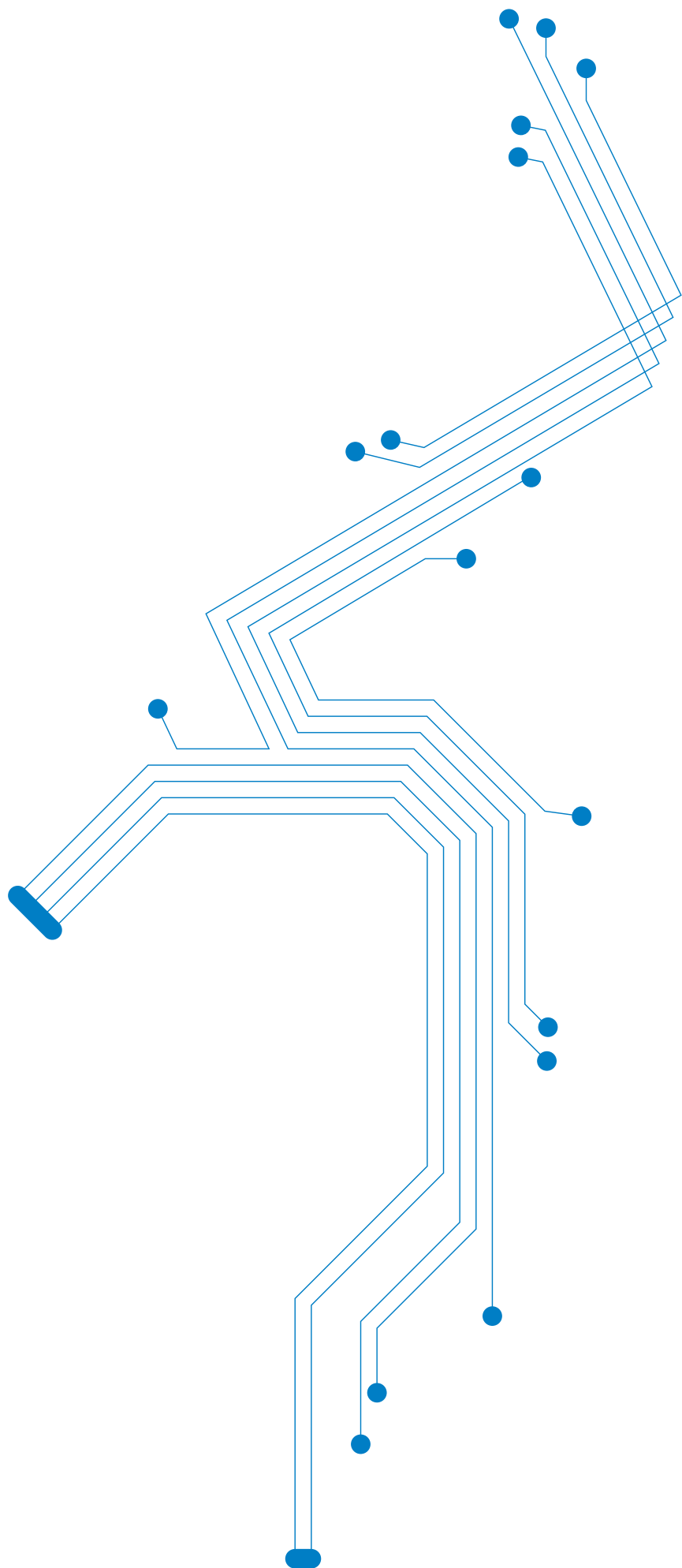


January 1 – June 30, 2010

Interim Report Q2





Second quarter of 2010

- Net sales amounted to EUR 43.5 (30.6) million, an increase of 42.3% over the year of comparison.
- Operating profit stood at EUR 1.7 (0.4) million.
- Undiluted result per share equalled EUR 0.05 (EUR 0.01).
- Orders received amounted to EUR 39.0 (29.6) million, a year-on-year increase of 31.8%.
- Orders received by Video and Broadband Solutions amounted to EUR 19.7 (19.1) million
- Orders received by Network Services stood at EUR 19.3 (10.5) million.
- Operating cash flow stood at EUR 1.3 (2.2) million.

Outlook for 2010

Due to increased net sales and adaptation of costs we estimate the operating profit for 2010 to improve clearly over 2009.

