXPENSES

	2010	2008
Rental expenses	1,823	1,767
Travel expenses	2,121	1,921
IT expenses	1,305	1,205
Marketing expenses	2,262	1,965
Others	5,028	4,385
Total	**12,539**	**11,243**

Rental expenses consist mainly of lease payments for the Group's offices.

The item "others" consists of a number of expenses connected with administration and maintenance, which are not significant individually.

8. RESEARCH AND DEVELOPMENT EXPENSES

The income statement includes 15.25 million euros of research and development expenses recognized as expense in 2010 (14.48 million euros in 2009).

The research and development expenses are primarily comprised of expenses allocated to the development of Tekla's own software. 70 percent of these expenses are personnel related.

In accordance with accounting regulations, 0.89 million euros of R&D expenses have been capitalized during the period under review in connection with longer-term development of new technology and clearly novel customer offering. No corresponding projects have taken place previously.

9. FINANCIAL INCOME AND EXPENSES

Financial income	2010	2009
Interest income		
From available-for-sale investments	383	731
From loans and other receivables	24	46
Foreign exchange gains from loans and other receivables	1,400	1,172
Foreign exchange forward contract value changes	4	63
	1,811	**2,012**

The Group's interest income derives mainly from the parent company's investments in commercial papers, municipal bonds, certificates of deposit and other negotiable debt instruments (Note 16. Available-for-sale financial assets).

Financial expenses		
Interest expenses from liabilities measured at amortized cost	-61	-33
Foreign exchange losses from loans and other receivables	-881	-1,551
Foreign exchange forward contract value changes	-68	139
Other financial expenses	-105	-121
	-1,115	**-1,566**
Exchange rate differences, total	**455**	**-177**

Components of other comprehensive income

Items recognized in other comprehensive income related to financial instruments and reclassification adjustments related to these items are as follows:

Available-for-sale financial assets		
Recognized in components of other comprehensive income	-74	-122
Reclassification adjustment	383	731
Total	**309**	**609**

10. INCOME TAXES

	2010	2009
Current tax	-2,955	-2,256
Taxes for previous years	169	-30
Deferred taxes	212	263
Total	**-2,574**	**-2,023**

	2010		
Income taxes relating to components of other comprehensive income	**Before tax**	**Tax effect**	**After tax**
Available-for-sale financial assets	-74	19	-55
Translation differences	-179		-179
Total	**-253**	**19**	**-234**

	2009		
	Before tax	**Tax effect**	**After tax**
Available-for-sale financial assets	-122	-31	-153
Translation differences	77		77
Total	**-45**	**-31**	**-76**

Reconciliation of the tax expense in the income statement and the taxes calculated based on the tax rate of the Group's domicile:

	2010	**2009**
Profit before income taxes	10,756	7,259
Taxes calculated with the domicile's tax rate	-2,796	-1,887
Utilization of previously unrecognized tax losses	172	
Deferred tax asset recognized on previous years' losses	309	-135
Tax losses for which no deferred tax asset was recognized	-140	-134
Effect of differing foreign tax rates	-97	48
Share of result in associated companies	-45	
Effect of non-deductible expenses/non-taxable income	15	91
Other	8	-6
Income taxes in the income statement	**-2,574**	**-2,023**
Effective tax rate	24%	28%

11. EARNINGS PER SHARE

Earnings per share are computed by dividing the profits attributable to equity holders of the parent company by the weighted average number of shares outstanding during the period.

	2010	**2009**
Profits attributable to equity holders of the parent company	8,182	5,236
Weighted average number of shares outstanding during the period	22,464,400	22,416,600
Earnings per share for profit attributable to equity holders of the Company (EUR)	0.36	0.23

There was no dilution effect on the company's equity during the period.

12. PROPERTY, PLANT AND EQUIPMENT

Machinery and equipment	**2010**	**2009**
Cost January 1	8,296	7,758
Translation differences	231	27
Additions	863	665
Disposals	-817	-154
Cost December 31	**8,573**	**8,296**
Accumulated depreciation January 1	6,880	6,061
Translation differences	172	23
Accumulated depreciation on disposals	-698	-85
Depreciation for the year	883	880
Accumulated depreciation December 31	**7,237**	**6,879**
Net book amount December 31	**1,336**	**1,417**
Property, plant and equipment include the following assets held under finance leases:		
Cost December 31	207	204
Accumulated depreciation December 31	-72	-59
Net book amount December 31	**135**	**145**

13. GOODWILL AND INTANGIBLE ASSETS

Goodwill	2010	2009
Cost January 1	588	582
Translation differences	13	5
Disposals	-65	
Cost December 31	**536**	**587**
Accumulated amortization January 1	393	393
Accumulated amortization December 31	**393**	**393**
Net book amount December 31	**143**	**194**

The goodwill (in total 100 thousand euros) originates in the acquisition of the Group's French subsidiary. The goodwill (in total 42 thousand euros) comprises of the acquired customer base and opportunities to leverage OakTree Software AB's expertise. Goodwill is allocated to these items in connection with impairment testing.

In connection with the acquisition of OakTree Software AB, an estimated additional purchase price of 74 thousand euros was booked in September 2008. In the financial statements of December 31, 2010, the management assesses that the additional purchase price will not be realized in any part. Thus the acquisition cost has been adjusted by additional purchase price in goodwill, intangible rights and deferred taxes.

The cash flow projections used for the test for impairment are based on budgeted sales approved by the management, covering a period of five years, during which the profit margin ratio as well as market position are expected to remain at the current level. Cash flows after this period have been extrapolated without a growth factor. The pre-tax discount rate used in the calculations is 12%. The management estimates that no reasonably foreseeable change of any of the key variables used in the calculations would lead to a situation where the recoverable amount of the subsidiary would be below its carrying amount.

Intangible assets	Intangible rights	Other intan-gible assets	Unfin. deve-lopm. projects	Total
Cost January 1, 2010	673	3,810	72	4,555
Translation differences	34	15		49
Additions	13	575	933	1,521
Disposals	-33	434	-1	400
Reclassifications	24	42	-66	0
Cost December 31, 2010	**711**	**4,876**	**938**	**6,525**
Accumulated amortization January 1, 2010	263	2,259		2,522
Translation differences	12	12		24
Accumulated amortization on disposals		461		461
Amortization for the year	97	732		829
Accumulated amortization December 31, 2010	**372**	**3,464**	**0**	**3,836**
Net book amount December 31, 2010	**339**	**1,412**	**938**	**2,689**
Cost January 1, 2009	343	2,605	508	3,456
Translation differences	10	6		16
Additions	320	276	497	1,093
Disposals			-9	-9
Reclassifications		923	-923	0
Cost December 31, 2009	**673**	**3,810**	**73**	**4,556**
Accumulated amortization January 1, 2009	181	1,635		1,816
Translation differences	2	6		8
Accumulated amortization on disposals		6		6
Amortization for the year	80	612		692
Accumulated amortization December 31, 2009	**263**	**2,259**	**0**	**2,522**
Net book amount December 31, 2009	**410**	**1,551**	**73**	**2,034**

Additions to unfinished development projects include 0.89 million euros of product development capitalizations in 2010.

14. INVESTMENTS IN ASSOCIATED COMPANIES

	2010
Balance sheet value, January 1	
Share of result in associated companies after taxes	86
Acquisitions	1,270
Balance sheet value, December 31	**1,356**

The balance sheet value includes 0.16 million euros of goodwill at the end of the period.

