



January 1 – September 30, 2010
Interim Report Q3

Third quarter of 2010

- Net sales amounted to EUR 38.6 (41.7) million, a fall of 7.4 % over the period of comparison.
- Operating profit grew by 23.4 % equalling EUR 2.0 (1.6) million.
- Undiluted result per share equalled EUR 0.07 (EUR 0.03).
- Orders received amounted to EUR 39.9 (48.6) million, a year-on-year decrease of 18.0 %.
- Orders received by Video and Broadband Solutions amounted to EUR 21.1 (22.5) million.
- Orders received by Network Services stood at EUR 18.7 (26.1) million.
- Operating cash flow stood at EUR 0.8 (-0.8) 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 Q3 by CEO Jukka Rinnevaara

Market for our Video and Broadband Solutions remained at the early year's level. The EUR 16 million frame agreement on upgrading of cable networks over the next four years signed in July with the Israeli HOT Telecom provides a tangible positive sign of the gradual recovery in the market. Deliveries under this frame agreement will start in the last quarter of the current year. The acquisition of Satlan in August strengthened the market position of Video and Broadband Solutions in Poland. Satlan supplies IP video and broadband solutions to Polish cable operators and media service providers.

In Q3, in Germany - Network Services' main market area - the customer demand still involved low-price deliveries. Unit prices clearly below those of the comparative year weakened the net sales and thereby the year-on-year profitability. In our main market, we have started activities designed to widen our clientele and to increase flexibility in our capacity utilisation. Streamlining of operations will also be continued. Towards the end of this review period, the German demand for services was on the increase.

We have maintained our strong market position in Europe and our competitiveness remains good.

Teleste 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 current market situation, our careful cost management and adaptation measures will also be continued. In Q3, reorganisation of the German services business was delayed since more resources than estimated were required for the technical clarification items related to the delivery of services. In Q4, we estimate the demand for services in Germany to pick up due to the extra marketing efforts carried out by the main client to promote television and broadband services. Furthermore, handover of a few sizeable deliveries will have a positive impact on net sales and profitability. As for Network Services, we estimate the profitability of Q4 to improve over Q3 but fall below that of the comparative year, which is caused by the fact that a larger number of delivered services involved simpler services in the lower price bracket. The three-year services contract signed with Kabel Deutschland after the period under review ensures our leading position in the German services market enabling a long-term development of business. We will provide the necessary requirements for profitable growth in the German services market by developing our services processes, quality and ERP systems. As for Video and Broadband Solutions, we particularly expect the growth in deliveries of optical network solutions and the Luminato headend to continue.

We confirm our estimation of profitable growth for 2010.

The generally difficult financial situation in Europe and the ownership arrangements among the cable operators are likely to continue and these may have an effect on the timing of investments. The prolonged delivery times for some materials may erode our ability to deliver in the latter part of the year.

Group Operations in the Third Quarter

Year-on-year orders received in Q3 declined by 18.0 % standing at EUR 39.9 (48.6) million. For Network Services the year of comparison included project orders of approximately EUR 5 million. The Group's order backlog totalled EUR 13.3 (30.3) million. The order backlog for the period of comparison included a headend order of EUR 12 million, which was written off from the backlog in Q2 of 2010, and one-off orders of EUR 8.0 million delivered in the current year. The EUR 16 million frame agreement signed with the Israeli HOT Telecom in July is not included in the order backlog.

The Q3 2010 net sales for the business equalled EUR 38.6 (41.7) million, which is 7.4 % below the figure for the period of comparison. The drop in net sales was caused by increased number of lower price range deliveries in the German services of Network Services and the growth in incomplete deliveries.

Operating profit stood at EUR 2.0 (1.6) million making 5.1 % (3.9 %) of the net sales. Undiluted result per share for Q3 was EUR 0.07 (0.03).

Group Operations January to September

Year-on-year orders received improved by 11.7 % standing at EUR 116.4 (104.2) million. Orders increased over the previous year since part of the German acquisitions were carried out in H2 of 2009. Order backlog totalled EUR 13.3 (30.3) million. The order backlog for the period of comparison included a headend order of EUR 12 million, which was written off from the backlog in Q2 of 2010, and one-off orders of EUR 8.0 million delivered in the current year.

