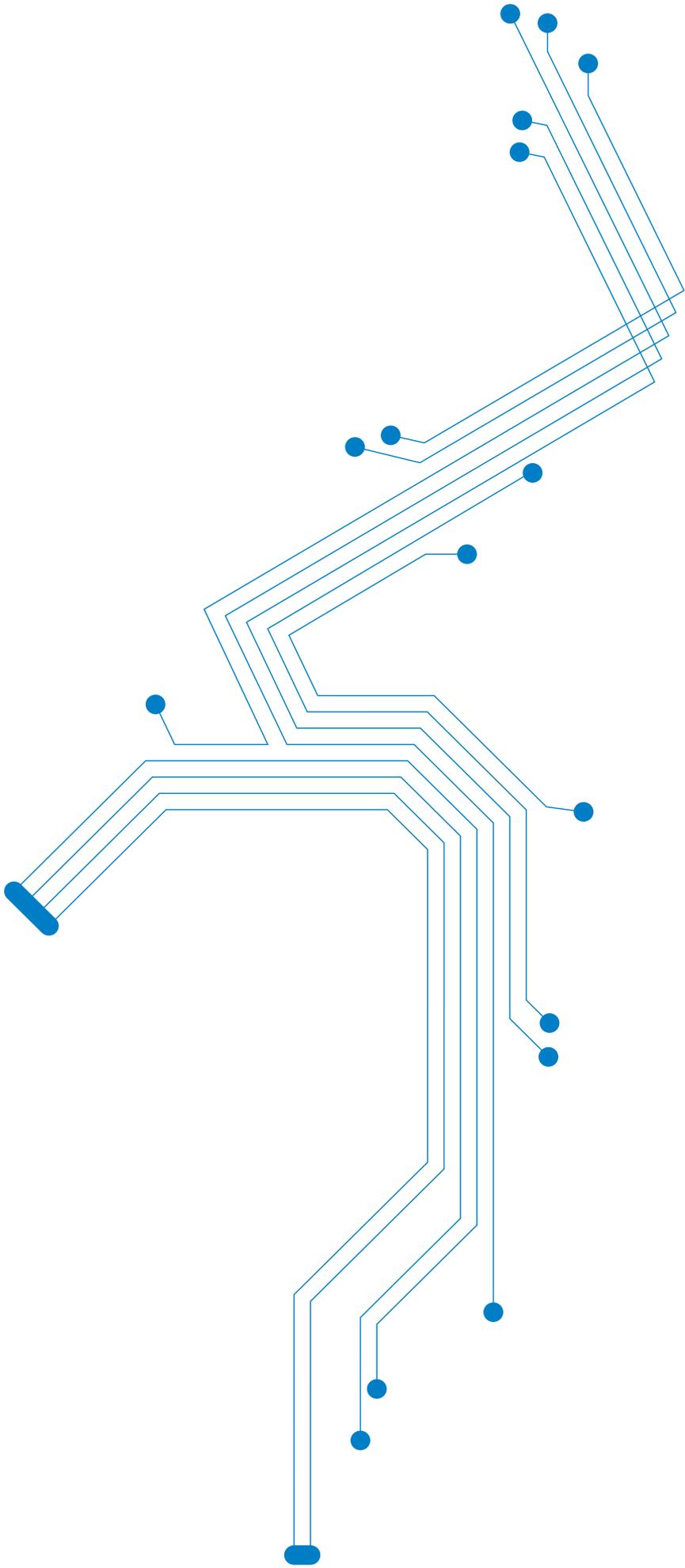


January 1 – June 30, 2014

Interim Report Q2





TELESTE CORPORATION INTERIM REPORT 1 JAN TO 30 JUN 2014

**INCREASED ORDERS RECEIVED AND NET SALES, INVESTMENTS INTO SERVICES BUSINESS
LOWERED PROFITABILITY****Second quarter of 2014**

- Net sales amounted to EUR 49.4 (46.5) million, an increase of 6.3%
- Operating profit stood at EUR 1.4 (1.7) million, a decrease of 20.4%
- Undiluted earnings per share stood at EUR 0.05 (EUR 0.07)
- Orders received totalled EUR 50.3 (44.2) million, an increase of 13.8%
- Cash flow from operations was EUR 0.3 (4.1) million, a decrease of 92.5%

Outlook for 2014

We estimate that net sales and operating profit for the year 2014 will not reach the 2013 level.

