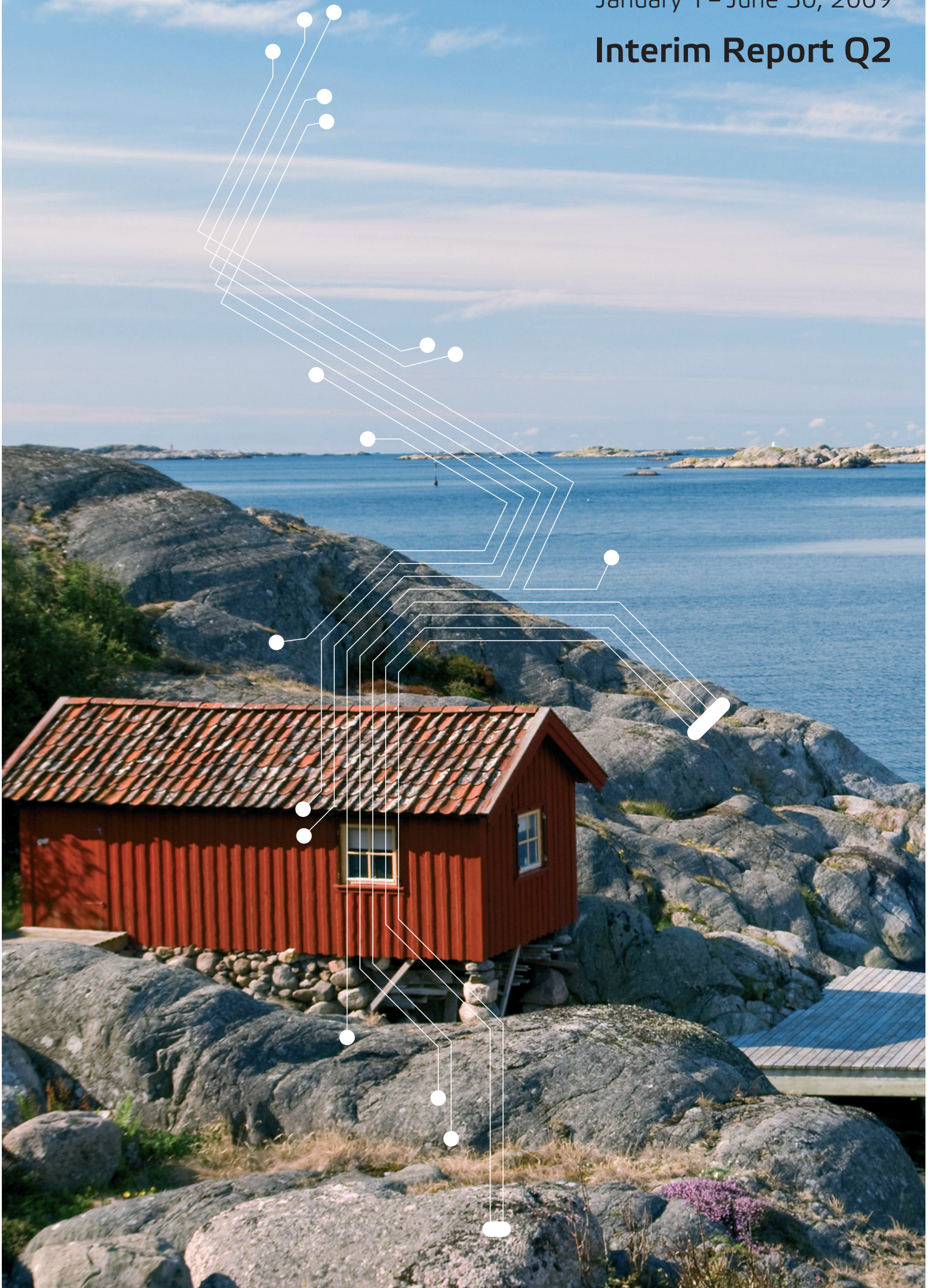
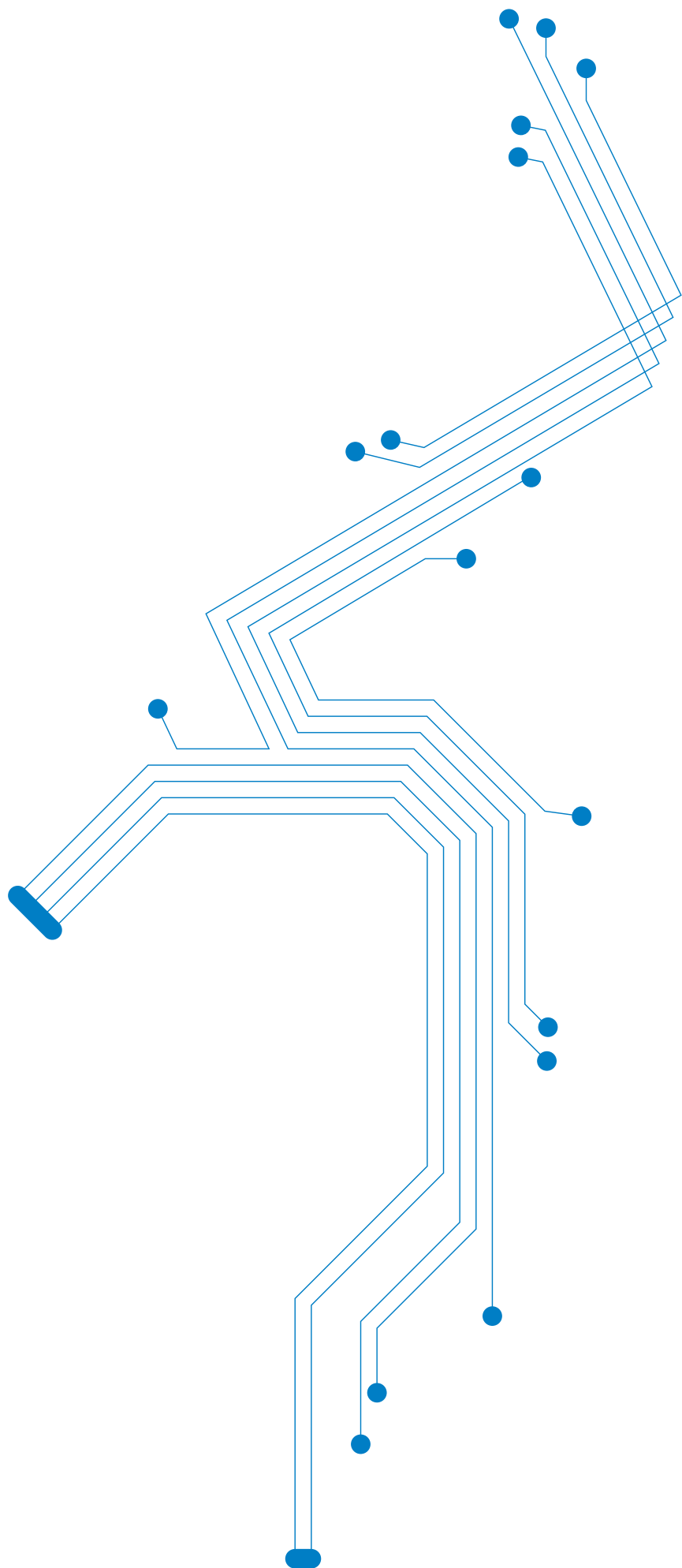