Net sales grew by 23.8 % over the year of comparison amounting to EUR 121.2 (97.9) million. The increase in net sales was mainly due to acquisitions carried out in the second half of 2009.

Operating profit stood at EUR 4.5 (0.8) million making 3.7 % (0.8 %) of the net sales. Year-on-year growth in the operating profit was due to an increase of 7 % in Video and Broadband Solutions' net sales, reduced material costs and cost adaptation. Operating profit for the period of comparison included EUR 2.6 million of other operating income, whereas in the period under review these amounted to EUR 1.0 million. Undiluted result per share was EUR 0.15 (-0.03).

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 Q3

In the period under review we strengthened our presence in the Polish market by acquiring Satlan S.P. z.o.o. This acquisition has no significant impact on net sales nor profitability in Q3.

Orders received totalled EUR 21.2 (22.5) million. A frame agreement on upgrading of cable networks was signed with the Israeli HOT Telecom. In our estimation the scope of deliveries will amount to approximately EUR 16 million over the next four years. Orders received for the review period include an order placed by HOT Telecom of approximately EUR one million. Order backlog totalled EUR 13.3 (25.3) million.

Net sales in Q3 amounted to EUR 19.9 (18.3) million. Operating profit stood at EUR 2.0 (1.5) million making 9.8 % (8.5 %) of the net sales. Margin on materials remained on a good level also in Q3.

Product development expenses in Q3 equalled EUR 2.2 (2.4), in other words 11.2 % (13.2 %) of the net sales. Some 60 % (70 %) of 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 0.4 (0.4) million involving the Luminato headend 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).

Video and Broadband Solutions January to September

Orders received stood at EUR 59.5 (58.9) million, i.e. 0.9 % above the period of comparison.

Net sales grew by 7.0 % amounting to EUR 59.2 (55.3) million. The growth in net sales was mainly due to deliveries of the Access network 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 stood at EUR 4.0 (-0.2) million making 6.7 % (-0.4 %) of the net sales. This improvement in operating profit was due to increased net sales, good margin on materials and cost adaptation.

R&D expenses of Video and Broadband Solutions amounted to EUR 7.7 (8.3) million. Activated R&D expenses stood at EUR 1.2 (1.2) million and depreciation on previous activation items equalled EUR 1.9 (1.7) million.

Network Services

Clientele of Teleste's Network Services business consists mainly of large European cable operators. The 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. Most deliveries are based on frame agreements. Some of our projects also include Teleste's own product solutions. Our know-how in services covers all the sectors related to the 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 Q3

Orders received totalled EUR 18.7 (26.1) million. Orders received for the comparative period included one-off deliveries of EUR 6 million. In Q3, orders on internet connection related services placed by our main customer in Germany continued to involve supplementary items in the lower revenue bracket exclusive of any more demanding upgrades of house networks.

Net sales of the business area amounted to EUR 18.7 (23.4) million, i.e. 20.2 % below the comparative period. The year-on-year decrease in net sales was caused by the fact that the German deliveries involved internet connections in the lower revenue bracket and because, in summer season, demand for services is typically weaker.

Operating profit stood at EUR 0.03 (0.1) million making 0.2 % (0.4 %) of the net sales. Year-on-year profitability fell due to decreased net sales and increased investments in technical clarification items related to deliveries of services.

Network Services January to September

Orders received totalled EUR 56.9 (45.3) million. The growth in orders received by 25.7 % over the comparative period was due to restructuring carried out in H2 2009 (the German acquisitions). In H1 of 2010, two new frame agreements were signed in Germany, involving 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 62.0 (42.6) million. The increased net sales by 45.6 % over the comparative period was due to German group restructuring carried out in H2 of 2009.

Operating profit decreased over the previous year amounting to EUR 0.5 (1.0) million. Decreased profitability in Germany was caused by increased deliveries in the lower price bracket and greater personnel expenses in Q3 related to technical clarification items involving deliveries of services. 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.