Comments on Q2 by CEO Jukka Rinnevaara

In the second quarter, the demand on the market continued in line with Q1 on a relatively low level and, therefore, the development of orders received failed to show a clear indication of the market picking up. In our estimation investments have been slowed down by ownership arrangements of our European customers as well as by the tightened financial situation in the public sector. In April, we expanded our offering of services through an acquisition in Switzerland. In June, we received, in joint delivery with IBM, a strategically important order from the French National Railways (SNCF) for a video surveillance centralised recording solution.

The year-on-year improvement in profitability was due to a reduction in material costs of the Video and Broadband Solutions, on the one hand, and cost adaptation, on the other. In contrast, profitability of the services business weakened over the comparative year, which was mainly due to costs related to the reorganization of our German operations and the growth in low-margin deliveries. We have maintained our strong market position in Europe and our competitiveness is good. Our competitiveness is supported by the weakened euro.

We will press on determinedly with the implementation of our growth strategy, which consists of R&D solutions ensuring profitable growth, strengthening of our distribution channels and expansion of our services offering. In the prevailing market situation careful cost management and adaptation measures will be continued. Reorganization of the German services business has come a long way, and thus, better utilization of synergies and the streamlining measures will improve the business area's profitability in the second half of the year. Moreover, we expect in particular the sales of optical network solutions, the Luminato headend and video surveillance systems to develop positively. The positive development in Q2 has strengthened our previous view of profitable growth for our operations in 2010.

In our view, the difficult general financial situation in Europe and the ownership arrangements among the cable operators will continue for the rest of the year, and these may have implications for the timing of investments.

Group's Business in the Second Quarter

In Q2, the year-on-year orders received increased by 31.8% standing at EUR 39.0 (29.6) million. The growth in orders received was mainly caused by acquisitions in our Network Services business area carried out in the second half of 2009. The Group's order backlog totalled EUR 14.7 (23.4) million. The order of EUR 12.0 million for the headend video centre received from India in June 2008 has been removed from the order backlog, because we still see uncertainties in its realization. The customer's investment plans are also delayed because of on-going ownership arrangements. The matter has no effect on the outlook for the current year.

Net sales in Q2/2010 grew by 42.3% amounting to EUR 43.5 (30.6) million. This growth in net sales was mainly caused by acquisitions in our Network Services business area carried out in the second half of 2009.

Operating profit improved over the period of comparison standing at EUR 1.7 (0.4) million, which is 3.8% (1.3%) of the net sales. The growth in operating profit over the comparative period was due to Video and Broadband Solutions' reduced material costs and cost adaptation. Operating profit for the period of comparison included EUR 1.0 million of other operating income, whereas in the period under review these amounted to EUR 0.3 million. Undiluted result per share for Q2 was EUR 0.05 (0.01).

Group Operations January to June

Year-on-year orders received improved by 37.7% standing at EUR 76.5 (55.6) million. In the first half of the year, the order intake for both of our business areas was adversely affected by the cold winter in Europe as well as some major sporting events like the Winter Olympics and the FIFA World Championship, for the time of which some European cable operators froze all their network upgrading. Investments were also delayed by the ownership arrangements among our clientele and the deteriorated economic situation in Europe.

Net sales grew by 47.0% over the year of comparison amounting to EUR 82.6 (56.2) million. The increase in net sales was mainly due to acquisitions carried out in the second half of 2009.

Operating profit stood at EUR 2.5 (-0.8) million making 3.0 % (-1.4 %) of the net sales. The year-on-year growth in operating profit was due to Video and Broadband Solutions' increased net sales, reduced material costs and cost adaptation. Operating profit for the period of comparison included EUR 2.1 million of other operating income, whereas in the period under review these amounted to EUR 0.6 million. Undiluted result per share was EUR 0.08 (-0.07).

Video and Broadband Solutions

This business area focuses on broadband subscriber networks, video services platforms and CCTV applications. Major clientele of the business area consists of cable operators but includes also resellers and public sector organizations. The main market of the business area is Europe.

Video and Broadband Solutions in Q2

Orders received totalled EUR 19.7 (19.1) million. Order intake was still affected by the ownership arrangements among the European cable operators and the freeze on network upgrading by some European network operators for the time of major sporting events. An order of EUR 1.5 million was received from France placed by the French National Railways (SNCF) for a video surveillance centralized recording solution. Delivery of the order is scheduled over five years. Ordering decisions involving certain video surveillance projects have been delayed by the tightened European public sector funding. Order backlog totalled EUR 14.7 (23.4) million. The order of EUR 12.0 million received in June 2008 from India has been excluded from the order backlog.