Comments on second quarter of 2014 by CEO Jukka Rinnevaara:

"Demand for Video and Broadband Solutions was good and orders received increased significantly over the comparative period. We managed to increase net sales more than expected, especially in optical products and headends of access networks. Growing areas of the market included particularly Germany, France and the UK. Nevertheless operating profit failed to reach the level of the reference period mainly due to the shift in sales towards lower-margin products.

As for Network Services, we continued to implement structural changes and investments designed to improve profitability and business expansion in Germany and the UK. These investments for growth and restructuring costs reduced the profitability of our services business. As for the new services business, we expect net sales and profitability to improve right in the latter part of the year."

Teleste Group in April to June 2014

Key figures (EUR million)	4-6/2014	4-6/2013	Change %
Orders received	50.3	44.2	+13.8%
Net sales	49.4	46.5	+6.3%
EBIT	1.4	1.7	-20.4%
EBIT %	2.8%	3.7%	
Profit for the period	0.9	1.3	-29.0%
Other important key figures			
Earnings per share, EUR	0.05	0.07	-29.6%
Cash flow from operations, M€	0.3	4.1	-92.5%

Orders received by the Group in the second quarter totalled EUR 50.3 (44.2) million, an increase of 13.8%. The year-on-year order backlog grew by EUR 5.1 million to EUR 17.4 (12.3) million.

Net sales grew by 6.3% amounting to EUR 49.4 (46.5) million. Compared to the same period in the previous year, operating profit decreased by 20.4% standing at EUR 1.4 (1.7) million, which is 2.8% (3.7%) of net sales. Operating profit of Video and Broadband Solutions increased, whereas that of Network Services was in the red. Personnel expenses amounted to EUR 15.4 (14.5) million. Undiluted earnings per share were EUR 0.05 (0.07). Operating cash flow stood at EUR 0.3 (4.1) million. Increased trade receivables decreased cash flow over the comparative period.

Teleste Group in January to June 2014

Key figures (EUR million)	1-6/2014	1-6/2013	Change %	1-12/2013
Orders received	97.2	87.6	11.0%	188.9
Net sales	92.9	92.3	0.7%	192.8
EBIT	2.7	4.3	-38.4%	11.0
EBIT %	2.9%	4.7%		5.7%
Profit for the period	1.8	3.1	-40.4%	8.1
Other important key figures				
Earnings per share, EUR	0.10	0.18	-40.4%	0.47
Cash flow from operations	1.8	4.3	-59.1%	10.0
Net gearing, %	18.2%	21.8%	%	13.8%
Equity ratio, %	52.0%	48.5%	%	52.7%
Personnel at period-end	1,303	1,325	-1.7%	1,261

Orders received by the Group improved by 11.0% standing at EUR 97.2 (87.6) million. Net sales grew by 0.7% amounting to EUR 92.9 (92.3) million. Operating profit decreased by 38.4% to EUR 2.7 (4.3) million. Personnel expenses amounted to EUR 29.3 (28.9) million. Financial items totalled EUR 0.2 (0.2) million. Taxes for the Group amounted to EUR 0.6 (1.1) million while the Group's tax rate was 25.7% (26.4%). Undiluted earnings per share were EUR 0.10 (0.18). Operating cash flow stood at EUR 1.8 (4.3) million.