Financing and Investments – January to September

Operating cash flow stood at EUR 4.5 (2.6) million. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 19.5 (14.5) million. The current binding stand-by credits of EUR 40.0 million run till November 2013. The Group's equity ratio equalled 41.5 % (43.4 %)

and net gearing 26.7 % (32.6 %). Interest bearing debt on 30 September 2010 was EUR 22.9 (27.7) million.

Investments by the Group for the period under review totalled EUR 9.2 (17.5) million accounting for 7.6 % (17.9 %) of net sales. Investments: EUR 0.6 million (including the estimated additional contract price) involved the Swiss acquisition (Freycom) by Network Services, EUR 0.4 million involved redemption of minority shareholders out of Cableway AG, EUR 6.3 million (including the estimated additional contract price) involved acquisition of the Polish Satlan by Video and Broadband Solutions, EUR 0.4 (1.7) million involved expansion on the premises in Finland and EUR 1.2 (1.2) million in R&D. 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 September

At the end of the reporting period, the number of full-time personnel employed by the Group equalled 1231 (1230/2009, 694/2008), of which Video and Broadband Solutions accounted for 567 (568) and Network Services 664 (662), respectively. Expenditure on employee benefits amounted to EUR 36.7 (31.2/January to September/2009, 24.5/January to September/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 the 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. To ensure quality of services and cost-efficiency, along with an efficient service process management, customer satisfaction requires innovative solutions in terms of processes, products and logistics. Being committed to the technical management of the cable operators' networks and the development of well-designed product solutions, Teleste ensures efficient operation of the networks by providing its own and suppliers' personnel with continuous further training.

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 by 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 (AGM)

The Annual General Meeting of Teleste Corporation on 9 April 2010 confirmed the financial statements for 2009 and discharged the Board of Directors 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 September 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 5.33 (4.30). Closing price on 30 September 2010 stood at EUR 4.91 (4.10). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,306 (5,470). Foreign ownership accounted for 8.5 % (10.3 %). From 1 January to 30 September 2010, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 11.6 (25.8) million. In the period under review, 2.6 (7.1) 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 September 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 September 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 even for the rest of the year. 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 remain stable on an annual level but with some fluctuation between the quarters. The strategic investments already carried out ensure that our net sales will improve over last year.

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

Teleste's final accounts for the financial year 2010 will be released on 2 February 2011.

26 October 2010

TELESTE CORPORATION
Board of Directors

Jukka Rinnevaara
President and 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)

	7-9/2010	7-9/2009	Change %
Net Sales	38,625	41,711	-7.4 %
Other operating income	363	478	-24.2 %
Materials and services	-18,650	-23,416	-20.4 %
Personnel expenses	-11,624	-10,912	6.5 %
Other operating expenses	-5,080	-4,841	4.9 %
Depreciation	-1,650	-1,412	16.9 %
Operating profit	1,984	1,608	23.4 %
Financial income and expenses	-111	-154	-27.9 %
Share of profit of associates	0	-354	n/a
Profit after financial items	1,873	1,100	70.2 %
Profit before taxes	1,873	1,100	70.2 %
Taxes	-635	-560	13.4 %
Net profit	1,238	540	129.1 %
Attributable to:			
Equity holders of the parent	1,238	540	129.1 %

Earnings per share for result of the year attributable to the equity holders of the parent (expressed in EUR per share)

Basic	0.07	0.03	136.8 %
Diluted	0.07	0.03	133.2 %

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (tEUR)

Net profit	1,238	540	129.1 %
Translation differences	-67	-73	-8.2 %
Fair value reserve	7	0	n/a
Total comprehensive income for the period	1,178	467	152.0 %
Attributable to:			
Equity holders of the parent	1,178	467	152.0 %

STATEMENT OF
COMPREHENSIVE INCOME (tEUR)

