

The Telesse logo is rendered in a white, italicized, sans-serif font. It is positioned on the right side of the page, overlaid on a background of blue fiber optic cables and a network mesh. The background image shows a close-up of a network switch or patch panel with multiple rows of ports. Some ports are connected with blue cables, and others have black cables. The overall color scheme is dominated by blue and white.

Interim Report
Q2 2004

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Market Situation Q2

Market situation improved

- Main business - Broadband Cable Networks - Market turned into the right direction
 - Cable operators network investments clearly activated especially in Europe
 - Intense price competition still prevailed the markets
- Video Networks – Market situation stabilizing
 - Investment plans growing
 - Public Sector slow in its movements

Q2 Interim Report

	2004	2003	Change%
Orders Received	23.5	13.0	+81%
Net Sales	13.7	11.9	+15%
Operating Profit	0.6	0.4	+45%
Net Profit for the Period	0.3	0.4	-27%

Broadband Cable Networks (BCN)

	2004	2003	Change%
Net Sales	11.0	9.9	+12%
Orders Received	20.5	11.0	+87%

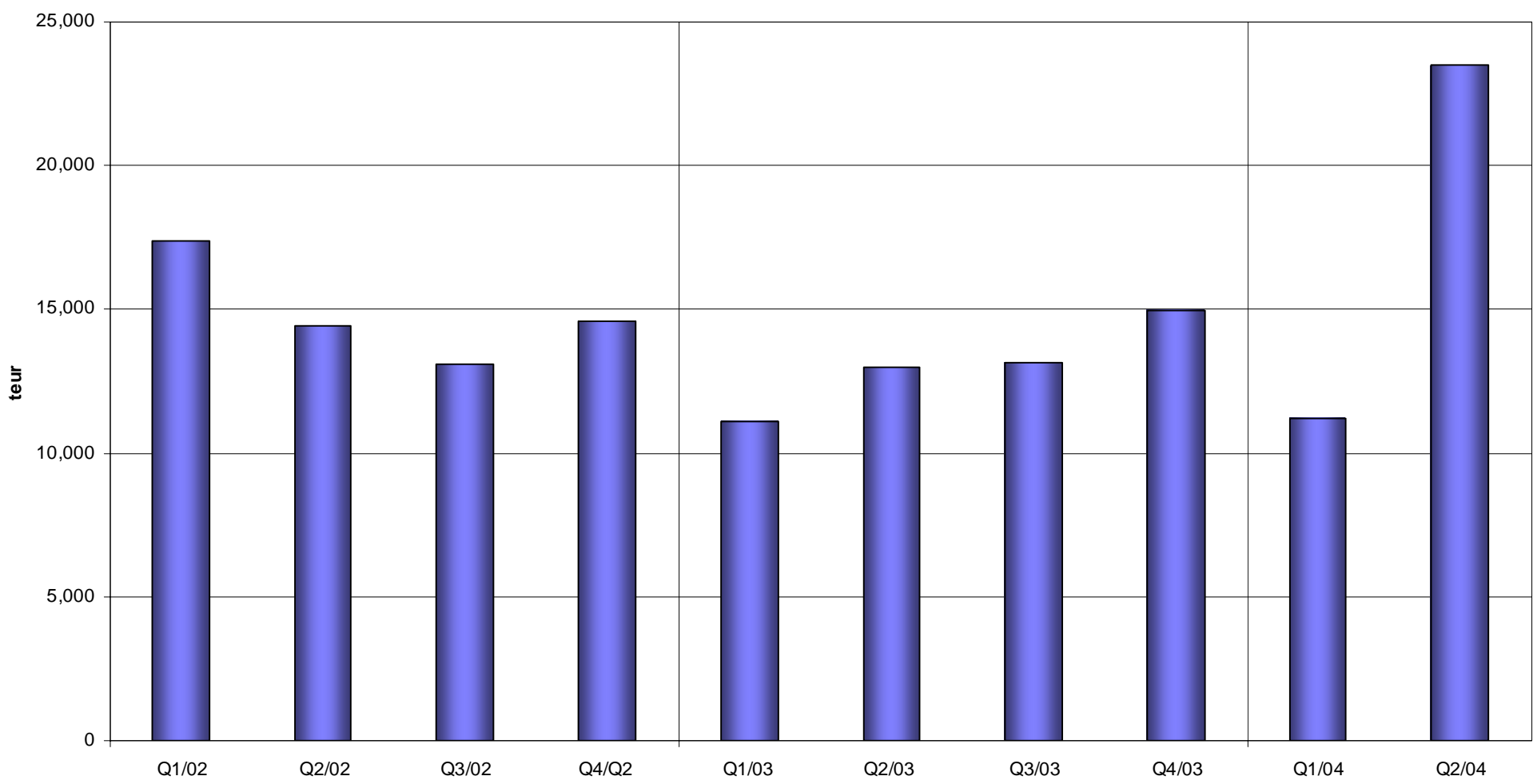
Video Networks (VN)