Net sales in Q2 equalled EUR 20.1 (20.1) million. Operating profit stood at EUR 1.5 (-0.3) million making 7.3 % (-1.5 %) of the net sales. This improvement in operating profit was due to enhanced material margin and cost adaptation.

Product development expenses in Q2 equalled EUR 2.9 (2.7), in other words 14.4% (13.6%) of the net sales. Approximately 60% (70%) of the product development expenses involved further development of product platforms currently in production, maintenance, and customer-specific product applications. Activated product development expenses stood at EUR 0.5 (0.3) million. Out of the R&D expenses, EUR 0.5 (0.3) were activated for the Luminato video processing system and the processing system for the Advanced Video Coding protocol (H.264). Our R&D efforts continued regarding the new generation amplifier technology (the Access product range), the optical transfer and reception system for HFC networks (the HDO product range) and the video surveillance management system (VMX). R&D and the product management have been actively involved in several customer network evolution studies.

Video and Broadband Solutions January to June

Orders received stood at EUR 38.3 (36.4) million, i.e. 5.2% above the period of comparison.

Net sales grew by 6.0% amounting to EUR 39.2 (37.0) million. The growth in net sales was mainly due to deliveries of the Access network products to the Nordic countries and video surveillance deliveries to the USA. Deliveries related to the Luminato headend system were above the comparative period. Operating profit amounted to EUR 2.0 (-1.8) million. This improvement in the operating profit was due to increased net sales, better material margin and cost adaptation.

R&D expenses of Video and Broadband Solutions amounted to EUR 5.5 (5.9) million. Activated R&D expenses stood at EUR 0.8 (0.8) million and depreciation on previous activation items equalled EUR 1.2 (1.1) million.

Network Services

Clientele of our Network Services business consists mainly of large European cable operators. Services provided by this business area include planning, new construction, upgrading and maintenance of cable networks. Implementation and scope of the relevant services vary by client ranging from stand-alone applications to integrated turnkey deliveries. Some of our projects also include Teleste's own product solutions. Our services know-how covers all the sectors related to cable network technology from installation and maintenance of headends to upgrading of house networks. Parts of the projects are carried out by our subcontractor network.

Network Services in Q2

Orders received totalled EUR 19.3 (10.5) million. In Q2, our main customer's internet connections service orders also involved low-margin supplemental items with no house network upgrading included. Acquisition of Freycom S.A. in Switzerland did not have any significant impact on orders received. Deliveries by the business area will be carried out mainly based on frame agreements.

Net sales of the business area amounted to EUR 23.3 (10.5) million. The year-on-year increase in net sales was due to acquisitions carried out in Germany in the second half of 2009.

Operating profit stood at EUR 0.2 (0.7) million making 0.8% (6.7%) of the net sales. The profitability was undermined by the fact that deliveries to the main customer involved low-margin services and, secondly, by the reorganization costs.

Network Services January to June

Orders received totalled EUR 38.2 (19.2) million. The growth in orders received over the comparative period was due to restructuring carried out in H2 of 2009 (the German acquisitions). Network Services received from Germany two frame agreements, which are contract extensions from current clients (NetCologne, delivery span 12 months and TeleColumbus, delivery span 6 years). The value of these contracts equals approximately EUR 8 million.

Net sales amounted to EUR 43.4 (19.2) million. The increased net sales over the comparative period was due to restructuring carried out in H2 of 2009.

Operating profit decreased over the previous year amounting to EUR 0.5 (1.0) million. Profitability weakened and the operating profit stood at 1.1% (5.0%) of the net sales. This decline in profitability was due to the fact that our main customer's demand involved low-margin deliveries. Also the cold winter in the beginning of the year hampered our delivery of services. Our German operations are being reorganized, which has caused expenses in the period under review.

Finance and Investments January to June

Operating cash flow stood at EUR 3.7 (3.3) million. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 19.5 (23.0) million. The current binding stand-by credits of EUR 40.0 million run till November 2013. The Group's equity ratio equalled 44.4% (49.3%) and net gearing 21.7% (21.3%). Interest bearing debt on 30 June 2010 amounted to EUR 22.8 (18.5) million.