The balance sheet of the associated company totaled 8.46 million euros and the equity 3.86 million euros. Its net sales were 9.55 million euros and profit for the period was 0.71 million euros in January 1 - December 31, 2010. The associated company has been accounted for in the consolidated financial statements under the equity method as of the date of acquistion, on May 3, 2010.

Receivables and liabilities of the associated companies	**2010**
Receivables from associated companies	
Trade receivables	72
Total	**72**
Liabilities to associated companies	
Trade payables	102
Accrued liabilities and deferred income	16
Total	**118**

15. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

Balance sheet item Dec 31, 2010	Financial assets/ liabilities at fair value through profit and loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Balance sheet item book amounts	Fair value
Non-current financial assets						
Other financial assets			125		125	125
Receivables		362			362	362
Current financial assets						
Trade and other receivables		11,179			11,179	11,179
Derivative contracts	54				54	54
Current income tax assets		51			51	51
Other financial assets			21,343		21,343	21,343
Cash and cash equivalents		8,179			8,179	8,179
Carrying amount by category	**54**	**19,771**	**21,468**	**0**	**41,293**	**41,293**
Non-current financial liabilities						
Financial liabilities				46	46	46
Current financial liabilities						
Trade and other payables				13,038	13,038	13,038
Current income tax liabilities				413	413	413
Financial liabilities				77	77	77
Carrying amount by category	**0**	**0**	**0**	**13,574**	**13,574**	**13,574**

Balance sheet item Dec 31, 2009	Financial assets/ liabilities at fair value through profit and loss	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Balance sheet item book amounts	Fair value
Non-current financial assets						
Other financial assets			1,637		1,637	1,637
Receivables		361			361	361
Current financial assets						
Trade and other receivables		9,677			9,677	9,677
Derivative contracts	63				63	63
Current income tax assets		126			126	126
Other financial assets			20,040		20,040	20,040
Cash and cash equivalents		5,129			5,129	5,129
Carrying amount by category	**63**	**15,293**	**21,677**	**0**	**37,033**	**37,033**
Non-current financial liabilities						
Financial liabilities				74	74	74
Current financial liabilities						
Trade and other payables				11,054	11,054	11,054
Current income tax liabilities				40	40	40
Financial liabilities				58	58	58
Carrying amount by category	**0**	**0**	**0**	**11,226**	**11,226**	**11,226**

16. OTHER FINANCIAL ASSETS

Available-for-sale financial assets
Available-for-sale financial assets are mainly comprised of the parent's investments in commercial papers, municipal bonds, certificates of deposit and other negotiable debt instruments, which are measured at fair value.

A total of 382,910 euros of interest income and sales gains were recognized for these investements in 2010 (730,940 euros in 2009).

With an agreement signed on June 23, 2005, Tekla Corporation became a minority shareholder in TocoSoft Oy (10%). All the shares of Tocoman Service Oy were sold in December 2009. In March 2009 Tekla Corporation became a minority shareholder in Rym-Shok Oy (1.1%). These minority shareholdings make up the Group's long-term shareholding. Unlisted equity investments are measured at cost, since there is no market price defined by a functioning market and changes in the fair value are not materially.

Changes in the value of available-for-sale investments recorded in the fair value reserve have been specified in the statement of changes in the group's equity.

	2010	2009
Long-term		
Measured at fair value		
Bonds		1,512
Measured at cost		
Shareholdings	125	125
Total	**125**	**1,637**
Short-term		
Measured at fair value		
Bonds	21,312	20,008
Other shares	31	32
Total	**21,343**	**20,040**

17. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes in 2010:

	31.12.2009	Recognized in the income statement	Recognized directly in equity	Transl. differences	31.12.2010
Deferred tax assets:					
Tax losses	417	210			627
Available-for-sale financial assets measured at fair value	4				4
Other items	15	-10		1	6
Total	**436**	**200**	**0**	**1**	**637**
Deferred tax liabilities:					
Intangible assets measured at fair value	-30	12	9	-4	-13
Accumulated depreciation difference	-37				-37
Available-for-sale financial assets measured at fair value	-36		19		-17
Total	**-103**	**12**	**28**	**-4**	**-67**
Deferred tax assets, net	**333**	**212**	**28**	**-3**	**570**

Changes in deferred taxes in 2009:

	31.12.2008	Recognized in the income statement	Recognized directly in equity	Transl. differences	31.12.2009
Deferred tax assets:					
Tax losses	146	271			417
Available-for-sale financial assets measured at fair value			4		4
Other items	34	-19			15
Total	**180**	**252**	**4**	**0**	**436**
Deferred tax liabilities:					
Intangible assets measured at fair value	-39	11		-2	-30
Accumulated depreciation difference	-37				-37
Available-for-sale financial assets measured at fair value			-36		-36
Total	**-76**	**11**	**-36**	**-2**	**-103**
Deferred tax assets, net	**104**	**263**	**-32**	**-2**	**333**

The Group companies had a total of 4.57 million euros of tax losses on December 31, 2010 (4.01 million euros in 2009) for which no tax asset is recognized as the Group is not certain enough to accumulate taxable income against which the losses could be used before the losses in question expire. The majority of these unrecognized deferred tax assets relate to tax losses in subsidiaries in Germany and Japan. 2.25 million euros (2.18 million euros in 2009) of these tax losses will expire within the next six years.

The balance sheet on December 31, 2010 includes 0.63 million euros (0.42 million euros in 2009) deferred tax assets in companies who made a loss in the current period or previous financial periods. Recognition of these deferred tax assets is based on profit estimates that show that it is probable that the losses in question can be utilized. The management estimates that most of the deferred tax assets recorded will be used during the following financial period, i.e. the nature of the asset is mostly short term.

18. INVENTORIES

	2010	2009
Work in progress	36	105
Finished goods	20	3
Total	**56**	**108**

19. RECEIVABLES

	2010	2009
Current receivables		
Trade receivables	8,359	7,559
Other receivables	1,081	697
Prepaid expenses and accrued income	1,794	1,483
Total	**11,234**	**9,739**
Prepaid expenses and accrued income		
Product development and other grants	313	282
Receivables from long-term contracts	384	111
Accrued sales income	271	202
Financial assets at fair value through profit or loss	54	63
Other prepaid expenses and accrued income	772	825
Total	**1,794**	**1,483**
Non-current receivables		
Trade receivables	110	142
Other receivables	252	219
Total	**362**	**361**

The non-current trade receivable consisted of a customer receivable in the Building & Construction business area.

The current receivables do not bear any interest.

Analysis of trade receivables by age		
Undue trade receivables	5,616	4,245
Trade receivables 1 - 60 days overdue	1,535	1,803
Trade receivables 61 - 180 days overdue	487	874
Trade receivables more than 180 days overdue	831	779
Total	**8,469**	**7,701**
Trade receivables are denominated in the following currencies:		
CNY	17	
EUR	4,067	4,456
GBP	983	515
INR	548	915
JPY	306	264
MYR	29	100
SEK	1,248	519
SGD	264	36
USD	1,007	896
Total	**8,469**	**7,701**

20. CASH AND CASH EQUIVALENTS

	2010	2009
Cash at bank and in hand	8,179	5,129

21. NOTES CONCERNING SHAREHOLDERS' EQUITY

	Number of shares	Share capital	Share premium account	Reserve fund	Treasury shares	Invested non-restr. equity fund
January 1, 2009	22,586,200	678	8,893	1,325	-898	0
December 31, 2009	**22,586,200**	**678**	**8,893**	**1,325**	**-898**	**0**
Transfer of treasury shares May 7					246	267
Reduction of share premium account			-8,893			8,893
December 31, 2010	**22,586,200**	**678**	**0**	**1,325**	**-652**	**9,160**

The number of shares is 22,586,200 (22,586,200 in 2009). The total book countervalue of the share is 0.03 euros per share, and the Group share capital is 678 thousand euros (678 thousand euros in 2009). All issued shares have been fully paid. The maximum share capital of the Group is 1.80 million euros (1.80 million euros in 2009).