January 1 – June 30, 2009

# Interim Report Q2







## Highlights in Q2

- Net sales amounted to EUR 30.6 (29.3) million
- Operating profit amounted to EUR 0.4 (1.7) million
- Undiluted result per share equalled EUR 0.01 (EUR 0.07)
- Orders received amounted to EUR 29.6 (37.4) million
- Operating cash flow stood at EUR 2.2 (5.0) million
- Orders received by Broadband Cable Networks stood at EUR 25.6 (32.9) million with the operating profit in the black
- Orders received by Video Networks amounted to EUR 4.0 (4.5) million with operating profit in the black

Net sales of the Group for Q2 increased by 4.4 % standing at EUR 30.6 (29.3), an improvement of 19.3 % over Q1. Operating profit stood at EUR 0.4 (1.7) million making 1.3 % (5.9 %) of the net sales. Weakened operating profit over the year of comparison was due to decreased product deliveries of the Broadband Cable Networks business area. The improvement of operating profit by EUR 1.6 million over the first quarter was mainly due to a higher volume of business, well-managed material costs and adjustments made to the cost structure.

Undiluted result per share for Q2 was EUR 0.01 (0.07). Orders received in Q2 totalled EUR 29.6 (37.4) million, an improvement of 13.8% over Q1. Orders received for the period of comparison include the headend delivery of EUR 12.0 million obtained from India. Order backlog totalled EUR 23.4 (29.8) million. Order backlog and orders received for the year of comparison include the order received from India in June 2008 of EUR 12.0 million for the Luminato headend solution.