Investments by the Group for the period under review totalled EUR 2.4 (13.2) million accounting for 2.9% (23.6%) of net sales; of the made investments, EUR 1.1 million involved the acquisition of the Swiss Freycom (including the estimated additional purchase price) by Network Services, 0.3 million

related to the expansion investment in the premises in Finland and 0.8 (0.8) million in product development. As to investments for the period, EUR 0.1 (0.1) million was carried out by means of financial leasing.

Personnel and Organisation January to June

At the end of the reporting period, the number of full-time personnel employed by the Group equalled 1,203 (1,009/2009, 754/2008), of which Video and Broadband Solutions accounted for 550 and Network Services 653, respectively. Expenditure on employee benefits amounted to EUR 25.1 (20.3/January to June/2009, 16.6/January to June/2008) million.

As part of the cost-structure adaptation measures required by the general market situation, the Finnish personnel have continued on a rotating layoff. Measures agreed on in the co-determination procedures will be sustained until the end of 2010 as required by the market situation. The co-determination procedure was concluded on 22 January 2010. Streamlining of German operations of Network Services is in progress.

Essential Operational Risks of the Business Areas

Founded in 1954, Teleste is a technology and service provider consisting of two business areas: Video and Broadband Solutions and Network Services. With Europe as the main market area our most significant clients include European cable operators.

Concerning Video and Broadband Solutions, integrated deliveries of solutions create favourable conditions for growth, even if the involved resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. The present difficult market situation may delay implementation of investment plans among our clientele. Network investments carried out by the clients vary based on their need for upgrading and their capital structure. Much of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. Teleste hedges against short-term currency exposure by means of forward contracts. Correct technological choices and their timing are vital for our success.

Net sales for Network Services comes, for the most part, from a small number of large European customers, so a significant change in the demand for services by any one of them is reflected in the actual deliveries. Along with efficient service process management, customer satisfaction requires innovative solutions in terms of processes, products and logistics to ensure the quality of services and cost-efficiency. Ensuring the smooth operation of the cable operators' networks requires constant focusing on the development of qualifications of Teleste's own and its suppliers' personnel, particularly concerning the technical management of the networks and functional product solutions.

It is equally important for our business areas to take into account any market developments such as consolidations taking place among the clientele and competition.

The Board of Directors annually reviews any essential risks related to the company operation and the management thereof. Risk management constitutes an integral part of the strategic and operative practices of our business areas. Risks and their probability are reported to the Board with regular monthly reports.

The company has covered major risks of damage through insurance policies. These insurances do not include credit loss risks. In the period under review, no such risks materialized, and no legal proceedings or judicial procedures were pending that would have had any essential significance for the Group operation.

Group Structure

Parent company Teleste has branch offices in Australia, Spain, the Netherlands, China and Denmark with subsidiaries in 13 countries outside Finland. Teleste Management Oy, which was founded in March 2010, is included in the Teleste Group figures because, owing to financial arrangements, Teleste Corporation has control over the company.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) held on 9 April 2010 confirmed the financial statements for 2009 and discharged the Board and the CEO from liability for the financial period. The AGM confirmed the Board's proposed dividend of EUR 0.08 per share. The dividend was paid out on 21 April 2010.

The AGM decided that the Board of Directors shall consist of six members. Marjo Miettinen was reappointed Chairman of the Board of Directors while the reappointed Board Members include Pertti Ervi, Tero Laaksonen, Pertti Raatikainen, Kai Telanne and Petteri Walldén.

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 chosen auditor-in-charge.

The AGM authorised the Board to acquire the maximum of 1,400,000 of the company's own shares and to convey the maximum of 1,779,985 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.

The authorizations are valid until the Annual General Meeting of Shareholders for year 2011. The Board has not exercised these rights.

Shares and Changes in Share Capital

On 30 June 2010, EM Group Oy was the largest single shareholder with a holding of 21.02%.

In the period under review, the lowest company share price was EUR 3.63 (2.25) and the highest was EUR 5.28 (4.18). Closing price on 30 June 2010 stood at EUR 4.45 (3.13). According to the Finnish Central Security Depository the number of shareholders at the end of the period under review was 5,347 (5,427). Foreign ownership accounted for 8.6% (10.6%). From 1 January to 30 June 2010, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 9.5 (22.8) million. In the period under review, 2.2 (6.4) million Teleste shares were traded on the stock exchange.

In March 2010, Teleste Board of Directors decided on a directed share issue of 381,000 shares to Teleste Management Oy established by the management of Teleste Corporation. This directed share issue was authorized by the AGM on 7 April 2009.