Share premium account

Share premiums from the subscription price of shares exceeding the nominal value in share issues that took place before the new Companies Act came into force (September 1, 2006) are recognized in the share premium account. Share premium was entered in Tekla's share premium account for the first time in 1999. The share premium account increased significantly in connection with the listing in spring 2000.

The share premium account was reduced in 2003-2005 in order to cover retained losses in the balance sheet.

In November 2005, the share premium account was reduced by 12,38 million euros due to return of capital to shareholders.

Based on the decision by the AGM held on April 8, 2010 the share premium account was reduced by 8,89 million euros by transferring all the funds to the invested non-restricted equity fund in September.

Reserve fund

The portion of equity transferred based on the decision of the General Meeting has been entered in the reserve fund.

Treasury shares

Treasury shares include the acquisition cost of the 96,600 treasury shares held by the parent company. The cost of the shares was 652 thousand euros, which is presented as a deduction from equity.

Tekla Corporation reinforced its collaboration with the Dutch reseller Construsoft Groep BV by acquiring 20% of its shares on May 3, 2010. As part of the purchase price, 73,000 treasury shares were transferred at a price of 7.03 euros per share according to the market value on May 7, 2010, for a total price of 513 thousands euros.

Translation differences

The translation differences include translation differences from the translation of foreign units' financial statements, and translation differences from the parent company's long-term receivables from the Group's foreign subsidiaries.

Fair value reserve

The fair value reserve includes fair value adjustments of available-for-sale investments.

Invested non-restricted equity fund

When using the option rights and issuing new shares the share of issuing price that exceeds the book counter value is booked in the invested non-restrcited equity fund.

The fund includes the transfer from the share premium account amounting to 8.89 million euros, and the exceeding share of the acquisition cost of the treasury shares of 267 thousand euros transferred on May 7, 2010.

22. SHARE-BASED PAYMENT

Tekla has no outstanding share option programs.

23. PENSION BENEFIT LIABILITIES

In December 2004, the Ministry of Social Affairs and Health approved changes to the calculation principles of disability pension liabilities in the Finnish employment pension system (TEL), which took effect on January 1, 2006. According to this practice, the disability pension part of TyEL is classified as a defined contribution plan in IFRS financial statements.

In the Tekla Group's foreign subsidiaries, pensions are arranged in accordance with local, defined contribution pension plans.

After the aforementioned calculation principle change took effect as of the beginning of 2006, the Group's pension plans are classified as defined contribution plans.

24. FINANCIAL LIABILITIES

The Group's financial liabilities consist of finance lease liabilities to financial companies. The book amounts of the liabilities correspond to their fair values.

	2010	2009
Non-current		
Finance lease liabilities	46	74
Current		
Finance lease liabilities	77	58
Total	**123**	**132**
The non-current liabilities mature as follows:		
2011		70
2012	23	4
2013	23	
Total	**46**	**74**
The currency mix of the non-current liabilities is as follows:		
SEK	46	74
The currency mix of the current liabilities is as follows:		
SEK	77	58
The weighted average of the effective rates of interest of the non-current liabilities were:		
Finance lease liabilities	4.32%	6.22%
The weighted average of the effective rates of interest of the current liabilities were:		
Finance lease liabilities	6.31%	6.54%
The finance lease liabilities will mature as follows:		
Finance lease liabilities - total amount of minimum lease payments		
In one year	81	65
1–5 years	48	77
Total	**129**	**142**
Finance lease liabilities - present value of minimum lease payments		
In one year	77	58
1–5 years	46	74
Total	**123**	**132**
Future finance charges	6	10

25. TRADE AND OTHER PAYABLES

	2010	2009
Advances received	517	333
Trade payables	1,043	867
Other liabilities	2,503	1,531
Accrued liabilities and deferred income:		
Accrued salaries and social expenses	4,333	3,157
Accrued sales income	3,988	4,361
Other items	654	805
Total	**8,975**	**8,323**
Total	**13,038**	**11,054**

The item "Other liabilities" consists of payroll withholding tax, value added tax and other non-interest-bearing current liabilities.

26. OTHER LEASE AGREEMENTS

The Group as lessee

Minimum lease payments due to non-cancellable other lease agreements:

	2010	2009
Premises		
In one year	1,907	1,768
1–5 years	5,063	2,864
Total	**6,970**	**4,632**
Others		
In one year	255	387
1–5 years	113	201
Total	**368**	**588**

Tekla Corporation has extended its current office lease by 5 years until 31.12.2015. The lease of extension in Metsänpojankuja premises has been added to the lease agreement.

Most of the lease commitments under "Others" derive from car leasing contracts.

The income statement for 2010 includes rental expenses paid based on other lease agreements in the amount of 2.47 million euros (2.52 million euros in 2009).

27. CONTINGENT LIABILITIES

	2010	2009
Collaterals given for own commitments		
Business mortgages (as collateral for bank guarantee limit)	505	505
Pledged funds	258	73
Other contingent liabilities		
Guarantees	12	
Total	**775**	**578**

A repayment liability is connected with the product development grants from Tekes, according to which the grants have to be returned only if they have been received in error, in excess or on apparently erroneous grounds, or if they have been used for a purpose significantly different from the one intended for.

	2010	2009
Derivative contracts		
Forward foreign exchange contracts		
Fair value	54	63
Nominal values of underlying securities	2,376	2,493

The forward agreements mainly mature within the next 12 months.

28. RELATED PARTY TRANSACTIONS

The Group's subsidiary and parent company relationships

Company	Domicile	Ownership (%)	Share of votes (%)
Parent company of the Tekla Group			
Tekla Corporation	Finland	-	-
Subsidiaries of the Tekla Group:			
Tekla GmbH	Germany	100	100
Tekla Inc.	USA	100	100
Tekla India Private Limited	India	100	100
Tekla K.K.	Japan	100	100
Tekla (M) Sdn Bhd	Malaysia	100	100
Tekla OakTree AB	Sweden	100	100
Tekla Sarl	France	100	100
Tekla (SEA) Pte. Ltd.	Singapore	100	100
Tekla Software AB	Sweden	100	100
Tekla (UK) Limited	United Kingdom	100	100
Tekla Software (Shanghai) Co. Ltd.	China	100	100

Tekla Corporation's largest shareholder is Gerako Oy.

On December 31, 2010, Gerako Oy held 38.06% of Tekla Corporation, and it is domiciled in Finland.

Associated companies

Company	Domicile	Ownership (%)
Construsoft Groep BV	the Netherlands	20

The associated company has been accounted for in the consolidated financial statements under the equity method.

Transactions with related parties	Sales	Purchases	Receivables	Liabilities
2010				
Gerako Oy	18	270	3	23
Associated companies	3,835	150	72	118
2009				
Gerako Oy	12	212	3	21

The receivables and liabilities of associated companies have been specified in Note 14. Investments in associated companies.

The terms and conditions of the related party transactions have been arm's length.