### Group Business Operations in H1

Net sales amounted to EUR 56.1 (56.5) million. Owing to the general tight situation in the financial market our main customers, i.e. the European cable operators, have postponed maintenance investments on their networks. Moreover, chances for investment of our East European customers have become more difficult with the local currencies weakening and the financial market getting tighter. Demand for the services business continued to grow, particularly in Germany.

Operating profit stood at EUR -0.8 (2.6) million making -1.4 % (4.6 %) of the net sales. Adaptation of the cost structure in product and systems solutions is in progress with accrued savings for the period under review amounting to approximately EUR three million. Other profits increased from the year of comparison by EUR 1.2 million mainly due to one-off profit on sale of capital assets. Undiluted result per share equalled EUR -0.07 (0.10).

Orders received diminished over the previous year by 16.8 % standing at EUR 55.6 (66.8) million.

### **Changes in Group Structure**

Broadband Cable Networks' offering of services was strengthened on 1 January 2009 by acquisition of three German companies: Antel GmbH, the MKS companies and YoungNet GmbH. The acquisition price for the relevant capital stock stood at EUR 8.8 million. This price may increase subject to development of the net profit of the acquired companies in the next two years. In our estimate, the effect of these acquisitions on Teleste net sales for 2009 will be more than EUR 30 million with a positive impact on operating profit. The acquisitions were paid for by using cash assets and a bank loan. At the same time Teleste Services GmbH with 100% holding of the acquired companies was set up in Germany.

These acquisitions increased Teleste's holding in the German Cableway AG up to 50%. Share equal to Teleste's holding in Cableway AG is presented under the Financial Items.

### **Events after the End of the Period under Review**

German AVC Systemhaus GmbH was acquired on 1 July 2009 with the objective further to strengthen the offering of services provided by the Broadband Cable Networks. With this acquisition Teleste becomes the most significant technical service provider for cable networks in Germany. This acquisition increased Teleste Corporation's holding of Cableway up to 62.5 %. At the same time Teleste made an agreement with another owner of Cableway increasing our holding of Cableway by another 12.5 % in Q3. Therefore, after these arrangements Teleste's total holding will increase up to 75 %.

The impact on Teleste's net sales for 2009 of the AVC acquisition and the consolidation of Cableway AG is estimated to be EUR nine million and we also expect the effect on operating profit to be positive. These measures will increase the number of personnel by approximately 250. The AVC acquisition was financed by a bank loan. Preliminary acquisition cost calculation will be presented in Q3 of the period under review.

### **Business Areas**

#### **Broadband Cable Networks in Q2**

Net sales of Broadband Cable Networks for Q2 stood at EUR 26.3 (25.0), an improvement of 23.3 % over Q1. Operating profit for Q2 stood at EUR 0.2 (1.8) million making 0.7 % (7.3 %) of the net sales. Orders received in Q2 amounted to EUR 25.6 (32.9) million, an improvement of 13.2 % over Q1. Order backlog totalled EUR 21.5 (28.6) million. Order backlog includes the order of EUR 12.0 million received from India in June 2008 for the Luminato headend solution.

The growing share of the services business does not, in the main, affect the order backlog since the deliveries are based on frame agreements.

#### **Video Networks in Q2**

In Q2 net sales for Video Networks totalled EUR 4.3 (4.3) million. Operating profit amounted to EUR 0.2 (-0.1) million. The improved operating profit over the year of comparison was due to cost adaptation and partially to the growth in the services business. Orders received in Q2 totalled EUR 4.0 (4.5) million, an improvement of 17.3 % over Q1. In the period of comparison a one-off order of EUR one million was received from the French National Railways SNCF. Order backlog totalled EUR 1.8 (1.2) million.

#### **Business Operations in H1**

Net sales of Broadband Cable Networks stood at EUR 47.6 (48.0) million, on a par with the period of comparison. In terms of volume, deliveries of products have decreased over the period of comparison, whereas the share of services increased significantly with the acquisition. Operating profit stood at EUR -1.2 (2.7) million making -2.5 % (5.7 %) of the net sales. Orders received decreased over the previous year standing at EUR 48.2 (58.9) million. On 1 January 2009 three German companies were acquired to strengthen the services provided by the business area.