At the end of June 2010, the number of own shares in the Group possession stood at 760,985 (379,985) out of which parent company Teleste Corporation had none (0) while other Group or controlled companies had 760,985 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 4.18% (2.13%).

On 30 June 2010, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,186,590 shares.

Outlook

Cautious approach to network investments is likely to continue among the operator clientele of Video and Broadband Solutions. Nevertheless, we believe the deliveries will continue at least on the level of 2009.

We estimate the demand by the current clientele of Network Services to continue steady. The strategic investments already carried out ensure that our net sales will improve from last year.

Due to increased net sales and adaptation of costs we estimate the operating profit for 2010 to improve clearly over 2009.

20 July 2010

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)	4-6/2010	4-6/2009	Change %
Net Sales	43,474	30,552	42.3 %
Other operating income	251	1,000	-74.9 %
Materials and services	-21,918	-13,605	61.1 %
Personnel expenses	-12,781	-10,247	24.7 %
Other operating expenses	-5,993	-5,958	0.6 %
Depreciation	-1,378	-1,339	2.9 %
Operating profit	1,655	403	310.7 %
Financial income and expenses	-238	-146	63.0 %
Share of profit of associates	0	-90	n/a
Profit after financial items	1,417	167	748.5 %
Profit before taxes	1,417	167	748.5 %
Taxes	-470	-78	500.4 %
Net profit	947	89	964.0 %
Attributable to:			
Equity holders of the parent	947	89	964.0 %
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in euro per share)			
Basic	0.05	0.01	443.5 %
Diluted	0.05	0.01	435.2 %
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (tEUR)			
Net profit	947	89	964.0 %
Translation differences	-239	49	n/a
Fair value reserve	-113	0	n/a
Total comprehensive income for the period	595	138	331.2 %
Attributable to:			
Equity holders of the parent	595	138	331.2 %

STATEMENT OF COMPREHENSIVE INCOME (tEUR)	1-6/2010	1-6/2009	Change %	1-12/2009
Net Sales	82,568	56,156	47.0 %	141,651
Other operating income	608	2,113	-71.2 %	3,124
Materials and services	-41,330	-25,508	62.0 %	-69,962
Personnel expenses	-25,060	-20,265	23.7 %	-44,584
Other operating expenses	-11,412	-10,620	7.5 %	-21,323
Depreciation	-2,893	-2,678	8.0 %	-5,582
Impairment loss	0	0	n/a	-800
Operating profit	2,481	-802	n/a	2,524
Financial income and expenses	-386	-385	0.3 %	-605
Share of profit of associates	0	-190	n/a	-544
Profit after financial items	2,095	-1,377	n/a	1,375
Profit before taxes	2,095	-1,377	n/a	1,375
Taxes	-653	258	n/a	-959
Net profit	1,442	-1,119	n/a	416
Attributable to:				
Equity holders of the parent	1,442	-1,119	n/a	416
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in EUR per share)				
Basic	0.08	-0.07	n/a	0.02
Diluted	0.08	-0.07	n/a	0.02
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (tEUR)				
Net profit	1,442	-1,119	n/a	416
Translation differences	-58	92	n/a	189
Fair value reserve	-157	0	n/a	-116
Total comprehensive income for the period	1,227	-1,027	n/a	489
Attributable to:				
Equity holders of the parent	1,227	-1,027	n/a	489