Management remuneration *

	2010	**2009**
Salaries and other short-term employee benefits	1,087	1,210
Termination benefits	192	192
Post-employment benefits	305	321

* Management herein refers to members of the Tekla Corporation Management Team.

29. FINANCIAL RISK MANAGEMENT

Tekla Group faces normal financial risks associated with international operations. In relation to this, the objective of risk management is to supervise and, if necessary, limit risks. The Group's financial risks are centrally managed and administered by the Group Treasury which reports to the Board of Directors on a regular basis in accordance with the Company's policies and guidelines.

Currency risk

Currency risks due to the Group's international business are managed by hedging net payment flow in US dollars. Even though the hedge ratios meet the effective hedging requirements of the Group's risk management policy, they do not fully meet the hedging requirements of IAS 39. The Group uses forward foreign exchange contracts to hedge against the exchange rate risks of prospective sales agreements. Gains and losses of forward foreign exchange contracts are recognized in the income statement at the end of each reporting period. In general, the maximum tenor of the forward contracts is 12 months.

Foreign exchange risk arising from investments in foreign operations is not hedged, and it is included in the Group's net foreign currency position in accordance with the Group risk management policy.

Sensitivity to market risks arising from financial instruments as required by IFRS 7

The following sensitivity analysis is intended to illustrate the sensitivity of the Group's profit for the year and equity to changes in the EUR/USD exchange rate resulting from financial instruments: financial assets and liabilities included in the balance sheet on December 31, 2010. Financial instruments affected by the above market risks include working capital items, such as trade and other receivables and trade and other payables, deposits, cash and cash equivalents, and derivative financial instruments. The following assumptions were made when calculating the sensitivity to changes in the EUR/USD foreign exchange rates:

- the variation in EUR/USD rate is assumed to be +/- 10%
- the position includes USD-denominated financial assets and liabilities, i.e. deposits, trade and other receivables, trade and other payables, cash and cash equivalents, as well as derivative financial instruments
- the position excludes USD-denominated future cash flows.

The sensitivity analysis does not take into account future cash flows, which the Group hedges in significant volumes, it only reflects the change in fair value of hedging instruments.

	31.12.2010	31.12.2009
Net position	-834	-700
Effect on net profit	-62/+62	-52/+52
Effect on shareholders' equity	0	0

Liquidity risk

Liquidity risk refers to the impact on the Company's profit and cash flow arising if it cannot ensure sufficient financing for its operations. The Group's main source of financing is cash flow from operating activities.

Investing the liquid assets of the Group takes place according to principles decided by the Board in certificates of deposit, bonds and similar securities where the risks are almost nonexistent. Liquid assets are invested in bonds, commercial papers and other instruments issued by large-cap and mid-cap companies listed on the NASDAQ OMX Helsinki Ltd. Other potential investment objects include bonds issued by banks, the state, municipalities and the European Central Bank. The Group's investments in bonds are staggered so that only bonds issued by the State of Finland and the European Central Bank have no upper limits in euros.

The maximum allowed remaining term to maturity of an individual financial instrument is 18 months. The average term to maturity of bonds may be a maximum of 12 months measured by duration.

Due to the Group's rather large amount of liquid assets, the liquidity risk is very low.

Maturities of financial liabilities on December 31, 2010:

	2011	2012–2013	2014–	Total
Fx forward contracts, outflow	-2,321			-2,321
Fx forward contracts, inflow	2,375			2,375
Derivatives, net	**54**	**0**	**0**	**54**
Accounts payable and other liabilities	-13,451			-13,451
Finance leases, repayments	-77	-45		-122
Finance leases, financial expenses	-4	-2		-6
Total	**-13,478**	**-47**	**0**	**-13,525**

Repayments for 2011 are disclosed under current liabilities in the balance sheet. The financial expenses mainly comprise of interest expenses.

Maturities of financial liabilities on December 31, 2009:

	2010	2011–2012	2013–	Total
Fx forward contracts, outflow	-2,430			-2,430
Fx forward contracts, inflow	2,493			2,493
Derivatives, net	**63**	**0**	**0**	**63**
Accounts payable and other liabilities	-11,095			-11,095
Finance leases, repayments	-58	-74		-132
Finance leases, financial expenses	-7	-3		-10
Total	**-11,097**	**-77**	**0**	**-11,174**

Repayments for 2010 are disclosed under current liabilities in the balance sheet. The financial expenses mainly comprise of interest expenses.

Credit risk

Credit risks related to trade and other receivables are minimized with short terms of payment, efficient methods of collecting and by considering the contracting party's credit rating. The credit quality of the customer takes into account its financial position, past experience and other factors. The Company does not have significant concentrations of credit risk associated with receivables, as the Company's customer base is large and geographically dispersed across the globe. The largest individual customer account receivable accounts for less than 5% of trade receivables. Credit losses recognized in the income statement were 494 thousand euros (464 thousand euros in 2009).

Changes in impairment of trade receivables were:

	2010	2009
Impairment January 1	331	302
Translation differences	32	0
Change	504	466
Credit losses recognized in profit or loss	-423	-437
Impairment December 31	**444**	**331**

The credit risk related to investments and derivative contract parties is low, as the contracting party's credit rating has to be high according to the Group's risk management policy.

Interest rate risk

The Group does not have significant liabilities. The interest rate risk of available-for-sale investments is low as well, since their time to maturity is generally rather short. The Group can raise both fixed and variable rate loans.

Due to the balance sheet structure of the Group, the management of interest rate risk is focused on investments. The Group's profit and cash flow from operating activities are essentially independent of market interest rate fluctuations.

Capital structure management

The goal of capital structure management is to secure the continuity of operations, support the Company's growth targets and ensure increase in shareholder value. The structure can be managed through decisions on, e.g., distribution of dividends, acquisition of the Company's own shares and share issues.

The Company monitors the development of its capital structure through equity ratio and net gearing. The purpose is to maintain a solid equity ratio and moderate net gearing. At the end of 2010, the Company's equity ratio was 72.1% (73.1% in 2009). Net gearing in 2010 amounted to -86.7% (-83.7% in 2009).

Fair value estimation
The fair value of financial instruments traded in active markets, such as trading and available-for-sale securities, is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar instruments.

Effective 1 January 2009, the Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value measurement hierarchy of financial assets and liabilities measured at fair value on December 31, 2010

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative contracts		54		54
Available-for-sale financial assets				
Bonds	4,015	17,297		21,312
Other shares			156	156
Total	**4,015**	**17,351**	**156**	**21,522**

Fair value measurement hierarchy of financial assets and liabilities measured at fair value on December 31, 2009

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative contracts		63		63
Available-for-sale financial assets				
Bonds	12,381	9,140		21,521
Other shares			157	157
Total	**12,381**	**9,203**	**157**	**21,741**

In the fair value measurement hierarchy of financial assets or liabilities occurred no movements to the hierarchy level 3 during the accounting period. The management assesses that changing the input for one or more of the financial instruments valued at level 3 would not significantly alter the fair value of the financial instruments at level 3.

Changes in level 3 instruments

Available-for-sale financial assets	2010	2009
Opening balance	157	332
Purchases		25
Disposals/sales	-1	-173
Gains and losses recognized in profit or loss		-27
Closing balance	**156**	**157**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period		
In financial income and expenses		-27

30. EVENTS AFTER THE BALANCE SHEET DATE

The company's management is not aware of any significant events after the balance sheet date that would have affected the financial statements data.