Video and Broadband Solutions in April to June 2014

Key figures (1,000 €)	4-6/2014	4-6/2013	Change %
Orders received	27,898	23,350	+19.5%
Net sales	27,007	25,625	+5.4%
EBIT	1,835	2,308	-20.5%
EBIT %	6.8%	9.0%	

Orders received totalled EUR 27.9 (23.4) million, an increase of 19.5%. Order backlog totalled EUR 17.4 (12.3) million. Net sales grew by 5.4% amounting to EUR 27.0 (25.6) million. The strong demand for access network products increased the year-on-year net sales to a higher level, even if net sales of the video surveillance solutions fell from the comparative period. Operating profit stood at EUR 1.8 (2.3) million making 6.8% (9.0%) of net sales. This decline in the operating profit percentage was primarily due to lower volume of sales of the video surveillance solutions over the period of comparison.

R&D expenses for the business area amounted to EUR 3.0 (2.7) million making 11.0% (10.5%) of net sales. Most of the R&D projects included further development of the product families in production and customer-specific projects. Capitalized R&D expenses amounted to EUR 0.3 (0.3) million. Depreciation on capitalized R&D expenses equalled EUR 0.3 (0.5) million.

Video and Broadband Solutions in January to June 2014

Key figures (1,000 €)	1-6/2014	1-6/2013	Change %	1-12/2013
Orders received	52,794	44,769	+17.9%	97,815
Net sales	48,492	49,438	-1.9%	101,716
EBIT	2,635	4,744	-44.5%	9,460
EBIT %	5.4%	9.6%		9.3%

Orders received totalled EUR 52.8 (44.8) million, an increase of 17.9%. Net sales decreased by 1.9% amounting to EUR 48.5 (49.4) million. Operating profit decreased by 44.5% amounting to EUR 2.6 (4.7) million. The operating profit was adversely affected particularly by the quiet early year and lower year-on-

year deliveries of video surveillance solutions. Product development expenses equalled EUR 5.6 (5.1) million, in other words 11.5% (10.3%) of net sales.

Network Services in April to June 2014

Key figures (1000 €)	4-6/2014	4-6/2013	Change %
Orders received	22,405	20,870	7.4%
Net sales	22,405	20,870	7.4%
EBIT	-452	-570	
EBIT %	-2.0%	-2.7%	

Second-quarter net sales stood at EUR 22.4 (20.9) million, which is 7.4% higher than in the comparison period. Net sales increased primarily in Germany, where the comparative period's net sales were lower than average. Operating result was a loss standing at EUR -0.5 (-0.6) million, or -2.0% (-2.7%) of net sales. This operating loss was caused by custom-specific rearrangements and increases made in the installation capacity for future growth in Germany, as well as investments aimed at business expansion in the UK. These changes will allow for improved profitability and expansion of business in the rest of the year.

Network Services in January to June 2014

Key figures (1,000 €)	1-6/2014	1-6/2013	Change %	1-12/2013
Orders received	44,453	42,816	3.8%	91,060
Net sales	44,453	42,816	3.8%	91,060
EBIT	38	-404	n/a	1,587
EBIT %	0.1%	-0.9%		1.7%

The year-on-year net sales grew by 3.8% amounting to EUR 44.5 (42.8) million. Operating profit equalled EUR 0.0 (-0.4) million. While the demand for services was good, customer-specific rearrangements in Germany and investments to expand the business in the UK pulled the result down to zero.

Personnel and Organization in January to June 2014

In the period under review, the Group had an annual average of 1,275 people (1,336/2013, 1,326/2012), of whom 562 (554) were employed by Video and Broadband Solutions, and 713 (782) by Network Services. At the end of the review period, the Group employed 1,303 people (1,325/2013, 1,348/2012) of whom 69% (74%/2013, 70%/2012) were stationed abroad. About 3% of the Group's employees were working outside Europe.

Personnel costs amounted to EUR 29.3 million (28.9/2013, 30.5/2012).