Net sales of Video Networks was on a par with the period of comparison amounting to EUR 8.6 (8.5) million. Operating profit amounted to EUR 0.4 (-0.1) million. Orders received by Video Networks amounted to EUR 7.4 (7.9) million.

### **Personnel**

The Group employed 1009 people at the end of June (2008: 754, 2007: 721), out of which 418 (2008: 560, 2007: 530) of them in Finland. The number of personnel for the period of comparison includes 69 summer stand-ins. There were no summer stand-ins in the review period. The acquisitions in Germany increased the number of personnel by 377. No hired personnel was used in the period under review (2008: 38, 2007: 75).

Layoffs involving personnel stationed in Finland commenced at the end of 2008. Furthermore, in an uncertain market situation preparations for additional layoffs have been taken. These are designed to adapt the company operations to the tough-to-predict market situation without compromising the company's potential for growth.

### **R&D and Investments**

The average number of persons working in R&D related assignments was 145 (2008: 164, 2007: 148).

In April 2009 23 persons moved from R&D to be employed by Cybercom Plenware. This solution supports implementation of our strategy related to business growth, enables focusing on core business and provides flexibility to the R&D personnel resources.

Product development expenses equalled EUR 5.9 (7.1) making 10.5 % (12.6 %) of net sales. Development efforts continued by further development of the IP based Luminato video processing system and the development of the next generation video surveillance transfer system. Activated R&D expenses stood at EUR 0.8 (1.3) million and depreciation on previous activation items equalled EUR 1.1 (0.9) million. Some 70% of product development expenses involved further development of product platforms currently in production and their maintenance as well as customer-specific product modifications.

Investments for the Group totalled EUR 13.2 (2.1) million. These mainly involved strengthening of the Broadband Cable Networks' services business. The quoted figure for investments includes the acquisition price of EUR 8.8 million paid for the three German companies. Investments also include the additional purchase price of EUR 3.4 million related to the acquisition of DINH Telecom carried out in April 2007. Product development investments totalled EUR 0.8 (1.3) million.

To boost productivity Teleste focuses its production-related operations in Finland to one spot; a decision has been made on an extension of a production and store building next to the head office in Littoinen. The expansion investment will be completed at the end of 2009 and the related expenses are estimated to be approximately EUR 3.0 million. The factory building in Nousiainen was sold in April 2009, but production on the premises will continue to the end of the year under a tenancy agreement.

## Financing

Operating cash flow stood at EUR 3.3 (5.6) million. In the period under review, interest-bearing debt increased by EUR 7.8 million standing at the end of June at EUR 18.5 (11.5) million. The increased debt was used to finance acquisitions for the Broadband Cable Networks business area. At the end of the period under review, liquid funds equalled EUR 8.9 (8.3) million and unused stand-by credits amounted to EUR 23.0 (21.0) million. The current stand-by credits of EUR 40.0 million run till November 2013. The Group's gearing was 21.3 % (7.1 %) and the equity ratio was 49.3 % (57.3 %).

Teleste hedges main exchange rate risks of forecasted currency flows for six months ahead.

## Shares and Shareholders

With stock purchases performed on 14 January 2009, holding by EM Group Oy of the total number of shares and votes of Teleste Corporation stands at 5.04 %.

With stock purchases performed on 29 January 2009, holding by EM Group Oy of the total number of shares and votes of Teleste Corporation stands at 10.57 %.

With stock purchases performed on 10 February 2009, holding by Reima Kuisla of the total number of shares and votes of Teleste Corporation stands at 5.59 %.

With stock purchases performed on 25 February 2009, holding by Reima Kuisla of the total number of shares and votes of Teleste Corporation stands at 0.00 %.

With stock purchases performed on 25 February 2009, holding by EM Group Oy of the total number of shares and votes of Teleste Corporation stands at 20.32 %.

In the period under review the trading price of shares fluctuated between EUR 2.25 (4.73) and EUR 4.18 (7.49). The closing price at the end of June was EUR 3.13 (5.00). According to the Finnish Central Security Depository, the number of shareholders at the end of the period was 5,427 (5,268). Foreign ownership accounted for 10.6 % (16.4 %). The trading in NASDAQ OMX Helsinki Oy with the shares of Teleste amounted to EUR 22.8 (31.7) million with the number of shares totalling 6.4 (5.0) million.

On 10 June 2009, the number of company's own shares conveyed by authorisation granted by the Annual General Meeting of 2009 for the additional purchase price of DINH Telecom acquired on 2 April 2007 was 464,736, making 2.61 % of the share capital.