	2004	2003	Change%
Net Sales	2.6	2.0	+31%
Orders Received	3.0	2.0	+49%

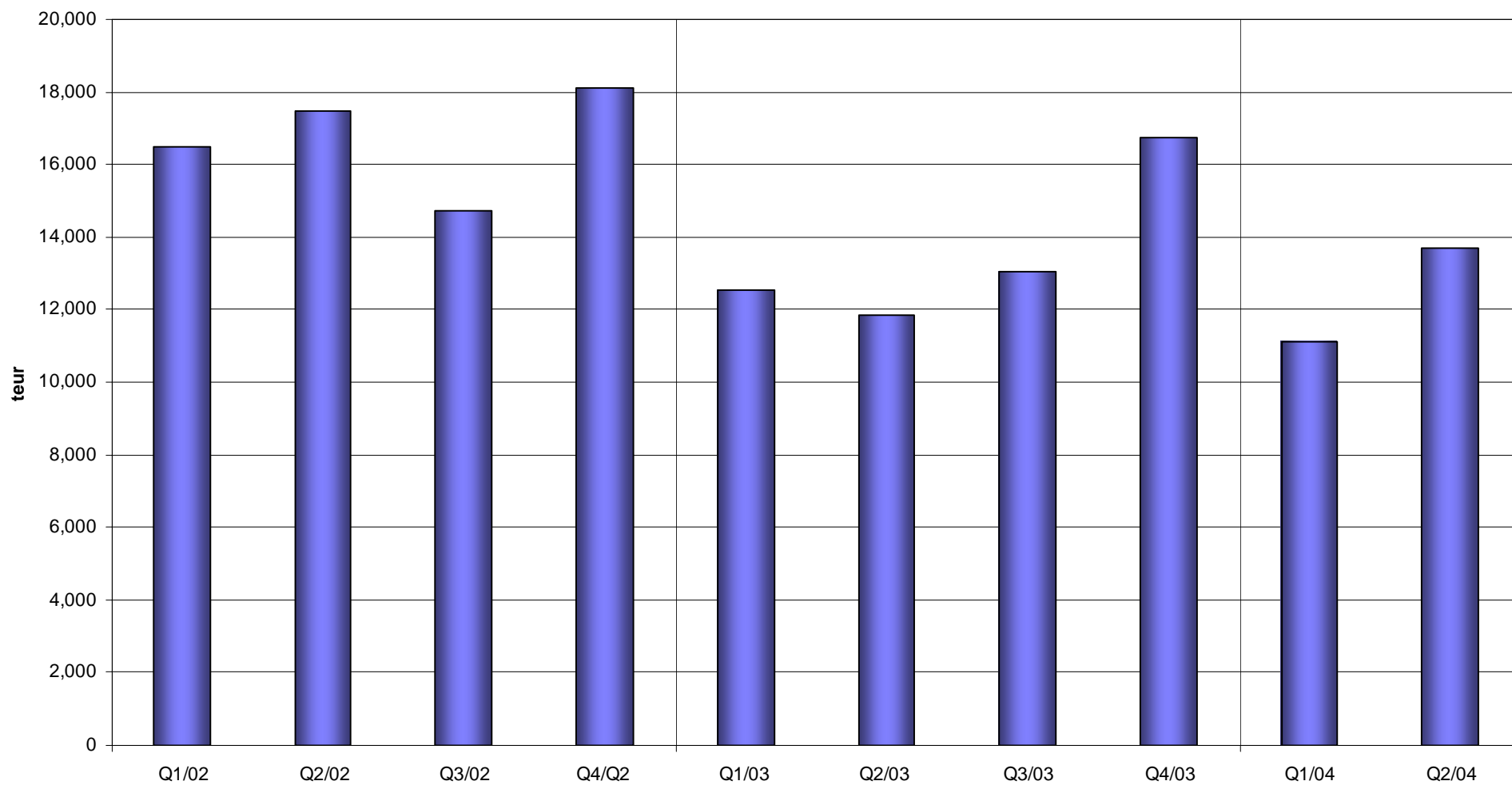
H1 Group

	2004	2003	Change%
Orders Received	34.7	24.1	+44%
Net Sales	24.8	24.4	+2%
Operating Profit	0.4	0.1	+222%
Net profit	0.1	- 0.1	
EPS	0.00	-0.01	