Investments and Product Development in January to June 2014

Investments by the Group for the period under review totalled EUR 1.5 (4.6) million accounting for 1.7% (5.0%) of net sales. As for the year-on-year investments, EUR 3.5 million involved the acquisition of Asheridge. Product development investments amounted to EUR 0.6 (0.6) million while other investments equalled EUR 0.8 million.

Financing and Capital Structure in January to June 2014

Operating cash flow stood at EUR 1.8 (4.3) million. This decrease in cash flow from operating activities was mainly due to increased trade receivables. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 17.0 (14.0) million. Credit limits are valid until August 2015.

The Group's equity ratio equalled 52.0% (48.5%) and net gearing 18.2% (21.8%). On 30 June 2014, the Group's interest-bearing debt stood at EUR 24.1 (27.7) million.

Key Risks by the Business Areas

Founded in 1954, Teleste is a technology and services company consisting of two business areas: Video and Broadband Solutions and Network Services. With Europe as the main market area, our clients include European cable operators and specified organizations in the public sector.

As to Video and Broadband Solutions, client-specific and 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. Our customers' network investments vary based on the relevant need for upgrading and their financial structure. Significant part of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. The exchange rate development of the Chinese renminbi to euro affects our material costs.

The company hedges against short-term currency exposure by means of forward contracts. The situation in the European financial markets may slow down our customers' investment plans. Furthermore, a weakening in the consumer purchasing power in Europe could slow down the network investments by the cable operators. Competition increased by the new service providers (OTT) may undermine the cable operators' ability to invest. Availability of components is subject to natural phenomena, such as floods and earthquakes. Severe weather conditions have an impact on the business areas' ability to deliver products and services. Correct technological choices and their timing are vital for our success.

Net sales of Network Services comes, for the most part, from a small number of large European customers, so a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. To ensure quality of services and cost-efficiency along with efficient service process management, customer satisfaction and improvements in productivity require innovative solutions in terms of processes, products and logistics. Smooth operation of cable networks requires effective technical management and functional hardware solutions in accordance with contractual obligations. This, in turn, demands continuous and determined development of skills and competences in Teleste's own personnel as well as those of our subcontractors. In addition, Teleste's ability to deliver and compete may be constrained by the adequacy of our sub-contractor network capacity. Tender calculation and management of larger projects with overall responsibility are complex and include risks.

It is important for our business areas to take into account any market developments such as consolidations taking place among the clientele and competition. The threats to information systems must be minimized to ensure business continuity. The Board of Directors annually reviews any essential risks related to the company operation and their management. Risk management is an integral part of the strategic and operational activities of the business areas. Risks are reported to the Board on a regular basis.

The company has covered any major risks of loss involving the business areas through insurance policies. Insurance will also cover credit loss risks related to sales receivables. In the period under review, no such 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, the Netherlands, and Denmark with subsidiaries in 14 countries outside Finland. Teleste Management Oy was merged with the parent company on 28 February 2014. Teleste Management II Oy, founded in December 2011, has been consolidated in the Teleste Group figures on account of financial arrangements.

Shares and Changes in Share Capital

On 30 June 2014, EM Group Oy was the largest single shareholder with a holding of 23.23%.

In the period under review, the lowest company share price was EUR 4.25 (3.78) and the highest was EUR 4.86 (4.47). Closing price on 30 June 2014 stood at EUR 4.55 (4.09). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,052 (5,086). Foreign ownership accounted for 4.81% (5.83%). From 1 January to 30 June 2014, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 5.9 (5.6) million. In the period under review, 1.3 (1.3) million Teleste shares were traded on the stock exchange.

At the end of June 2014, the Group held 1,189,654 of its own shares, of which the parent company Teleste Corporation had 647,654 shares while the Group and controlled companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 6.27% (6.35%).

The share subscription period for stock option rights 2007C began on 1 April 2012 and ended on 30 April 2014. Stock option rights 2007C enabled subscription of 280,000 shares in total. Based on option rights 2007C, a total of 256,998 Teleste Corporation's new shares were subscribed. Those 2007C option rights that were not used before the expiry of the subscription period, are null and void.