At the end of June, Teleste and its subsidiaries were in possession of 379,985 own shares. In the period under review, the number of own shares purchased by authorisation granted by the Annual General Meeting of 2008 was 78,530.

## Decisions by the Annual General Meeting

On 7 April 2009, the Annual General Meeting (AGM) confirmed the financial statements for 2008 and discharged the Board and the CEO from liability for the financial period. The AGM confirmed the Board's proposed dividend of EUR 0.12 per share. The dividend was paid out on 21 April 2009.

The AGM decided that the Board of Directors shall consist of six members. Marjo Raitavuo was elected as the Chairman of the Board with Pertti Ervi and Petteri Walldén as new Board members. Tero Laaksonen, Pertti Raatikainen and Kai Telanne were re-elected members of the Board.

Authorised Public Accountants KPMG Oy Ab continue as the auditor until the next AGM. Accountant authorised by the Central Chamber of Commerce of Finland Esa Kailiala was approved as auditor-in-charge.

The AGM authorised the Board to acquire the maximum of 900,000 of the company's own shares and to convey the maximum of 1,744,721 company's own shares. The AGM also authorised the company Board to issue 10,000,000 new shares. Pursuant to the special rights provided by the company, the maximum number of significant shares is 5,000,000; these special rights are included in the authorisation to issue 10,000,000 new shares.

These authorisations will be valid until the AGM due to be held in 2010.

### **Significant Short-Term Risks and Uncertainty Factors for the Business Areas**

Potential ownership and debt rearrangements among Teleste's clientele may slow down the folding out of some investments in the business of Broadband Cable Networks.

Strengthening of order backlog for Video Networks is dependent on timing of the public sector decisions.

Inactive situation in the financial markets may lead to delays in the customers' investment plans and weakening solvency. The strength of the euro in relation to the US dollar may further erode Teleste's competitive edge. Introduction to the market of new competing technologies is a characteristic risk factor for both of our business areas.

### **Outlook**

The offering of services to private households by the operator clientele of Broadband Cable Networks will remain relatively stable even in an uncertain market situation. Demand for network services provided by the business area will remain strong in Germany. Due to the difficult situation in the financial markets, the cable operators are proceeding cautiously with regard to their network investments. In our view, in the current year, deliveries of product solutions provided by Broadband Cable Networks will remain under the 2008 level with the price competition increasing further.

Increased needs for security and more effective traffic infrastructure maintain demand for the Video Networks' solutions on the same level with the last year.

Teleste is confident about keeping its strong market position in the core markets and continues to implement its strategy in a goal-directed manner while adapting its cost structure as required by the economic situation. The recent strategic investments in the services business performed by Teleste will cushion the cyclic pattern in the company net sales under the uncertain market conditions.

Owing to decreased demand for network investments, Teleste's action plan makes preparations for sales in product and systems falling below the level of the previous year. As a result of our increased services business, we estimate our net sales to end up at least on a par with last year, whereas operating profit for the whole year will fall clearly short of the previous year's level.

Teleste's interim report for the January to September period will be published on 27 October 2009.

21.7.2009

Teleste Corporation  
Board of Directors

Jukka Rinnevaara  
CEO

This interim report has been compiled in compliance with IAS 34, as it is accepted within EU, using the recognition and valuation principles with those used in the Annual Report. The data stated in this report is unaudited.

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	4-6/2009	4-6/2008	Change %
Turnover	30,552	29,260	4.4 %
Other operating income	1,000	478	109.2 %
Materials and services	-13,605	-13,412	1.4 %
Personnel expenses	-10,247	-8,547	19.9 %
Other operating expenses	-5,958	-4,851	22.8 %
Depreciation	-1,339	-1,212	10.5 %
Operating profit	403	1,716	-76.5 %
Financial income and expenses	-146	11	n/a
Share of profit of associates	-90	0	n/a
Profit after financial items	167	1,727	-90.3 %
Profit before taxes	167	1,727	-90.3 %
Taxes	-78	-454	-82.8 %
Net profit	89	1,273	-93.0 %

Attributable to:

Equity holders of the parent	89	1,273	-93.0 %
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Earnings per share for result of the year attributable to the equity holders of the parent

(expressed in euro per share)

Basic	0.01	0.07	-92.9 %
Diluted	0.01	0.07	-92.9 %

Total comprehensive income for the period (tEUR)

Net profit	89	1,273	-93.0 %
Translation differences	49	70	-30.0 %
Total comprehensive income for the period	138	1,343	-89.8 %