STATEMENT OF FINANCIAL POSITION (tEUR)	30.06.2010	30.06.2009	Change %	31.12.2009
Non-current assets				
Property, plant, equipment	9,542	7,102	34.4 %	9,960
Goodwill	32,257	21,977	46.8 %	31,657
Intangible assets	6,755	8,166	-17.3 %	7,664
Investments	713	833	-14.4 %	713
	49,267	38,078	29.4 %	49,994
Current assets				
Inventories	16,419	20,375	-19.4 %	20,682
Other current assets	27,780	28,239	-1.6 %	26,884
Liquid funds	12,605	8,932	41.1 %	12,518
	56,804	57,546	-1.3 %	60,084
Total assets	106,071	95,624	10.9 %	110,078
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	39,668	38,018	4.3 %	39,702
Non-controlling interest	319	0	n/a	0
	46,954	44,985	4.4 %	46,669
Non-current liabilities				
Provisions	513	314	63.4 %	513
Non interest bearing liabilities	7,036	2,356	198.6 %	6,726
Interest bearing liabilities	12,237	10,175	20.3 %	12,237
	19,786	12,845	54.0 %	19,476
Short-term liabilities				
Trade payables and other s-t liabilities	27,663	27,904	-0.9 %	32,372
Provisions	1,112	1,545	-28.0 %	1,026
S-t interest bearing liabilities	10,556	8,345	26.5 %	10,535
	39,331	37,794	4.1 %	43,933
Total shareholder's equity and liabilities	106,071	95,624	10.9 %	110,078
CONSOLIDATED CASH FLOW STATEMENT (tEUR)	1-6/2010	1-6/2009	Change %	1-12/2009
Cash flows from operating activities				
Profit for the period	1,442	-1,119	n/a	416
Adjustments	4,065	2,921	39.2 %	8,230
Interest and other financial expenses and incomes	-386	-385	0.3 %	-937
Paid Taxes	-150	-550	-72.7	-1,708
Change in working capital	-1,244	2,401	-151.8 %	3,830
Cash flow from operating activities	3,727	3,268	14.0 %	9,831
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired	-374	-8,394	-95.5 %	-10,281
Purchases of property, plant and equipment (PPE)	-873	-2	43550.0 %	-2,772
Purchases of intangible assets	-694	-640	8.4 %	-1,327
Investments in shares	0	0	n/a	-10
Net cash used in investing activities	-1,941	-9,036	-78.5 %	-14,390
Cash flow from financing activities				
Proceeds from borrowings	0	12,000	n/a	20,542

Payments of borrowings	-566	-4,360	-87.0 %	-10,623
Dividends paid	-1,364	-2,035	n/a	-2,035
Own shares	0	-264	n/a	-264
Proceeds from issuance of ordinary shares	289	0	n/a	0
Net cash used in financing activities	-1,641	5,341	-130.7 %	7,620

Change in cash

Cash in the beginning	12,518	9,268	35.1 %	9,268
Change in cash during period	145	-428	n/a	3,061
Effect of currency changes	-58	92	n/a	189
Cash at the end	12,605	8,932	41.1 %	12,518

KEY FIGURES	1-6/2010	1-6/2009	Change %	1-12/2009
Earnings per share, EUR	0.08	-0.07	n/a	0.02
Earnings per share fully diluted, EUR	0.08	-0.07	n/a	0.02
Shareholders' equity per share, EUR	2.69	2.58	4.3 %	2.68
Return on equity	6.2 %	-4.9 %	n/a	0.9 %
Return on capital employed	7.1 %	-3.6 %	n/a	3.3 %
Equity ratio	44.4 %	49.3 %	-9.9 %	43.6 %
Gearing	21.7 %	21.3 %	1.9 %	22.0 %
Investments, tEUR	2,387	13,248	-82.0 %	25,241
Investments % of net sales	2.9 %	23.6 %	-87.8 %	17.8 %
Order backlog, tEUR	14,716	23,396	-37.1 %	33,100
Personnel, average	1,221	998	22.3 %	1,103
Number of shares (thousands) including own shares	18,187	17,806	2.1 %	17,806
Highest share price, EUR	5.28	4.18	26.3 %	4.30
Lowest share price, EUR	3.63	2.25	61.3 %	2.25
Average share price, EUR	4.39	3.58	22.7 %	3.62
Turnover, in million shares	2.2	6.4	-66.3 %	7.8
Turnover, in MEUR	9.5	22.8	-58.5 %	28.5

Treasury shares

	Number of shares	% of shares	% of votes
Teleste companies own shares 30.6.2010	760,985	4.18 %	4.18 %

Contingent liabilities and pledged assets (tEUR)

For own debt

Other securities	120	120	0.0 %	120
Leasing and rent liabilities	6,159	5,801	6.2 %	6,016
	6,279	5,921	6.0 %	6,136

Derivative instruments (tEUR)				
Value of underlying forward contracts	3,554	4,132	-14.0 %	8,043
Market value of forward contracts	-59	-186	-68.3 %	-228
Interest rate swap	11,500	0	n/a	11,500
Market value of interest swap	-273	0	n/a	-157