On 30 June 2014, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,985,588 shares.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation on 1 April 2014 confirmed the financial statements for 2013 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.19 per share proposed by the Board. The dividend was paid out on 11 April 2014.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste's Board of Directors. Ms. Marjo Miettinen was elected Chair of the Board in the organizational meeting held immediately after the AGM.

Authorized Public Accountants KPMG Oy Ab continues as the auditor until the next AGM. Mr. Esa Kailiala, accountant authorized by the Central Chamber of Commerce of Finland, was chosen auditor-in-charge.

On 1 April 2014, the Annual General Meeting decided on the following authorizations of the Board of Directors:

- Purchases of own shares: maximum of 1,200,000 shares. This authorization is valid for 18 months from the date of the decision.
- Issue of new shares: maximum of 4,000,000 shares, valid for three years from the date of the decision.
- Disposal of own shares in possession: maximum of 1,800,000 shares, valid for three years from the date of the decision.
- Based on the special rights granted by the Company, the number of shares to subscribe may not exceed 2,500,000 shares; these special rights are included in the maximum warrants concerning new shares and the Group's own shares mentioned above. This authorization will be valid for three years from the date of the decision.

Outlook for 2014

Video and Broadband Solutions aim at maintaining a strong market position in Europe and expand into selected new markets. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. New products in line with communication standard Docsis 3.1 will enable network operators to activate their investments in the rest of the year. Price erosion in the market continues. The positive trend in the video surveillance market will continue, but the public sector decisions to start projects may be delayed in the current economic climate. We estimate profitability of Video and Broadband Solutions to improve compared to the first half of the year.

The business objective of Network Services is to develop the operational efficiency and give up any unprofitable services activities during the year. We estimate the demand for comprehensive network services in our key target markets to continue at par with the comparative year and the profitability to improve compared to the first half of the year.

We estimate that net sales and operating profit for the year 2014 will not reach the 2013 level.

6 August 2014

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. Teleste has prepared this interim report applying the same accounting principles as those described in detail in the consolidated financial statements. The data stated in this report is unaudited. The changes in IAS1, IFRS13 and IAS19 have been applied in this interim report and they do not have any material impact on the financial reporting.

STATEMENT OF COMPREHENSIVE INCOME (tEUR)

	4-6/2014	4-6/2013	Change %	1-12/2013
Net Sales	49,412	46,495	6.3 %	192,775
Other operating income	317	0	n/a	840
Materials and services	-25,261	-21,997	14.8 %	-94,456
Personnel expenses	-15,363	-14,455	6.3 %	-56,949
Other operating expenses	-6,721	-7,144	-5.9 %	-26,536
Depreciation	-1,001	-1,161	-13.8 %	-4,628
Operating profit	1,383	1,738	-20.4 %	11,047
Financial income and expenses	-125	-103	21.4 %	-386
Profit after financial items	1,258	1,635	-23.1 %	10,660
Profit before taxes	1,258	1,635	-23.1 %	10,660
Taxes	-355	-364	-2.5 %	-2,513
Net profit	903	1,271	-29.0 %	8,147
Attributable to:				
Equity holders of the parent	903	1,271	-29.0 %	8,147
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.05	0.07	-29.6 %	0.47
Diluted	0.05	0.07	-29.0 %	0.46
Total comprehensive income for the period (tEUR)				
Net profit	903	1,271	-29.0 %	8,147
Possible items with future net profit effect				
Translation differences	-141	-516	-72.7 %	-559
Fair value reserve	8	27	-70.4 %	16
Total comprehensive income for the period	770	782	-1.5 %	7,604
Attributable to:				
Equity holders of the parent	770	782	-1.5 %	7,604

STATEMENT OF COMPREHENSIVE INCOME (tEUR)