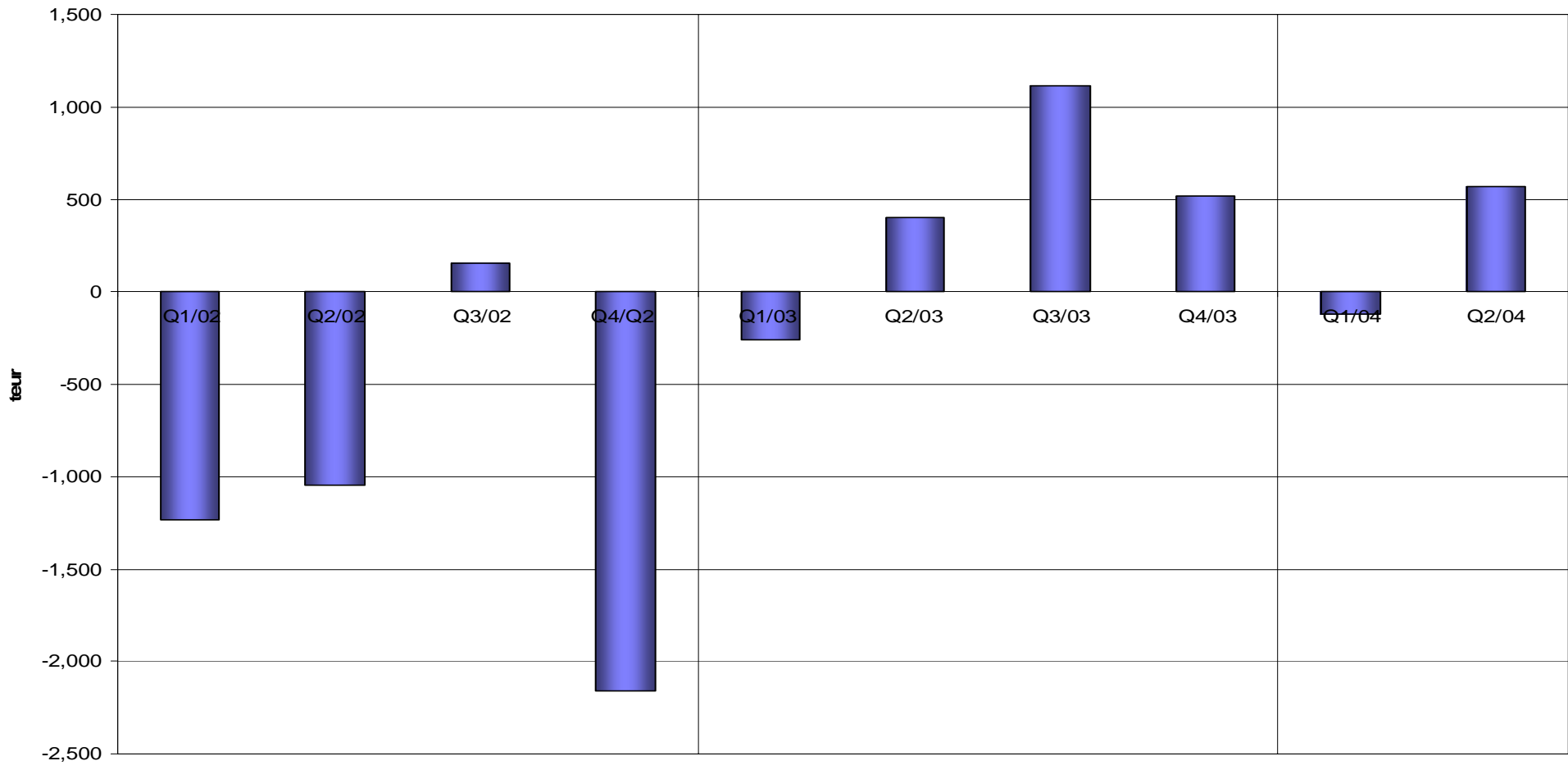
Orders Received by Quarters



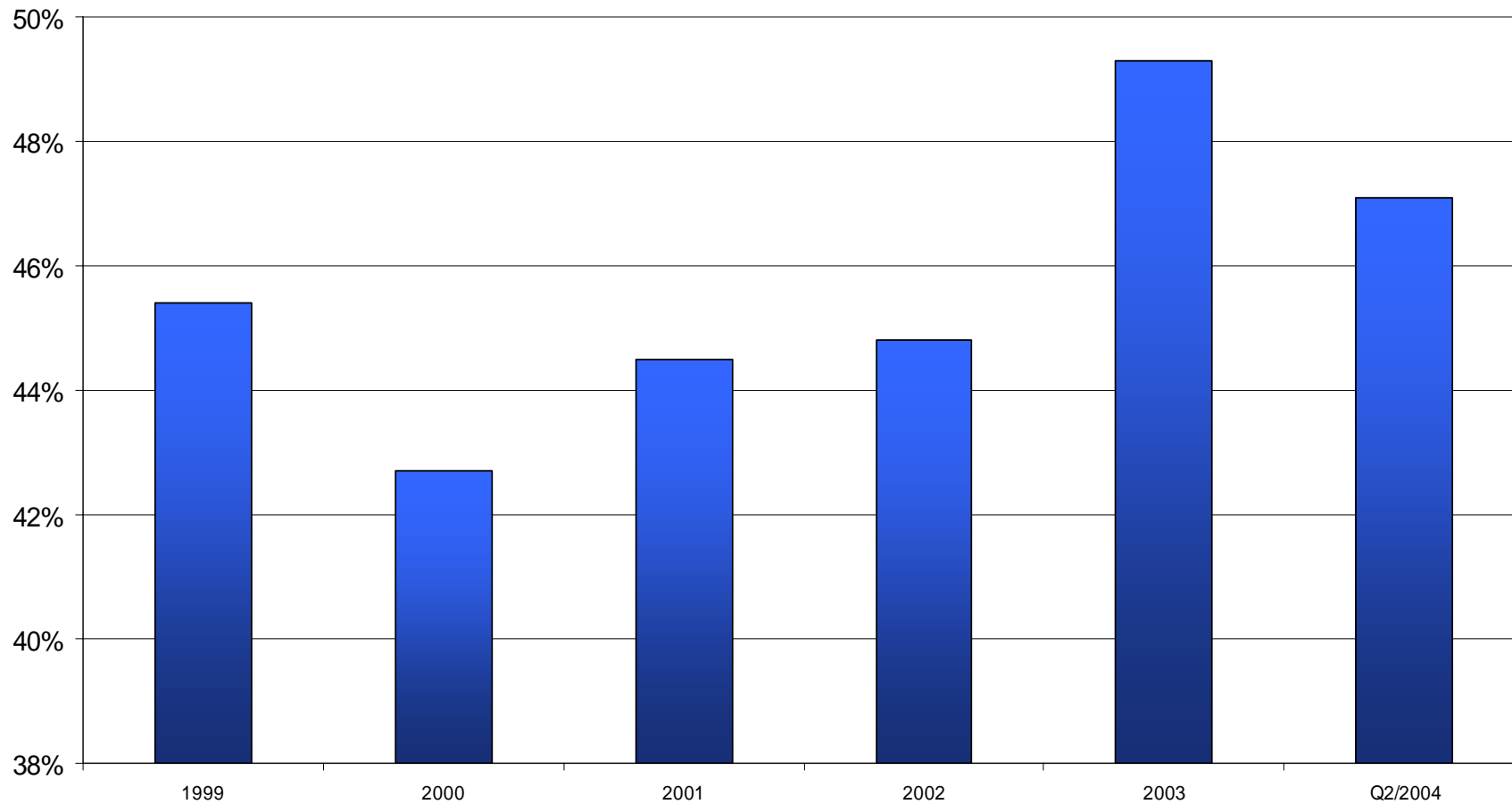
Net Sales by Quarters



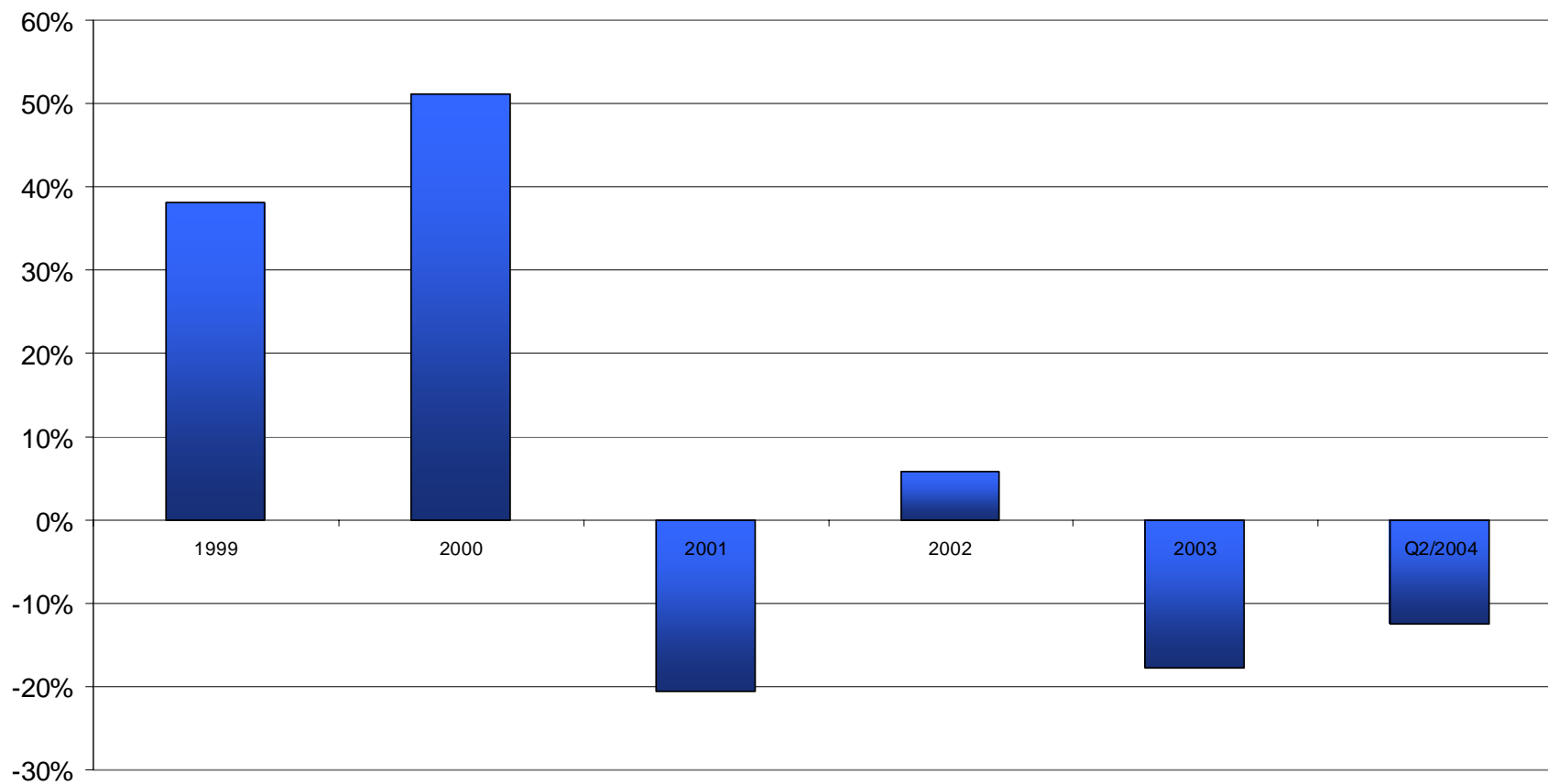
Operating Profit by Quarters



Equity Ratio



Gearing



Future Outlook

- Broadband Cable Networks – Market situation showing good signals
 - Cable operator's operative business stabilizing
 - Investment plans for networks upgrades activating
 - Demand for broadband Internet connections still growing
 - We expect the market growth to continue this year
- Video Networks - Market situation is expected to develop favourably after a temporary investment block

Teleste's full year sales is expected to improve from the last year's

We expect profitable growth for the full year