Attributable to:

Total comprehensive income for the period	138	1,343	-89.8 %
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Statement of Comprehensive Income (tEUR)	1-6/2009	1-6/2008	Change %	1-12/2008
Turnover	56 156	56 452	-0.5 %	108 695
Other operating income	2 113	885	138.8 %	1 820
Materials and services	-25 508	-26 862	-5.0 %	-49 145
Personnel expenses	-20 265	-16 567	22.3 %	-33 226
Other operating expenses	-10 620	-8 911	19.2 %	-17 811
Depreciation	-2 678	-2 400	11.6 %	-4 705
Operating profit	-802	2 597	n/a	5 628
Financial income and expenses	-385	-148	160.1 %	-533
Share of profit of associates	-190	0	n/a	0
Profit after financial items	-1 377	2 449	n/a	5 095
Profit before taxes	-1 377	2 449	n/a	5 095

Taxes	258	-658	n/a	433
Net profit	-1 119	1 791	n/a	5 528
Attributable to:				
Equity holders of the parent	-1 119	1 791	n/a	5 528
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in euro per share)				
Basic	-0.07	0.10	n/a	0.32
Diluted	-0.07	0.10	n/a	0.32
Total comprehensive income for the period (tEUR)				
Net profit	-1 119	1 791	n/a	5 528
Translation differences	92	21	338,1 %	-508
Total comprehensive income for the period	-1 027	1 812	n/a	5 020
Attributable to:				
Equity holders of the parent	-1 027	1 812	n/a	5 020
STATEMENT OF FINANCIAL POSITION				
(tEUR)	30.6.2009	30.6.2008	Change %	31.12.2008
Non-current assets				
Property,plant,equipment	7 102	7 140	-0.5 %	6 373
Goodwill	21 977	13 591	61.7 %	13 865
Intangible assets	8 166	6 566	24.4 %	6 466
Investments	833	753	10.6 %	790
	38 078	28 050	35.8 %	27 494
Current assets				
Inventories	20 375	12 544	62.4 %	14 049
Other current assets	28 239	28 539	-1.1 %	24 728
Liquid funds	8 932	8 285	7.8 %	9 268
	57 546	49 368	16.6 %	48 045
Total assets	95 624	77 418	23.5 %	75 539
Shareholder's equity and liabilities				
Share capital	6 967	6 967	0.0 %	6 967
Other equity	38 018	37 398	1.7 %	39 678
	44 985	44 365	1.4 %	46 645
Non-current liabilities				
Provisions	314	425	-26.1 %	314
Non interest bearing liabilities	2 356	1 205	95.4 %	1 025
Interest bearing liabilities	10 175	1 493	581.5 %	1 175
	12 845	3 123	311.2 %	2 514
Short-term liabilities				
Trade payables and other s-t liabilities	27 904	19 531	42.9 %	15 964
Provisions	1 545	440	251.1 %	629
S-t interest bearing liabilities	8 345	9 958	-16.2 %	9 787
	37 794	29 929	26.3 %	26 380
Total shareholder's equity and liabilities	95 624	77 418	23.5 %	75 539



Statement of cash flows (tEUR)	1-6/2009	1-6/2008	Change %	1-12/2008
Cash-flow from operation	3 268	5 604	-41.7 %	9 673
Cash in	59 369	55 253	7.4 %	112 238
Cash out	-56 101	-49 649	13.0 %	-102 565
Cash-flow from investments	-9 036	-1 563	478.1 %	-3 222
Cash in	830	220	277.3 %	221
Cash out	-9 866	-1 783	453.3 %	-3 443
Cash-flow from finance	5 341	-3 479	-253.5 %	-4 376
Cash in	12 000	6 019	99.4 %	6 342
Cash out	-4 624	-5 340	-13.4 %	-6 560
Paid dividend	-2 035	-4 158	-51.1 %	-4 158
Other items	92	21	333.3 %	-508
Effect of currency rates	92	21	333.3 %	-508
Change in liquid funds	-336	583	-157.7 %	1 566