PARENT COMPANY INCOME STATEMENT, FAS 1.1.2010–31.12.2010

1,000 euros	**2010**	**2009**
Net sales	42,614	37,351
Change in inventories of finished goods and in work in progress (+/-)	-52	77
Other operating income	1,505	977
Materials and services	-2,573	-2,826
Personnel expenses	-20,540	-18,260
Depreciation and value adjustments	-1,563	-1,457
Other operating expenses	-9,467	-8,529
Operating progit (loss)	9,924	7,333
Financial income and expenses	491	854
Profit (loss) before extraordinary items	10,415	8,187
Profit (loss) before appropriations and taxes	10,415	8,187
Income taxes	-2,684	-2,106
Net profit (loss) for the year	**7,731**	**6,081**

PARENT COMPANY BALANCE SHEET, FAS 31.12.2010

1,000 euros	2010	2009
ASSETS		
Fixed assets and other long-term investments		
Intangible assets	2,729	2,239
Tangible assets	902	858
Long-term investments	3,977	3,005
Total fixed assets and long-term investments	**7,608**	**6,102**
Current assets		
Inventories	56	108
Short-term receivables	17,343	13,647
Marketable securities	21,249	21,384
Cash and cash equivalents	664	557
Total current assets	**39,312**	**35,696**
TOTAL ASSETS	**46,920**	**41,798**

SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	678	678
Share premium account		8,893
Legal reserve	1,323	1,323
Treasury shares	-652	-898
Invested non-restricted equity fund	9,160	
Profit from the previous periods	19,695	18,097
Net profit (loss) for the year	7,731	6,081
Shareholders' equity total	**37,935**	**34,174**
Accumulated appropriations	**144**	**144**
Liabilities		
Short-term liabilities	8,841	7,480
Liabilities total	**8,841**	**7,480**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**46,920**	**41,798**

PARENT COMPANY CASH FLOW STATEMENT, FAS 1.1.2010–31.12.2010

1,000 euros	2010	2009
Cash flow from operating activities:		
Profit (loss) before extraordinary items	10,415	8,187
Adjustments:		
Depreciation according to plan	1,563	1,457
Other operating income and expenses (not received/paid)	117	189
Financial income and expenses	-491	-854
Cash flow before change in working capital	11,604	8,979
Change in working capital:		
Increase (-) / decrease (+) in non-interest-bearing short-term receivables	-3,916	837
Increase (-) / decrease (+) in inventories	52	-77
Increase (+) / decrease (-) in non-interest-bearing short-term liabilities	1,337	-1,096
Cash flow from operations before financial items and taxes	9,077	8,643
Interest paid and payments of other financial expenses	22	-57
Dividend received	231	508
Interest received	391	760
Other financial income and expenses	-97	-237
Income taxes paid	-2,353	-1,890
Cash flow before extraordinary items	7,271	7,727
Net cash provided by operating activities (A)	**7,271**	**7,727**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-2,099	-1,167
Proceeds from sale of tangible and intangible assets	3	10
Increase (-) / decrease (+) in loans receivable	-294	-301
Acquisition of associated companies	-400	
Purchase of other investments		-25
Proceeds from sale of other investments		173
Investments in subsidiaries	-26	42
Net cash (used in) provided by investing activities (B)	**-2,816**	**-1,268**
Cash flow from financing activities:		
Dividends paid and other distribution of profit	-4,483	-5,604
Net cash (used in) provided by financing activities (C)	**-4,483**	**-5,604**
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)	**-28**	**855**
Cash and cash equivalents at beginning of year	21,941	21,086
Cash and cash equivalents at end of year	**21,913**	**21,941**

CALCULATION OF FINANCIAL INDICATORS

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity}}{\text{Balance sheet total - Advances received}} \times 100$$

$$\text{Net gearing, \%} = \frac{\text{Interest-bearing liabilities - Cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$$

$$\text{Return on investment, \%} = \frac{\text{Result for the period + Financial expenses}}{\text{Balance sheet total - Non-interest-bearing liabilities (average for the year)}} \times 100$$

$$\text{Return on equity, \%} = \frac{\text{Result for the period}}{\text{Shareholders' equity (average for the year)}} \times 100$$

$$\text{Earnings per share} = \frac{\text{Profits attributable to equity holders of the parent company}}{\text{Average number of shares}}$$

$$\text{Equity/share} = \frac{\text{Shareholders' equity}}{\text{Number of shares at the end of the period}}$$

$$\text{Dividend to earnings ratio, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Share price at the end of the year}} \times 100$$

$$\text{Price / earnings ratio} = \frac{\text{Share price at the end of the year}}{\text{Earnings per share}}$$

Market capitalization = Number of shares at the end of the period X share price at the close of the period

In the calculation of financial indicators, the number of own shares has been deducted from the total number of shares and the purchase cost from shareholders' equity.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

Tekla Corporation's Board will propose to the Annual General Meeting, to be held on April 6, 2011, that a dividend of 0.25 euros and a repayment of equity of 0.35 euros be distributed for a total payment of 0.60 euros per share (totaling 13,493,760 euros). No dividend or repayment of equity shall be paid on the 96,600 shares held by the company.

Espoo, February 10, 2011

Olli-Pekka Laine, Chairman of the Board

Ari Kohonen, President and CEO

Erkki Pehu-Lehtonen

Reijo Sulonen

Juha Kajanen

Timo Keinänen

AUDITOR'S REPORT

To the Annual General Meeting of Tekla Oyj
We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Tekla Oyj for the financial period 1.1. - 31.12.2010. The financial statements comprise the consolidated statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, March 4, 2011

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

TEKLA ORGANIZATION 2011

- **President and CEO**
  Ari Kohonen
  - **Finance**
    Timo Keinänen
  - **Business Development**
    Heikki Multamäki
  - **Corporate Communications**
    Elina Hollo
  - **Human Resources**
    Anneli Bergström
  - **Information Management**
    Harald Lundberg
  - **Technology**
    Kim Nyberg
  - **Business areas**
    - **Building & Construction**
      Risto Räty
      - **Product Development, B&C**
        Ritva Keinonen
    - **Infra & Energy**
      Kai Lehtinen
  - **Subsidiaries and area offices**
    Sweden, Denmark, Germany, UK, France, USA, Japan, China, India, UAE, Malaysia, Indonesia, Thailand, Singapore

OTHER INFORMATION

Releases

All stock exchange releases and announcements, as well as flagging notifications Tekla Corporation has published in 2011 are available on the company's Internet site at www.tekla.com > Investors > Financial information > Stock exchange releases > 2010

Interim reports in 2011

- Financial Statements 2009 bulletin on Friday, February 11
- Interim Report 1-3/2011 on Friday, May 6
- Interim Report 1-6/2011 on Friday, August 5 and
- Interim Report 1-9/2011 on Friday, November 4

Annual General Meeting 2011

Tekla Corporation´s Annual General Meeting 2011 will be held on Wednesday, April 6, 2011 at Tekla headquarters in Espoo.

The invitation to the meeting will be published as a stock exchange release on week 11/2011.

The decisions of the AGM will be found after the meeting on the company's Internet site at www.tekla.com > Investors > Corporate governance > Shareholder meetings

TEKLA'S CORPORATE GOVERNANCE STATEMENT 2010

Tekla's Corporate Governance Statement 2010 is given as a separate report.

Corporate Governance in Tekla Corporation complies with the provisions of the Finnish Companies Act, Tekla's Articles of Association and the Finnish Corporate Governance Code 2010 issued by the Securities Market Association.