	1-9/2010	1-9/2009	Change %	1-12/2009
Net Sales	121,193	97,867	23.8 %	141,651
Other operating income	971	2,591	-62.5 %	3,124
Materials and services	-59,980	-48,924	22.6 %	-69,962
Personnel expenses	-36,684	-31,177	17.7 %	-44,584
Other operating expenses	-16,492	-15,461	6.7 %	-21,323
Depreciation	-4,543	-4,090	11.1 %	-5,582
Impairment loss	0	0	n/a	-800
Operating profit	4,465	806	454.1 %	2,524

Financial income and expenses	-497	-539	-7.8 %	-605
Share of profit of associates	0	-544	n/a	-544
Profit after financial items	3,968	-277	n/a	1,375
Profit before taxes	3,968	-277	n/a	1,375
Taxes	-1,288	-302	326.5 %	-959
Net profit	2,680	-579	n/a	416
Attributable to:				
Equity holders of the parent	2,680	-579	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	0.15	-0.03	n/a	0.02
Diluted	0.15	-0.03	n/a	0.02

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (tEUR)

Net profit	2,680	-579	n/a	416
Translation differences	-125	19	n/a	189
Fair value reserve	-150	0	n/a	-116
Total comprehensive income for the period	2,405	-560	n/a	489
Attributable to:				
Equity holders of the parent	2,405	-560	n/a	489

STATEMENT OF FINANCIAL POSITION (tEUR)

	30.09.2010	30.09.2009	Change %	31.12.2009
Non-current assets				
Property, plant, equipment	9,020	8,520	5.9 %	9,960
Goodwill	36,914	25,999	42.0 %	31,657
Intangible assets	7,021	8,216	-14.5 %	7,664
Investments	713	703	1.4 %	713
	53,668	43,438	23.6 %	49,994
Current assets				
Inventories	19,623	19,876	-1.3 %	20,682
Other current assets	33,438	32,120	4.1 %	26,884
Liquid funds	10,063	12,836	-21.6 %	12,518
	63,124	64,832	-2.6 %	60,084
Total assets	116,792	108,270	7.9 %	110,078
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	40,902	38,544	6.1 %	39,702
Non-controlling interest	319	0	n/a	0
	48,188	45,511	5.9 %	46,669
Non-current liabilities				
Provisions	513	314	63.4 %	513
Non interest bearing liabilities	10,720	2,250	376.4 %	6,726
Interest bearing liabilities	11,676	12,412	-5.9 %	12,237
	22,909	14,976	53.0 %	19,476

Short-term liabilities				
Trade payables and other s-t liabilities	33,212	31,043	7.0 %	32,372
Provisions	1,227	1,469	-16.5 %	1,026
S-t interest bearing liabilities	11,256	15,271	-26.3 %	10,535
	45,695	47,783	-4.4 %	43,933
Total shareholder's equity and liabilities	116,792	108,270	7.9 %	110,078
CONSOLIDATED CASH FLOW STATEMENT (tEUR)	1-9/2010	1-9/2009	Change %	1-12/2009
Cash flows from operating activities				
Profit for the period	2,680	-579	n/a	416
Adjustments	6,517	5,106	27.6 %	8,230
Interest and other financial expenses and incomes	-497	-539	-7.8 %	-937
Paid Taxes	-378	-881	-57.1 %	-1,708
Change in working capital	-3,805	-556	584.3 %	3,830
Cash flow from operating activities	4,517	2,551	77.1 %	9,831
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired	-3,120	-10,281	-69.7 %	-10,281
Purchases of property, plant and equipment (PPE)	-620	-1,258	-50.7 %	-2,772
Purchases of intangible assets	-1,006	-924	8.9 %	-1,327
Investments in shares	0	0	n/a	-10
Net cash used in investing activities	-4,746	-12,463	-61.9 %	-14,390
Cash flow from financing activities				
Proceeds from borrowings	0	20,500	n/a	20,542
Payments of borrowings	-966	-4,740	-79.6 %	-10,623
Dividends paid	-1,364	-2,035	-33.0 %	-2,035
Own shares	0	-264	n/a	-264
Proceeds from issuance of ordinary shares	229	0	n/a	0
Net cash used in financing activities	-2,101	13,461	n/a	7,620
Change in cash				
Cash in the beginning	12,518	9,268	35.1 %	9,268
Change in cash during period	-2,330	3,549	n/a	3,061
Effect of currency changes	-125	19	n/a	189
Cash at the end	10,063	12,836	-21.6 %	12,518
KEY FIGURES	1-9/2010	1-9/2009	Change %	1-12/2009
Earnings per share, EUR	0.15	-0.03	n/a	0.02
Earnings per share fully diluted, EUR	0.15	-0.03	n/a	0.02
Shareholders' equity per share, EUR	2.77	2.61	5.9 %	2.68
Return on equity	7.5 %	-1.7 %	n/a	0.9 %
Return on capital employed	8.6 %	0.4 %	2050.0 %	3.3 %
Equity ratio	41.5 %	43.4 %	-4.3 %	43.6 %