KEY FIGURES	1-6/2009	1-6/2008	Change %	1-12/2008
Earnings per share, EUR	-0.07	0.10	n/a	0.32
Earnings per share fully diluted, EUR	-0.07	0.10	n/a	0.32
Shareholders' equity per share, EUR	2.58	2.56	0.8 %	2.74
Return on equity	-4.9 %	7.9 %	n/a	11.8 %
Return on capital employed	-3.6 %	9.9 %	n/a	10.4 %
Equity ratio	49.3 %	57.3 %	-13.9 %	61.7 %
Gearing	21.3 %	7.1 %	200.2 %	3.6 %
Investments, tEUR	13 248	2 063	542.2 %	3 920
Investments % of net sales	23.6 %	3.7 %	545.6 %	3.6 %
Order backlog tEUR	23 396	29 850	-21.6 %	24 000
Personnel, average	998	702	42.2 %	702
Number of shares (thousands) including own shares	17 806	17 677	0.7 %	17 708
Highest share price, EUR	4.18	7.49	-44.2 %	7.49
Lowest share price, EUR	2.25	4.73	-52.4 %	1.90
Average share price, EUR	3.58	6.34	-43.5 %	4.52
Turnover, in million shares	6.4	5.0	27.3 %	11.5
Turnover, in MEUR	22.8	31.7	-28.1 %	51.1

Treasury shares	Number of shares	% of shares	% of votes
Teleste companies own shares 30.6.2009	379 985	2.13 %	2.13 %

#### Contingent liabilities and pledged assets (tEUR)

For own debt				
Guarantees	0	293	-100.0 %	0
Other securities	120	212	-43.4 %	259
Leasing and rent liabilities	5 801	2 656	103.4 %	3 699
	5 921	3 161	74.7 %	3 958

#### Derivative instruments (tEUR)

Value of underlying forward contracts	4 132	6 948	-40.5 %	9 094
Market value of forward contracts	-186	-152	22.4 %	419

Taxes are computed on the basis of the tax on the profit for the period.

There are no changes in segment reporting compared to earlier adopted IAS14.

Operating segments (tEUR)	1-6/2009	1-6/2008	Change %	1-12/2008
Broadband Cable Networks				
Order intake	48 150	58 912	-18.3 %	101 430
Net sales	47 566	47 967	-0.8 %	92 605
EBIT	-1 182	2 730	n/a	6 098
EBIT%	-2.5 %	5.7 %	n/a	6.6 %
Video Networks				
Order intake	7 402	7 867	-5.9 %	17 203
Net sales	8 590	8 485	1.2 %	16 090
EBIT	380	-133	n/a	-470
EBIT%	4.4 %	-1.6 %	n/a	-2.9 %
Total				
Order intake	55 552	66 779	-16.8 %	118 633
Net sales	56 156	56 452	-0.5 %	108 695
EBIT	-802	2 597	n/a	5 628
EBIT%	-1.4 %	4.6 %	n/a	5.2 %
Financial items	-385	-148	160.1 %	-533
Shares of associates	-190	0	n/a	0
Operating segments net profit before taxes	-1 377	2 449	n/a	5 095

#### Segment assets

Segment assets include items directly attributable as well as those that can be allocated on a reasonable basis

	30.6.2009	30.6.2008	Change %	31.12.2008
Broadband Cable Networks	72 011	53 089	35.6 %	50 930
Video Networks	14 682	16 044	-8.5 %	15 341
Segment assets total	86 692	69 133	25.4 %	66 271
Unallocated assets	8 932	8 285	7.8 %	9 268
Total assets	95 624	77 418	23.5 %	75 539

Information per quarter (tEUR)	4-6/09	1-3/09	10- 12/08	7-9/08	4-6/08	7/2008- 6/2009
Broadband Cable Networks						
Order intake	25 570	22 580	19 680	22 838	32 872	90 668
Net sales	26 266	21 300	23 765	20 873	24 995	92 204
EBIT	191	-1 373	1 711	1 657	1 829	2 186
EBIT %	0.7 %	-6.4 %	7.2 %	7.9 %	7.3 %	2.4 %
Video Networks						
Order intake	3 996	3 406	5 583	3 753	4 535	16 738
Net sales	4 286	4 304	4 360	3 245	4 265	16 195
EBIT	212	168	-140	-197	-113	43
EBIT %	4.9 %	3.9 %	-3.2 %	-6.1 %	-2.6 %	0.3 %
Total						
Order intake	29 566	25 986	25 263	26 591	37 407	107 406
Net sales	30 552	25 604	28 125	24 118	29 260	108 399
EBIT	403	-1 205	1 571	1 460	1 716	2 229
EBIT %	1.3 %	-4.7 %	5.6 %	6.1 %	5.9 %	2.1 %