	1-6/2014	1-6/2013	Change %	1-12/2013
Net Sales	92,945	92,254	0.7 %	192,775
Other operating income	503	458	9.8 %	840
Materials and services	-46,263	-43,601	6.1 %	-94,456
Personnel expenses	-29,348	-28,890	1.6 %	-56,949

Other operating expenses	-13,139	-13,369	-1.7 %	-26,536
Depreciation	-2,025	-2,512	-19.4 %	-4,628
Operating profit	2,673	4,340	-38.4 %	11,047
Financial income and expenses	-217	-185	17.5 %	-386
Profit after financial items	2,456	4,155	-40.9 %	10,660
Profit before taxes	2,456	4,155	-40.9 %	10,660
Taxes	-632	-1,097	-42.4 %	-2,513
Net profit	1,824	3,058	-40.4 %	8,147
Attributable to:				
Equity holders of the parent	1,824	3,058	-40.4 %	8,147
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.10	0.18	-40.4 %	0.47
Diluted	0.10	0.17	-40.4 %	0.46
Total comprehensive income for the period (tEUR)				
Net profit	1,824	3,058	-40.4 %	8,147
Possible items with future net profit effect				
Translation differences	-49	-471	-89.6 %	-559
Fair value reserve	1	51	-98.0 %	16
Total comprehensive income for the period	1,776	2,638	-32.7 %	7,604
Attributable to:				
Equity holders of the parent	1,776	2,638	-32.7 %	7,604

STATEMENT OF FINANCIAL POSITION (tEUR)

	30.06.2014	30.06.2013	Change %	31.12.2013
Non-current assets				
Property, plant, equipment	10,333	10,637	-2.9 %	10,499
Goodwill	33,250	33,301	-0.2 %	33,252
Other intangible assets	4,191	4,567	-8.2 %	4,448
Deferred tax assets	1,900	2,079	-8.6 %	2,002
Available-for-sale investments	422	286	47.6 %	294
	50,096	50,870	-1.5 %	50,494
Current assets				
Inventories	20,115	20,295	-0.9 %	19,762
Trade and other receivables	41,381	38,546	7.4 %	38,844
Cash and cash equivalents	12,242	14,570	-16.0 %	15,229
	73,738	73,411	0.4 %	73,835
Total assets	123,833	124,280	-0.4 %	124,329
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	56,906	52,840	7.7 %	58,160

Non-controlling interest	488	425	14.8 %	425
	64,361	60,232	6.9 %	65,552
Non-current liabilities				
Provisions	596	968	-38.4 %	634
Deferred tax liabilities	1,171	1,794	-34.7 %	1,293
Non interest bearing liabilities	2,509	2,342	7.1 %	2,414
Interest bearing liabilities	360	1,102	-67.3 %	470
	4,636	6,206	-25.3 %	4,810
Current liabilities				
Trade payables and other liabilities	29,800	30,142	-1.1 %	28,130
Current tax payable	423	245	72.7 %	1,206
Provisions	837	848	-1.3 %	832
Interest bearing liabilities	23,776	26,607	-10.6 %	23,799
	54,836	57,842	-5.2 %	53,967
Total shareholder's equity and liabilities	123,833	124,280	-0.4 %	124,329

CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-6/2014	1-6/2013	Change %	1-12/2013
Cash flows from operating activities				
Profit for the period	1,824	3,058	-40.4 %	8,147
Adjustments	2,874	3,794	-24.2 %	7,608
Interest and other financial expenses and incomes	-217	-185	17.5 %	-403
Paid Taxes	-1,415	-2,927	-51.7 %	-3,402
Change in working capital	-1,296	588	n/a	-1,989
Cash flow from operating activities	1,770	4,328	-59.1 %	9,961
Cash flow from investing activities				
A conditional supplementary contract price for prior subsidiary acquisitions	0	-2,576	n/a	-2,585
Purchases of property, plant and equipment (PPE)	-816	-400	104.0 %	-1,180
Purchases of intangible assets	-614	-586	4.8 %	-1,442
Acquisition of subsidiary, net of cash acquired	0	-965	n/a	-965
Acquisition of assets available for sale	-136	0	n/a	0
Net cash used in investing activities	-1,566	-4,527	-65.4 %	-6,172
Cash flow from financing activities				
Proceeds from borrowings	0	5,000	n/a	5,000
Payments of borrowings	-177	-821	-78.4 %	-4,178
Dividends paid	-3,462	-2,962	16.9 %	-2,962
Proceeds from issuance of ordinary shares	497	0	n/a	270
Net cash used in financing activities	-3,142	1,217	n/a	-1,870
Change in cash				
Cash in the beginning	15,229	13,880	9.7 %	13,880
Change in cash during period	-2,938	1,018	n/a	1,919
Effect of currency changes	-49	-328	-85.1 %	-571
Cash at the end	12,242	14,570	-16.0 %	15,229

KEY FIGURES	1-6/2014	1-6/2013	Change %	1-12/2013
Earnings per share, EUR	0.10	0.18	-40.4 %	0.47
Earnings per share fully diluted, EUR	0.10	0.17	-40.4 %	0.46
Shareholders' equity per share, EUR	3.59	3.43	4.7 %	3.73
Return on equity	5.6 %	10.1 %	-44.7 %	12.9 %
Return on capital employed	6.0 %	10.4 %	-42.0 %	13.0 %
Equity ratio	52.0 %	48.5 %	7.3 %	52.7 %
Gearing	18.2 %	21.8 %	-16.5 %	13.8 %
Investments, tEUR	1,549	4,637	-66.6 %	6,313
Investments % of net sales	1.7 %	5.0 %		3.3 %
Order backlog, tEUR	17,402	12,331	41.1 %	13,100
Personnel, average	1,275	1,336	-4.6 %	1,306
Number of shares (thousands) including own shares	18,897	18,729	0.9 %	18,744
Highest share price, EUR	4.86	4.47	8.7 %	4.47
Lowest share price, EUR	4.25	3.78	12.4 %	3.78
Average share price, EUR	4.52	4.14	9.3 %	4.17
Turnover, in million shares	1.3	1.3	-1.5 %	2.2
Turnover, in MEUR	5.9	5.6	5.6 %	9.2

Treasury shares

	Number of shares	% of shares	% of votes
Possession of company's own shares 30.6.2014	1,189,654	6.27 %	6.27 %

Contingent liabilities and pledged assets (tEUR)

Leasing and rent liabilities	5,711	7,194	-20.6 %	6,748
Derivative instruments (tEUR)				
Value of underlying forward contracts	6,748	8,288	-18.6 %	7,633
Market value of forward contracts	-159	158	n/a	-209
Interest rate swap	11,000	11,000	0.0 %	11,000
Market value of interest swap	-5	29	n/a	-6

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

OPERATING SEGMENTS (tEUR)	1-6/2014	1-6/2013	Change %	1-12/2013
Video and Broadband Solutions				
Orders received	52,794	44,769	17.9 %	97,815
Net sales	48,492	49,438	-1.9 %	101,716
EBIT	2,635	4,744	-44.5 %	9,460
EBIT%	5.4 %	9.6 %		9.3 %
Network Services				
Orders received	44,453	42,816	3.8 %	91,060
Net sales	44,453	42,816	3.8 %	91,060

EBIT	38	-404	n/a	1,587
EBIT%	0.1 %	-0.9 %		1.7 %

Total

Orders received	97,247	87,585	11.0 %	188,875
Net sales	92,945	92,254	0.7 %	192,776
EBIT	2,673	4,340	-38.4 %	11,047
EBIT%	2.9 %	4.7 %		5.7 %
Financial items	-217	-185	17.5 %	-386
Operating segments net profit before taxes	2,456	4,155	-40.9 %	10,660