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

RECLASSIFICATION OF SEGMENTS 1.1.2010

OPERATING SEGMENTS (tEUR)	1-6/2010	1-6/2009	Change %	1-12/2009
Video and Broadband Solutions				
Order intake	38,280	36,399	5.2 %	81,612
Net sales	39,210	37,003	6.0 %	76,280
EBIT	2,025	-1,759	n/a	-692
EBIT%	5.2 %	-4.8 %	n/a	-0.9 %
Network Services				
Order intake	38,204	19,153	99.5 %	69,408
Net sales	43,358	19,153	126.4 %	65,371
EBIT	456	957	-52.4 %	3,216
EBIT%	1.1 %	5.0 %	-79.0 %	4.9 %
Total				
Order intake	76,484	55,552	37.7 %	151,020
Net sales	82,568	56,156	47.0 %	141,651
EBIT	2,481	-802	n/a	2,524
EBIT%	3.0 %	-1.4 %	n/a	1.8 %
Financial items	-386	-385	0.3 %	-605
Share of profit of associates	0	-190	n/a	-544
Operating segments net profit before taxes	2,095	-1,377	n/a	1,375

Segment assets

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

	30.6.2010	30.6.2009	Change %	31.12.2009
Video and Broadband Solutions	54,997	63,941	-14.0 %	56,120
Network Services	38,469	22,751	69.1 %	41,440
Segment assets total	93,466	86,692	7.8 %	97,560
Unallocated assets	12,605	8,932	41.1 %	12,518
Assets total	106,071	95,624	10.9 %	110,078

Information per quarter (tEUR)	4-6/10	1-3/10	10-12/09	7-9/09	4-6/09	7/2009-6/2010
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Video and Broadband Solutions						
Order intake	19,702	18,578	22,705	22,508	19,109	83,493
Net sales	20,148	19,062	21,015	18,262	20,095	78,487
EBIT	1,463	562	-457	1,524	-295	3,092
EBIT %	7.3 %	2.9 %	-2.2 %	8.3 %	-1.5 %	3.9 %

Network Services

Order intake	19,278	18,926	24,119	26,136	10,457	88,459
Net sales	23,326	20,032	22,769	23,449	10,457	89,576
EBIT	192	264	2,175	84	698	2,715
EBIT %	0.8 %	1.3 %	9.6 %	0.4 %	6.7 %	3.0 %

Total

Order intake	38,980	37,504	46,824	48,644	29,566	171,952
Net sales	43,474	39,094	43,784	41,711	30,552	168,063
EBIT	1,655	826	1,718	1,608	403	5,807
EBIT %	3.8 %	2.1 %	3.9 %	3.9 %	1.3 %	3.5 %

Attributable to equity holders of the parent (tEUR)

Shareholder's equity	Share capital	Share premium	Translation Differences	Retained Earnings	Invested free capital	Other funds	Total	Share of non-controlling Interest	Total equity
1.1.2010	6,967	1,504	-372	35,949	2,737	-116	46,669	0	46,669
Total comprehensive income for the period			-58	1,442		-157	1,227	0	1,227
Share issue					0		0	289	289
Paid dividend				-1,394			-1,394	30	-1,364
Equity-settled share-based payments				133	0	0	133	0	133
Shareholder's equity 30.6.2010	6,967	1,504	-430	36,130	2,737	-273	46,635	319	46,954
Shareholder's equity 1.1.2009	6,967	1,504	-561	37,284	1,451	0	46,645	0	46,645
Profit of the period			92	-1,119		0	-1,027	0	-1,027
paid dividend				-2,035			-2,035	0	-2,035
Equity-settled share-based payments				116	1,286	0	1,402	0	1,402
Shareholder's equity 30.6.2009	6,967	1,504	-469	34,246	2,737	0	44,985	0	44,985