Attributable to equity holders of the parent (tEUR)	Share capital	Share premium	Trans- lation diffe- rences	Retained earnings	Invested free capital	Total
Shareholder's equity 1.1.2009	6 967	1 504	-561	37 284	1 451	46 645
Total comprehensive income for the period			92	-1 119		-1 027
Equity-settled share-based payments				116	1 286	1 402
Paid dividend				-2 035	0	-2 035
Shareholder's equity 30.6.2009	6 967	1 504	-469	34 246	2 737	44 985
Shareholder's equity 1.1.2008	6 967	1 504	-53	35 720	2 531	46 669
Total comprehensive income for the period			21	1 792		1 813
Equity-settled share-based payments				158	-116	42
Paid dividend				-4 159		-4 159
Shareholder's equity 30.6.2008	6 967	1 504	-32	33 511	2 415	44 365

## CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} \times 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio:	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} \times 100$
Gearing:	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} \times 100$
Earnings per share:	$\frac{\text{Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$
Earnings per share, diluted:	$\frac{\text{Profit for the period attributable to equity holder of the parent (diluted)}}{\text{Average number of shares - own shares + number of options at the period-end}}$

## MAJOR SHAREHOLDERS 30.6.2009

	Shares	%
1 EM Group Oy	3 617 552	20.32 %
2 Mandatum Henkivakuutusosakeyhtiö	1 679 200	9.43 %
3 Ilmarinen Mutual Pension Insurance Company	894 776	5.03 %
4 Kaleva Mutual Insurance Company	798 541	4.48 %
5 Aktia Capital Mutual Fund	524 200	2.94 %
6 Varma Keskinäinen Eläkevakuutusyhtiö	521 150	2.93 %
7 State Pension Fund	500 000	2.81 %
8 Skagen Vekst Verdipapierfond	437 000	2.45 %
9 FIM Fenno Mutual Fund	401 342	2.25 %
10 Teleste Incentive Oy	379 985	2.13 %

## SECTOR DISPERSION OF SHAREHOLDERS

	Number of shareholders	Number of shares	% of total shares
Corporations	309	5 415 421	30.41 %
Financial and insurance corporations	17	3 281 381	18.43 %
Public institutions	7	2 172 976	12.20 %
Non-profit organizations	43	684 263	3.84 %
Households	5 010	4 362 650	24.50 %
Foreign and nominee -registered	41	1 888 899	10.61 %
Total	5 427	17 805 590	100.00 %



# HOLDING DISPERSION

Number of shares	Owners	%	Shares	%
1 - 100	1 218	22.44 %	86 399	0.49 %
101 – 1 000	3 206	59.07 %	1 318 690	7.41 %
1001 – 10 000	909	16.75 %	2 565 176	14.41 %
10 001 – 100 000	75	1.38 %	1 731 046	9.72 %
100 001 -	19	0.35 %	12 104 279	67.98 %
Total	5 427	100.00 %	17 805 590	100.00 %
Nominee registered			1 364 253	7.66 %
Total			17 805 590	100.00 %

## ACQUISITIONS 1 Jan - 30 June 2009

At 1 January 100% of shares of German companies, GmbH, MKS and Young-Net GmbH was purchased. The purchase price was 8 554 thousand and was paid in cash.

The acquisition resulted in 2 605 thousand of intangible assets, which was allocated to trade marks, customer relationships. The goodwill, amounted 4 727 thousand EUR, is mainly due to future revenue expectation and to personnel synergy effects in the future. The impact of the acquisition on Teleste's net sales during the period 1.1.2009 - 30.6.2009 was 17 938 thousand EUR and on the EBIT 1 452 thousand EUR.

Preliminary calculation of recognised fair values on acquisition  
1 000 EUR

Fair values used in consolidation

Trade marks (inc. in intangible assets) 574

Customer relationship (inc. in intangible assets) 2 031

Book values used in consolidation

Tangible assets 544

Inventories 5 828

Deferred tax receivables 785

Trade receivables 3 136

Other receivables 1 928

Liquid funds 1 961

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Total assets 16 787

Book values used in consolidation

Interest-bearing liabilities 559

Deferred tax liabilities 677

Other liabilities 11 524

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Total liabilities 12 760

Net identifiable assets and liabilities 4 027

Total consideration 8 554

Acquisition costs 200

Goodwill on acquisition 4 727

Consideration paid in cash -8 754

Cash and cash equivalents in acquired subsidiary 1 961

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Total net cash outflow on the acquisition -6 793

## Notes





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