Tekla departs from the recommendation 9, because the Board has no female members at the moment. Being rather small, the Board has not considered necessary to establish a separate nomination committee. Over 50 percent of Tekla shareholders proposed to the Annual General Meeting 2010 that the old Board members be re-elected. The AGM decided according to the proposal and elected the old Board, which has no female members.

The Finnish Corporate Governance Code is publicly available e.g. on the Securities Market Association's internet site at www.cgfinland.fi.

Governance and operation of Tekla are managed by the General Meeting, the Board of Directors and the President and CEO. The Board of Directors supervises the company's profit development, governance and organization on behalf of shareholders. Tekla's President and CEO is responsible for operative activity on the corporate level, and he is assisted by the other management. ("Management" hereafter refers to the Tekla Management Team.)

GROUP STRUCTURE

Tekla Group consists of the parent company Tekla Oyj (in English Tekla Corporation) and the foreign subsidiaries. The group's business is taken care of by two business areas: Building & Construction and Infra & Energy. The subsidiaries are mainly responsible for sales and customer support of products of Building & Construction in their respective areas. Product development takes place almost entirely in Finland.

- Building & Construction business area (B&C) develops and markets the Tekla Structures software product for information model-based design of steel, concrete and other structures as well as the management of fabrication and construction.
- Infra & Energy business area (I&E) focuses on the development and sales of model-based software solutions that support customers' core processes. Its customer industries are energy distribution, public administration, as well as civil engineering and water.

GENERAL MEETING

The General Meeting is the highest decision-making body of the company. The Board shall summon an Annual General Meeting within six months of the end of the financial period.

At the Annual General Meeting the following shall be decided:

- approval of the financial statements and consolidated group accounts,
- any measures called for by the profit or loss reported in the balance sheet,
- granting of discharge from liability to the members of the Board and the Chief Executive Officer,
- the number of the members of the Board,
- remunerations payable to the members of the Board and to the auditor

and elected:

- the members of the Board and the auditor

as well as dealt with:

- any other items listed in the invitation to the meeting.

BOARD OF DIRECTORS

Tekla's governance and proper organization of operation is the responsibility of the Board of Directors, which according to the Articles of Association consists of a minimum of three and maximum of five actual members and one deputy member.

The members of the Board are elected by the General Meeting. Additionally, a representative of the personnel plus a personal deputy may also be nominated to the Board.

The term of the members of the Board ends when the first Annual General Meeting following the election ends. The Board elects a Chairand Vice Chair from among its members.

It is the duty of the Board to

- decide on the company's strategy
- ratify the company's action plan and budget
- review and adopt interim reports, financial statements and review of the Board
- decide on strategically or financially significant individual investments, acquisitions or sales and contingent liabilities
- accept the company's financing policy
- ratify group-level risk management and reporting procedures
- decide on the company's compensation and incentive system
- decide on the company's structure and organization
- take responsibility of the company's dividend policy and development of shareholder value
- appoint the company's President and decide on his/her employment benefits
- decide on appointing a deputy for the President
- take responsibility for the duties of the audit committee
- take responsibility for other tasks imposed on the Board by the Companies Act or elsewhere.

The Annual General Meeting 2010 elected the following Board members:

- Heikki Marttinen (Chair) until November 5, 2010 *)
- Olli-Pekka Laine (Vice Chair, as of November 8, Chair)
- Ari Kohonen
- Erkki Pehu-Lehtonen (as of November 8, Vice Chair)
- Reijo Sulonen
- Juha Kajanen (representative of the personnel)
- the Deputy member of the Board: Timo Keinänen.

*) The Chairman of the Board, Heikki Marttinen, passed away in early November 2010. The Board appointed Olli-Pekka Laine as his successor as Chairman. Erkki Pehu-Lehtonen replaced Laine as the Vice Chairman of the Board.

Of the Board members Mr Laine, Mr Pehu-Lehtonen and Mr Sulonen were **independent** of the company and of significant shareholders.

In 2010 the Board of Tekla Corporation held 11 meetings and the average attendance was 95 percent.

The Annual General Meeting 2010 confirmed the fees for the members of Tekla Board for 2010 as follows:

- chairman 3,000 euros per month
- vice chairman 2,500 euros per month and
- members 2,000 euros per month.

In addition, their travel expenses were reimbursed according to Tekla's travel policy. The members of the Board, who are employed by the Tekla Group, were not paid any fees for their board work.

In 2010 the board members were paid as follows:

- Heikki Marttinen: 33,000 euros
- Olli-Pekka Laine: 30,500 euros
- Erkki Pehu-Lehtonen: 24,500 euros and
- Reijo Sulonen: 24,000 euros.

The members of the Board had no other benefits, nor were they paid any fees in the form of Tekla shares or share-related rights during the reporting period.

> More detailed information about the Board members and their ownership are presented at the end of this statement, on pages 50 - 51.

BOARD COMMITTEES

Being rather small, the Board works effectively in close co-operation and meets regularly, whereby it has not been considered necessary to establish any separate committees. Thus the Board takes care of the duties of the audit committee.

PRESIDENT AND CEO

The President and CEO manages the company's operative activity according to the instructions and orders given by the Board. The President manages and controls the operation of Tekla and its business areas, prepares the issues to be discussed by the Board and is responsible for their execution.

M.Sc.(Eng.), Bachelor of Econ. **Ari Kohonen** has been Tekla Corporation's President and CEO as of January 1, 2004. Ari Kohonen can retire at the age of 60. Tekla will pay a predetermined contribution to the insurance company for the duration of Mr. Kohonen's employment. This will result in notional pension for him until he comes within the sphere of the TyEL (The Employees Pensions Act) pension system. Mr Kohonen's period of notice of is 6 months. Should Tekla terminate his employment, he is entitled to a severance pay corresponding to 12 month's salary.

In 2010 Ari Kohonen was paid a total of 208,000 euros in remuneration (including fringe benefits). The CEO had no other benefits, nor was he paid any fees in the form of Tekla shares or share-related rights.

MANAGEMENT TEAM

The Management Team assists the President and CEO in e.g. preparing the company's strategy, operating principles and other issues shared by the business areas and the Group.

The Tekla Management Team consists of the President and CEO and the Directors of the business areas and key support functions. The Management Team meets regularly, at least once a month. In 2010 the Management Team was not paid any fees in the form of Tekla shares or share-related rights.

> More detailed information about the Tekla Management Team members and their ownership at the end of this statement, pages 52 - 53.

COMPENSATION

The company has an incentive system that covers all employees. Its level is decided by the Board of Directors. Compensation is linked to the operational and, in particular, financial performance during the previous year. Tekla has no options or share-related remuneration systems.

> A separate remuneration statement can be found at www.tekla.com > Investors > Corporate governance > Remuneration statement

MAIN FEATURES OF INTERNAL CONTROL AND RISK MANAGEMENT ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS

Tekla's Board of Directors is responsible for ensuring that the company's internal control and risk management are duly and effectively organized. The Board is also responsible for ensuring that the internal control of the accounting and financial management functions is arranged in an appropriate manner. In addition, the Board is responsible for the control of the financial reporting process. It is the responsibility of the financial management to inform members of the management of their observations.

Internal control associated with the financial reporting process aims to ensure that Tekla Group's business operations are profitable and that decisions are based on correct and reliable information and sufficient identification of business risks.

Tekla's two business areas and the Group's support units prepare their own budgets which are approved by the Board of Directors. After each quarter, the business areas and the Group-level support units update their forecasts for the rest of the year as necessary.