INFORMATION PER QUARTER (TEUR)

4-6/14 1-3/14 10-12/13 7-9/13 4-6/13 7/2013-6/2014

Video and Broadband Solutions

Orders received	27,898	24,896	24,127	28,919	23,350	105,840
Net sales	27,007	21,485	28,020	24,258	25,625	100,770
EBIT	1,835	801	2,354	2,362	2,308	7,352
EBIT %	6.8 %	3.7 %	8.4 %	9.7 %	9.0 %	7.3 %

Network Services

Orders received	22,405	22,048	26,024	22,220	20,870	92,697
Net sales	22,405	22,048	26,024	22,220	20,870	92,697
EBIT	-452	490	1,168	823	-570	2,029
EBIT %	-2.0 %	2.2 %	4.5 %	3.7 %	-2.7 %	2.2 %

Total

Orders received	50,303	46,944	50,151	51,139	44,220	198,537
Net sales	49,412	43,533	54,044	46,478	46,495	193,467
EBIT	1,383	1,291	3,522	3,185	1,738	9,381
EBIT %	2.8 %	3.0 %	6.5 %	6.9 %	3.7 %	4.8 %

Attributable to equity holders of the parent (tEUR)

A	Share capital
B	Share premium
C	Translation differences
D	Retained earnings
E	Invested free capital
F	Other funds
G	Total
H	Share of non-controlling interest
I	Total equity

	A	B	C	D	E	F	G	H	I
Shareholder's equity 1.1.2014	6,967	1,504	126	53,079	3,457	-6	65,127	425	65,552
Total comprehensive income for the period			-49	1,824		1	1,776		1,776
Used options					497		497		497
Paid dividend				-3,564			-3,564	102	-3,462
Interest, non				39			39	-39	0

controll party Equity-settled share based payments				0	0	0	0	0	0
Shareholder's equity 30.6.2014	6,967	1,504	77	51,378	3,954	-5	63,875	488	64,361
Shareholder's equity 1.1.2013	6,967	1,504	685	48,007	2,737	-22	59,878	678	60,557
Total comprehensive income for the period			-471	3,058		51	2,638	0	2,638
Paid dividend				-3,119			-3,119	157	-2,962
Interest, non controll party				34			34	-34	0
Equity-settled share based payments					376		376	-376	0
Shareholder's equity 30.6.2013	6,967	1,504	214	47,980	3,113	29	59,807	425	60,232

CALCULATION OF KEY FIGURES

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

Major shareholders 30.6.2014

	Number of shares	% of share capital
EM Group Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	953,854	5.02
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Corporation	647,654	3.41
OP-Finland Small Firms Fund	630,712	3.32
Teleste Management II Oy	542,000	2.85
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
FIM Fenno Mutual Fund	271,288	1.43

Shareholders by sector 30.6.2014	Number of shareholders	% of Owners	Number of shares	Number of shares %
Households	4,694	92.91	4,643,053	24.5
Public sector institutions	4	0.08	1,990,004	10.5
Financial and insurance institutions	18	0.36	3,831,929	20.2
Corporations	268	5.30	7,234,769	38.1
Non-profit institutions	30	0.59	372,171	2.0
Foreign and nominee registered owners	38	0.75	913,662	4.8
Total	5,052	100.00	18,985,588	100.0

Number of shares 30.6.2014	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,104	21.9	74,892	0.4
101 - 500	2,192	43.4	594,056	3.1
501 - 1,000	800	15.8	661,296	3.5
1,001 - 5,000	768	15.2	1,692,602	8.9
5,001 - 10,000	89	1.8	637,271	3.4
10,001 - 50,000	72	1.4	1,412,603	7.4
50,001 - 100,000	4	0.1	360,131	1.9
100,001 - 500,000	15	0.3	3,343,814	17.6
500,001 -	8	0.2	10,208,923	53.8
Total	5,052	100	18,985,588	100
of which nominee registered			770,312	4.1