Gearing	26.7 %	32.6 %	-18.1 %	22.0 %
Investments, tEUR	9,232	17,519	-47.3 %	25,241
Investments % of net sales	7.6 %	17.9 %	-57.4 %	17.8 %
Order backlog, tEUR	13,271	30,329	-56.2 %	33,100
Personnel, average	1,221	1,090	12.0 %	1,103
Number of shares (thousands) including own shares	18,062	17,806	1.4 %	17,806
Highest share price, EUR	5.33	4.30	24.0 %	4.30
Lowest share price, EUR	3.63	2.25	61.3 %	2.25
Average share price, EUR	4.44	3.61	23.0 %	3.62
Turnover, in million shares	2.6	7.1	-63.5 %	7.8
Turnover, in MEUR	11.6	25.8	-55.1 %	28.5
Treasury shares				
	Number of shares		% of shares	% of votes
Teleste companies own shares 30.9.2010	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				
	6,518	5,990	8.8 %	6,016
	6,638	6,110	8.6 %	6,136
Derivative instruments (tEUR)				
Value of underlying forward contracts	5,285	6,962	-24.1 %	8,043
Market value of forward contracts	-176	-236	-25.4 %	-228
Interest rate swap	11,500	0	n/a	11,500
Market value of interest swap	-266	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)	1-9/2010	1-9/2009	Change %	1-12/2009
Video and Broadband Solutions				
Order intake	59,450	58,907	0.9 %	81,612
Net sales	59,159	55,264	7.0 %	76,280
EBIT	3,976	-235	n/a	-692
EBIT%	6.7 %	-0.4 %	n/a	-0.9 %
Network Services				
Order intake	56,914	45,289	25.7 %	69,408
Net sales	62,034	42,603	45.6 %	65,371
EBIT	489	1,041	-53.0 %	3,216
EBIT%	0.8 %	2.4 %	-67.7 %	4.9 %

Total

Order intake	116,364	104,196	11.7 %	151,020
Net sales	121,193	97,867	23.8 %	141,651
EBIT	4,465	806	453.9 %	2,524
EBIT%	3.7 %	0.8 %	347.3 %	1.8 %
Financial items	-497	-539	-7.8 %	-605
Share of profit of associates	0	-544	n/a	-544
Operating segments net profit before taxes	3,968	-277	n/a	1,375

Segment assets

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

	30.9.2010	30.9.2009	Change %	31.12.2009
Video and Broadband Solutions	66,260	57,212	15.8 %	56,120
Network Services	40,469	38,223	5.9 %	41,440
Segment assets total	106,729	95,435	11.8 %	97,560
Unallocated assets	10,063	12,836	-21.6 %	12,518
Assets total	116,792	108,271	7.9 %	110,078

Information per quarter (tEUR)	7-9/10	4-6/10	1-3/10	10-12/09	7-9/09	10/2009-9/2010
Video and Broadband Solutions						
Order intake	21,170	19,702	18,578	22,705	22,508	82,155
Net sales	19,915	20,148	19,062	21,015	18,262	80,140
EBIT	1,955	1,463	562	-457	1,524	3,523
EBIT %	9.8 %	7.3 %	2.9 %	-2.2 %	8.3 %	4.4 %
Network Services						
Order intake	18,710	19,278	18,926	24,119	26,136	81,033
Net sales	18,710	23,326	20,032	22,769	23,449	84,837
EBIT	28	192	264	2,175	84	2,659
EBIT %	0.2 %	0.8 %	1.3 %	9.6 %	0.4 %	3.1 %
Total						
Order intake	39,880	38,980	37,504	46,824	48,644	163,188
Net sales	38,625	43,474	39,094	43,784	41,711	164,977
EBIT	1,984	1,655	826	1,718	1,608	6,183
EBIT %	5.1 %	3.8 %	2.1 %	3.9 %	3.9 %	3.7 %