The Group's financial management reports on the operational result to the Board and the Management Team monthly. Reporting and the associated analyses and benchmarks are an essential part of steering and control carried out with the help of financial reporting. In consideration of the quality and extent of Tekla's business operations, the key risk areas in financial reporting are associated with revenue recognition and trade receivables.

The Group's financial administration regularly monitors the reporting of the units, taking action in case of any deviations and, if necessary, conducting its own internal control surveys or having them carried out by external experts. In defining the extent and content of the external audit, the fact that the company has no internal control organization has also been taken into account.

The Group's financial administration function is responsible for specifying uniform accounting and reporting principles and providing guidelines on them, continuous development of the reporting system and training of the financial administration organization of the units. The Group's financial management is centrally in charge of the interpretation and application of the accounting standards (IFRS).

The Group's financial administration is centrally in charge of financing and currency hedging.

> A more detailed description of financing risks is available in the notes to the financial statements (Note 29).

AUDIT

It is the purpose of the statutory audit to verify that the financial statements give true and fair information on the company's result and financial position in the financial period. The company's auditor gives a statutory auditor's report to the shareholders in connection with the company's financial statements. Reports on audits carried out during the financial period are given to the Board. The auditor meets with the Board at least once a year. The financial management and the auditors meet at least four times a year.

The auditor is elected by the Annual General Meeting. The term of the auditor is the financial period under way at the time of selection, and it ends when the next Annual General Meeting after the selection ends. The AGM of 2010 re-elected as Tekla's auditor Ernst & Young Oy, with Erkka Talvinko, A.P.A, as the responsible auditor.

In 2010 the auditor of the parent company (and to auditors of subsidiaries) were paid a total of 155,373 euros. The sum includes 71,932 euros for audit and 83,441 euros for IFRS, taxation and other consulting.

RISK MANAGEMENT

Possible risks and uncertainty factors associated with Tekla's business are mainly related to the market and competition situation and the general economic situation. A majority of Tekla's net sales comprises of sales of licenses entitling to use software products. Fluctuation in their demand can be rapid and significant. The sales of Tekla software are geographically distributed. Also individual customers do not account for a significant share of net sales, and therefore these risks are not essential.

The purpose of Tekla's risk management is to detect, analyze and aim to control possible threats and risks connected with operations. Group-level policies and guidelines define the principles and key content of risk management with regard to certain risks. Risks are monitored, coordinated and managed on the group level, but each unit is responsible for managing risks of its own activity. Insurance policies covering the Group as a whole are also a part of damage risk management.

INSIDER MANAGEMENT

Tekla complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd, supplemented by the company's own guidelines. Insiders are not allowed to deal with the company's shares for one month before the publication of interim reports and financial statements (so called closed window). A Tekla insider may also not engage in short-term trading in Tekla securities, in other words trading in securities within three months is prohibited.

Tekla's public insiders include members and deputy member of the Board, President and CEO, Executive Vice Presidents, members of the Tekla Management Team and the auditors. The permanent and project-specific insiders belong to Tekla's company specific insiders.

Tekla's all insider insiders are kept in the company headquarters in Espoo, Finland. Tekla's communications manager is responsible for the insider management. The assistant to Tekla's President and CEO is responsible for the insider registers.

> The list of Tekla's public insiders is available at www.tekla.com > Investors > Corporate governance > Insiders

The list of public insiders is updated continuously without undue delay. The list of public insiders is available on the company's web site at least 12 months.

Central focus areas of Tekla's risk management

- The business risks of the company are limited by the active and interactive work of the Board and the Management Team in developing strategies.
- Personnel-related risks, which are typical of the IT industry, are addressed through competence management. This ensures that the company develops the areas of know-how that are essential to the future of the business.
- Product and service-related risks are minimized through contracts and limited authorizations to sign, as well as by auditing.
- The central trademarks of the company are registered.
- Patent protection is used for technical solutions.
- Procedures to avoid breaching the intellectual property rights of others have been composed.
- Unauthorized and harmful use of the company´s network is prevented, and data security risks are minimized by the best and most recent data security technology in the market.
- Currency risks arising from the company´s international business operations are managed by protecting the net flow of payments in US-dollars.
- Investing the liquid assets of the company is done according to principles decided by the Board in certificates of deposit, bonds, and similar securities where the risks are small.
- Due to the company´s rather large amounts of liquid assets, the liquidity risk is very low.
- Risks related to sales and other unpaid debts are minimized with short terms of payment and efficient methods of collecting.
- Functional and economic risks are also controlled by internal quality auditioning in the Group.
- The management of the company is insured, and ensured with an efficient substitute system.
- The property of the company is protected with due insurances.

BOARD 2010

Heikki Marttinen, M.Sc. (Econ. and Business Administration)
(1946 – 2010)
Chairman of the Board 2001-2010, Board member since 2000- 2010

Heikki Marttinen worked as strategic management consultant. Previously he had worked previously as CEO of Eimo Oyj, and as President and CEO of Fortum Corporation from, and prior to its merger into Fortum Corporation as Chairman and CEO, and as Executive Vice President for Finance and Administration of Imatran Voima Oy.

He held various positions of trust over the years.

Olli-Pekka Laine, M.Sc. (Engineering)
b. 1948
Chairman of the Board since November 8, 2010, Board member since 2003
Ownership 31.12.2010: 10,000 shares
Olli-Pekka Laine was the Managing Director of Tapiola Pension until September 2008, when he retired from Tapiola. He worked for the Tapiola Group for over 30 years, e.g. as the Managing Director and Chairman of the Board of Tapiola Data Ltd. Olli-Pekka Laine was a Tekla employee between 1969 and 1976.

He holds many positions of trust; he is Chairman of the Board of the Finnish Business College's Foundation,the Board of Helsinki Business College Oy and Helia Foundation, as well as Board member of Haaga-Helia Oy Ab.

(Before being elected as Chairman of the Board, Mr. Laine had served as Deputy Chairman of Tekla Board since 2003.)

Erkki Pehu-Lehtonen, M.Sc. (Mech. Engineering)
b. 1950
Deputy Chairman of the Board since November 8, 2010, Board member since 2006
Ownership 31.12.2010: related persons 3,000 shares
Mr Pehu-Lehtonen worked for the Jaakko Pöyry Group from 1994 to 2010. He worked as President and CEO from 1999 until May 2008, and after that he was Senior Adviser to the Board of Pöyry Plc until the end of 2010.

Before Jaakko Pöyry Group he held top management positions at Neles-Jamesbury (European Operations, Helsinki, Finland), Valmet Paper Machinery (Helsinki, Finland), Valmet-Karlstad AB (Sweden), United Paper Mills Ltd. (Valkeakoski, Finland) and TVW Paper Machinery Pty Ltd. (Melbourne, Australia). Mr Pehu-Lehtonen is Chairman of the Board of Raute Corporation since 2009 and Member of the Board of Metso Corporation, as well as member of The Finnish Paper Engineers' Association.

Ari Kohonen M.Sc. (Engineering), B Sc. (Econ.)
b. 1955
Board member since 2003, Tekla Corporation's President and CEO
Ownership 31.12.2010: 8,596,020 shares through Gerako Oy
Ari Kohonen was appointed Tekla's new President and CEO as of the beginning of 2004 in May 2003. He started at Tekla in August 2003. Mr Kohonen has had a long career with Nordea Bank, latest as First Vice President at the Corporate Banking division.