CALCULATION OF KEY FIGURES

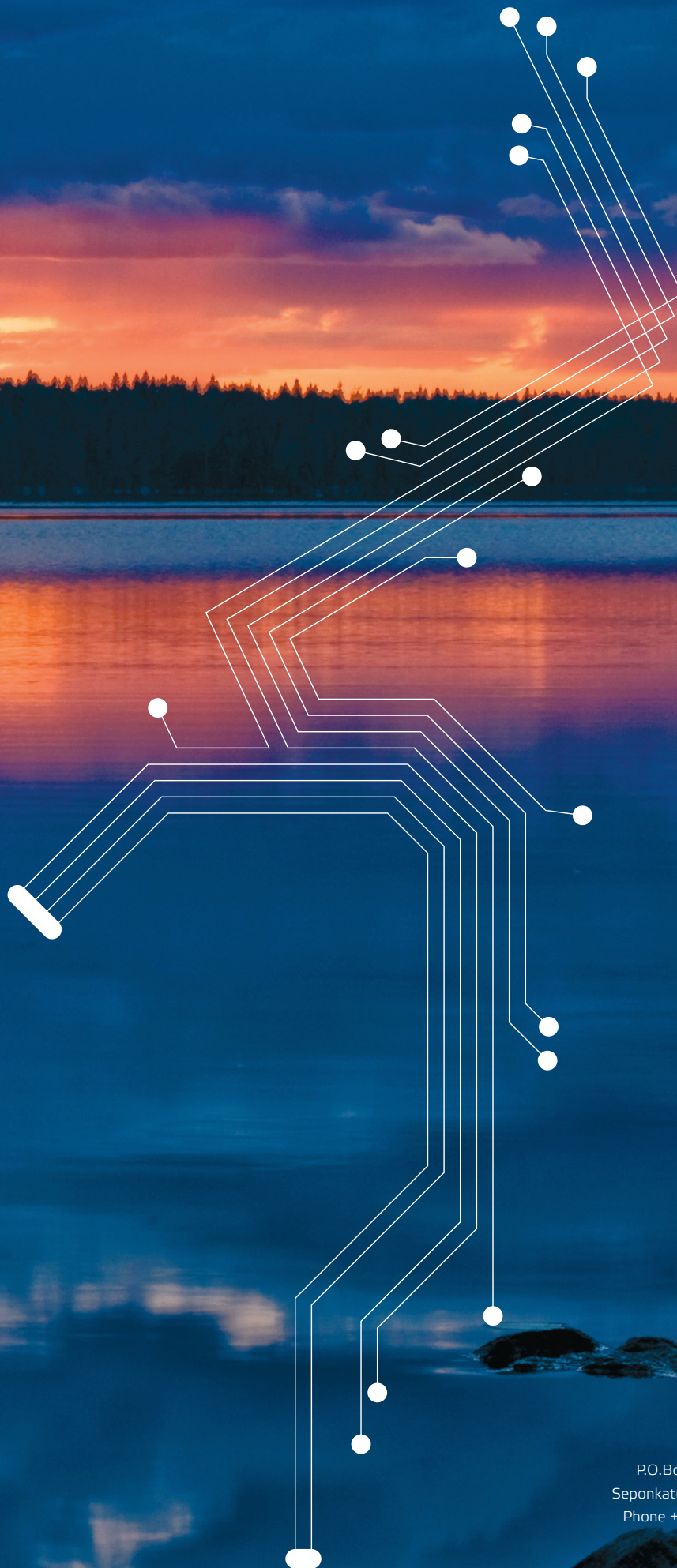
Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} \times 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} \times 100$
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 30.6.2010	Shares	%
EM Group Oy	3,822,813	21.02
Mandatum Life	1,679,200	9.23
Ilmarinen Mutual Pension Insurance Company	936,776	5.15
Kaleva Mutual Pension Insurance Company	824,641	4.53
Varma Mutual Pension Insurance Company	521,150	2.87
State Pension Fund	500,000	2.75
Op-Suomi Small Cap	496,112	2.73
Aktia Capital Mutual Fund	450,000	2.47
Skagen Vekst Verdipapierfond	437,000	2.4
Teleste Management Oy	381,000	2.09

SECTOR DISPERSION 30.6.2010	Shareholders	%	Shares	%
Corporations	317	5.92	5,835,378	32.08
Financial and insurance corporations	14	0.26	3,687,601	20.27
Public institutions	9	0.16	2,248,700	12.36
Non-profit institutions	37	0.69	429,611	2.36
Households	4,929	92.18	4,420,695	24.30
Foreign countries and nominee registered	41	0.76	1,564,605	8.60
Total	5,347	100.00	18,186,590	100.00

Preliminary calculation of recognised fair values on the acquisition Freycom.

1 000 EUR	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	63
Customer relationship (inc. in intangible assets)	101
Technology (inc. in intangible assets)	0
Book values used in consolidation	
Tangible assets	107
Inventories	321
Other receivables	204
Cash and cash equivalents	197
Total assets	993
Book values used in consolidation	
Interest-bearing liabilities	0
Deferred tax liabilities	0
Other liabilities	524
Total liabilities	524
Net identifiable assets and liabilities	469
Total consideration	1,071
Goodwill on acquisition	602
Consideration paid in cash	-571
Cash and cash equivalents in acquired subsidiary	197
Total net cash outflow on the acquisition	-374



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