Attributable to equity holders of the parent (tEUR)	Share capital	Share premium	Translation differences	Retained earnings	Invested free capital	Other funds	Total	Share of non-controlling interest	Total equity
Shareholder's 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			-125	2,680		-150	2,405	0	2,405
Share issue					0		0	289	289
Paid dividend				-1,394			-1,394	30	-1,364
Equity-				189	0	0	189	0	189

settled share- based payments Share- holder's equity 30.9.2010	6,967	1,504	-497	37,424	2,737	-266	47,869	319	48,188
Share- holder's equity 1.1.2009	6,967	1,504	-561	37,284	1,451	0	46,645	0	46,645
Total compre- hensive income for the period			19	-579		0	-560	0	-560
Paid dividend				-2,035			-2,035	0	-2,035
Equity- settled share- based payments				175	1,286	0	1,461	0	1,461
Share- holder's equity 30.9.2009	6,967	1,504	-542	34,845	2,737	0	45,511	0	45,511

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 30.9.2010	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
Op-Suomi Small Cap	596,112	3.28
Varma Mutual Pension Insurance Company	521,150	2.87
State Pension Fund	500,000	2.75
Aktia Capital Mutual Fund	450,000	2.47
Skagen Vekst Verdipapierfond	437,000	2.40
Teleste Management Oy	381,000	2.09

SECTOR DISPERSION 30.9.2010	Shareholders	%	Shares	%
Corporations	315	5.93	5,825,143	32.02
Financial and insurance corporations	14	0.26	3,803,077	20.91
Public institutions	9	0.16	2,290,744	12.59
Non-profit institutions	36	0.67	366,611	2.01
Households	4,893	92.21	4,364,078	23.99
Foreign countries and nominee registered	39	0.73	1,536,937	8.45
Total	5,306	100.00	18,186,590	100.00

HOLDING DISPERSION 30.9.2010	Shareholders	%	Shares	%
0 - 100	1,184	22.31	82,346	0.45
101 - 1000	3,127	58.93	1,311,221	7.20
1001 - 10000	900	16.96	2,507,053	13.78
10001 - 100000	77	1.45	1,859,781	10.22
100001 - 1000000	16	0.30	6,924,176	38.07
1000001 -	2	0.03	5,502,013	30.25
Total	5,306	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)	62
Customer relationship (inc. in intangible assets)	172
Book values used in consolidation	
Tangible assets	107
Inventories	280
Other receivables	215
Cash and cash equivalents	340
Total assets	1,176
Book values used in consolidation	
Deferred tax liabilities	60
Other liabilities	668
Total liabilities	728

Net identifiable assets and liabilities	448
Total consideration	571
Goodwill on acquisition	123
Consideration paid in cash	-571
Cash and cash equivalents in acquired subsidiary	340
Total net cash outflow on the acquisition	-231

Preliminary calculation of recognised fair values on the acquisition Satlan:

tEUR	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	154
Customer relationship (inc. in intangible assets)	843
Inventories	1,314
Book values used in consolidation	
Tangible assets	51
Trade receivables	1,305
Other receivables	219
Cash and cash equivalents	333
Total assets	4,219
Book values used in consolidation	
Deferred tax liabilities	259
Other liabilities	2,363
Total liabilities	2,622
Net identifiable assets and liabilities	1,597
Total consideration	6,330
Goodwill on acquisition	4,733
Consideration paid in cash	-2,780
Cash and cash equivalents in acquired subsidiary	333
Total net cash outflow on the acquisition	-2,447

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