He is Chairman of the Board of Gerako Oy, Tekla's largest owner. He is also Member of the Board of the Association of Support Service Industries and Member of the Administrative Board of Etera Mutual Pension Insurance Company.

Reijo Sulonen, Doctor of Technology
b. 1945
Board member since 2008
Professor of Information Processing Science at Helsinki University of Technology
Ownership 31.12.2010: –
Reijo Sulonen has worked as a professor of Information Processing Science at Helsinki University of Technology since 1980.

Previously he has served as either a board member or an adviser at Kone Corporation, Sonera, Accenture, F-Secure and Napa. He has also worked many years as a visiting professor at Stanford University and as a scientist at Brown University and CERN.

Mr Sulonen is Chairman of the Board of Ajelo Oy and Member of the Board of Variantum Oy.

Timo Keinänen, M.Sc. (Econ.)
b. 1960
Deputy member of the Board since 2004, Tekla's CFO
Ownership 31.12.2010: 5,000 shares
b. 1960 - Deputy Member of the Board since 2004, Tekla's CFO
Timo Keinänen came to Tekla in April 2003 and was appointed Tekla's CFO and Management Team Member as of August 2003. Before joining Tekla he held various positions in financial administration with Suomen Rehu Oy from 1986 onwards, and the last ten years as the company's CFO.

Mr Keinänen is Member of the Board in Tocosoft Oy.

Juha Kajanen, Licentiate in Technology
b. 1965
Representative of the personnel as of 16.2.2006, re-elected for the period 2009 – 2010
Manager, Business Platforms
Ownership 31.12.2010: 1,250 shares
Juha Kajanen works as Manager of the Business Platforms unit in the Building & Construction business area. Prior to this he has been Development Manager in the Business Development unit and as Group Manager in Tekla's Product Development. Mr Kajanen came to Tekla in 1996. Previously he worked as researcher at Helsinki University of Technology in Laboratory of Engineering Geology and Laboratory of Rock Engineering from 1989 until 1996.

Kirsi Hakkila, M.Sc. (Engineering)
b. 1971
Deputy to the representative of the personnel for the period 2009 – 2010
IPR Manager
Ownership 31.12.2010: –
Kirsi Hakkila works as IPR Manager, being responsible for Tekla's intellectual property rights. Previously she worked as Software Engineer in Tekla's Product Development. Ms Hakkila came to Tekla in 1999.

MANAGEMENT TEAM 2010

Ari Kohonen M.Sc. (Engineering), B Sc. (Econ.)
b. 1955
Tekla Corporation's President and CEO, Board member since 2003
Ownership 31.12.2010: 8,596,020 shares through Gerako Oy
Ari Kohonen was appointed Tekla's new President and CEO as of the beginning of 2004 in May 2003. He started at Tekla in August, 2003. Mr Kohonen has had a long career with Nordea Bank, latest as First Vice President at the Corporate Banking division.

He is Chairman of the Board of Gerako Oy, Tekla's largest owner. He is also Member of the Board of the Association of Support Service Industries and Member of the Administrative Board of Etera Mutual Pension Insurance Company.

Anneli Bergström M.Sc. (Computer Science)
b. 1952
Vice President, Human Resources, in the Management Team since 2006
Ownership 31.12.2010: 40,000 shares
Anneli Bergström has worked at Tekla since 1985 in various duties, such as Project Manager, Department Manager, IM Manager and IM Director. She was appointed as Tekla's HR Director in January 2003. Ms Bergström was a Member in Tekla's Management Team also in 1989 - 1997.

Timo Keinänen, M.Sc. (Econ.)
b. 1960
Tekla's CFO, in the Management Team since 2003, Deputy member of the Board since 2004
Ownership 31.12.2010: 5,000 shares
Timo Keinänen came to Tekla in April 2003 and was appointed Tekla's CFO and Management Team Member as of August 2003. Before joining Tekla he held various positions in financial administration with Suomen Rehu Oy from 1986 onwards, and the last ten years as the company' s CFO.

Mr Keinänen is Member of the Board in Tocosoft Oy.

Kai Lehtinen, M.Sc. (Engineering)
b. 1966
Senior Vice President, Infra & Energy business area, in the Management Team since 2007
Ownership 31.12.2010: 2,800 (+ related persons 1,200) shares
Kai Lehtinen joined Tekla in 1993 from Real Estate Department of City of Helsinki, where he worked as GIS and IT Consultant. At Tekla he has held various posts, such as Product Manager for the Tekla Xcity product, Product Development and Product Area Manager within the Public Infra business and Product Area Manager in Tekla's Energy & Utilities business. In 2003 - 2006 he was Director of Public Infra Business Area.

Harald Lundberg, M.Sc. (Engineering)
b. 1963
Vice President, CIO, in the Management Team since 2006
Ownership 31.12.2010: 1,248 shares
Harald Lundberg returned to Tekla in spring 2004 from TeliaSonera where he had worked as Consultant (in 2003 - 2004). Before that he worked in TietoEnator (Consultant, in 2002 - 2003) and in Certall Finland (IT director in 2000 - 2002). Prior to that he worked in development and maintenance duties in Tekla Information Management in 1991 - 2000.

Heikki Multamäki, M.Sc. (Engineering)
b. 1949
Executive Vice President since 1966 , Business Development, in the Management Team since 1985
Ownership 31.12.2010: 31,450 shares
Heikki Multamäki has been working for Tekla since 1974 in a variety of posts, including project manager, director of department, and Tekla's Vice President since 1996, and Service Director and Director of Energy & Utilities and Public Infra from February until December 2002 when he was appointed Tekla's CEO (acting). In January 2004 Multamäki returned to his previous post as Director of Energy & Utilities Business Area until end 2006.

Risto Räty, M.Sc. (Engineering)
b. 1961
CEO's Deputy and Executive Vice President, Building & Construction business area, in the Management Team since 1994
Ownership 31.12.2010: 15,000 (+ related persons 4,068) shares
Risto Räty has worked for the company since 1986 as a programmer, sales representative, head of sales, Sales Director, Area Director (Europe) and Director responsible for Products. He was nominated as the Director of Building & Construction Business Area as of January 2001.

He is Member of the Board of Peikko Finland Oy.

Leif Granholm, M.Sc. (Engineering)
b. 1955
Senior Vice President, in the Management Team 2003 - 2010
Ownership 31.12.2010: 9,600 shares
Leif Granholm has worked for the company since 1979 as Programmer, IT manager, Sales representative, Senior Consultant, Technology Director and Director for both Public Infra and Energy & Utilities Business Areas. He has also worked as Managing Director for the Swedish subsidiary and been responsible for Tekla's construction industry business in the Nordic and the Baltic countries. At the moment he is Tekla strategic level representative in the global organization of the BuildingSMART. Additionally he participates in the planning of Tekla's BIM strategy, implementation and support for the areas and resellers in the building of Tekla's global BIM position.

He is a member of the Board of Sovibox Oy.

Petri Raitio, M.Sc. (Engineering)
b. 1966
Senior Vice President, Technology and Architecture, in the Management Team 2003 - 2010
Ownership 31.12.2010: -
Petri Raitio joined Tekla in 1987, He has worked in various duties at Tekla, such as software engineer, as head of Tekla's Technology Unit, Director of Tekla's Customer Projects Business Area, Director of Tekla Defence, and Director of the Product Development Unit. He works as Director of the Technology & Architecture unit since 2008. Before Tekla Mr. Raitio worked for the Technical Research Centre of Finland.

Raitio is a Member of the Board of Digium Oy.