

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 rack of network equipment with numerous ports and cables, with a blue-tinted overlay of a complex network structure.

Interim Report
Q3/2004

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Market Situation Q3

Positive development in market situation

- Main business - Broadband Cable Networks – continued to develop positively
 - Cable operators network investments clearly activated especially in Europe
 - Broadband Internet solutions grew strongly
 - Intense price competition still prevailed the markets
- Video Networks – Market situation indicating growth development
 - Technology break through taking place
 - Public sector's financial status still weak
 - Investment plans growing

Group Q3

	Q3/2004	Q3/2003	Change%
Orders Received	18.6	13.2	+41%
Net Sales	18.0	13.1	+38%
Operating Profit	2.0	1.1	+77%
Net Profit for the Period	1.3	1.0	+27%

Broadband Cable Networks (BCN) Q3

	Q3/2004	Q3/2003	Change%
Orders Received	15.8	10.0	+58%
Net Sales	15.4	10.6	+45%

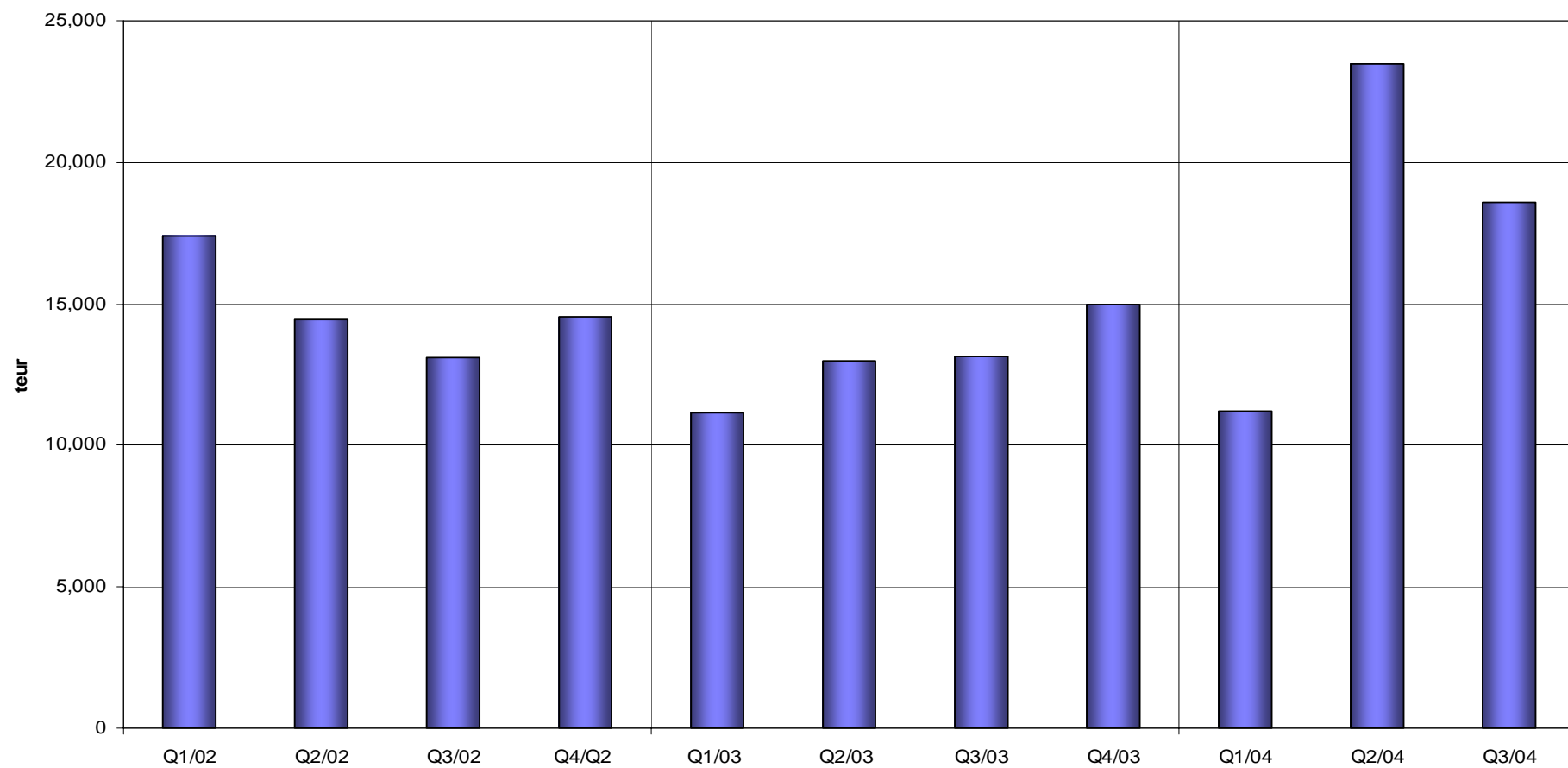
Video Networks (VN) Q3

	Q3/2004	Q3/2003	Change%
Orders Received	2.8	3.1	-11%
Net Sales	2.6	2.4	+7%

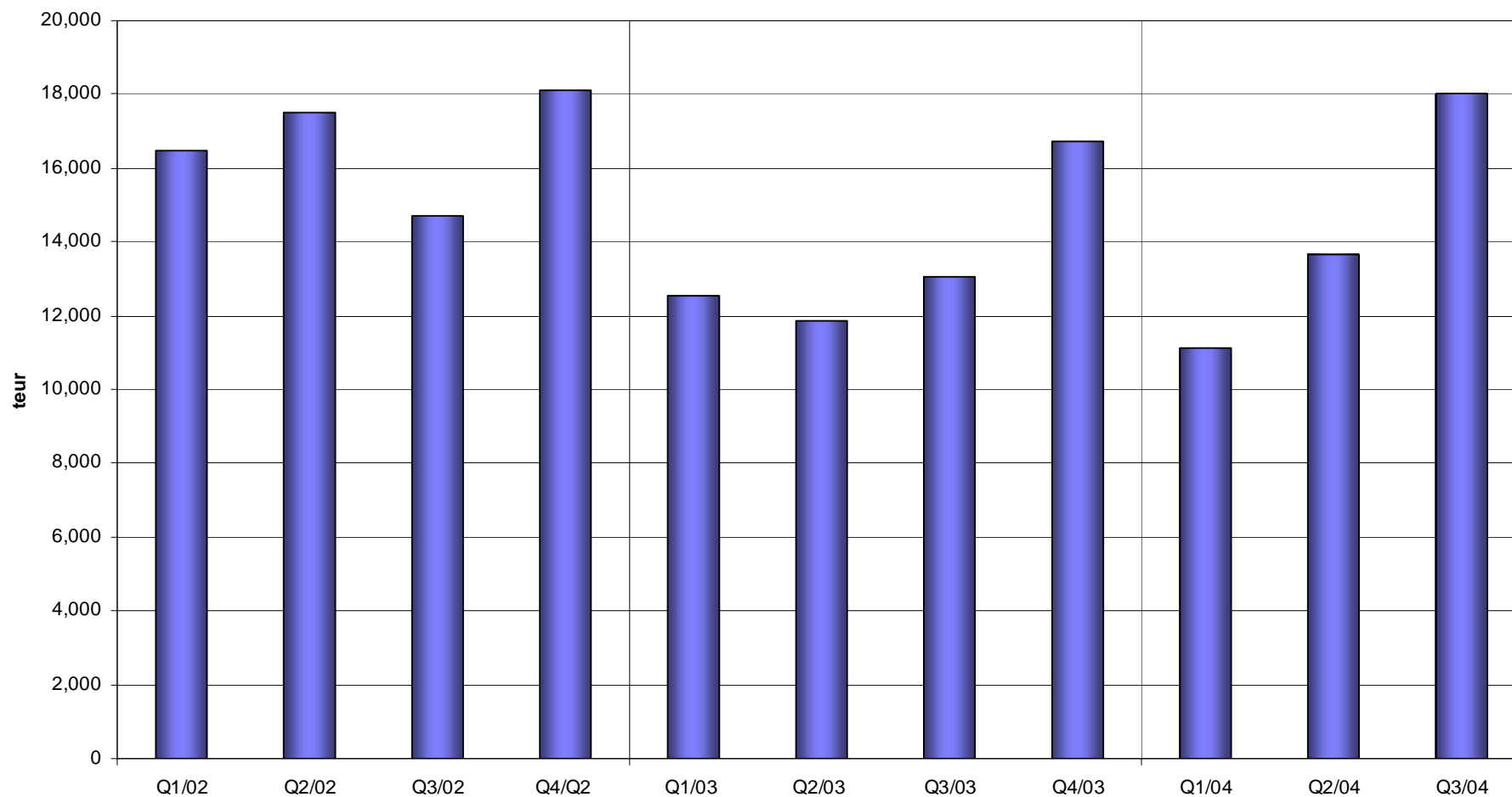
Group Year-to-date

	2004	2003	Change%
Orders Received	53.3	37.3	+43%
Net Sales	42.8	37.5	+14%
Operating Profit	2.4	1.3	+93%
Net Profit	1.4	0.9	+50%
EPS	0.08	0.06	+33%

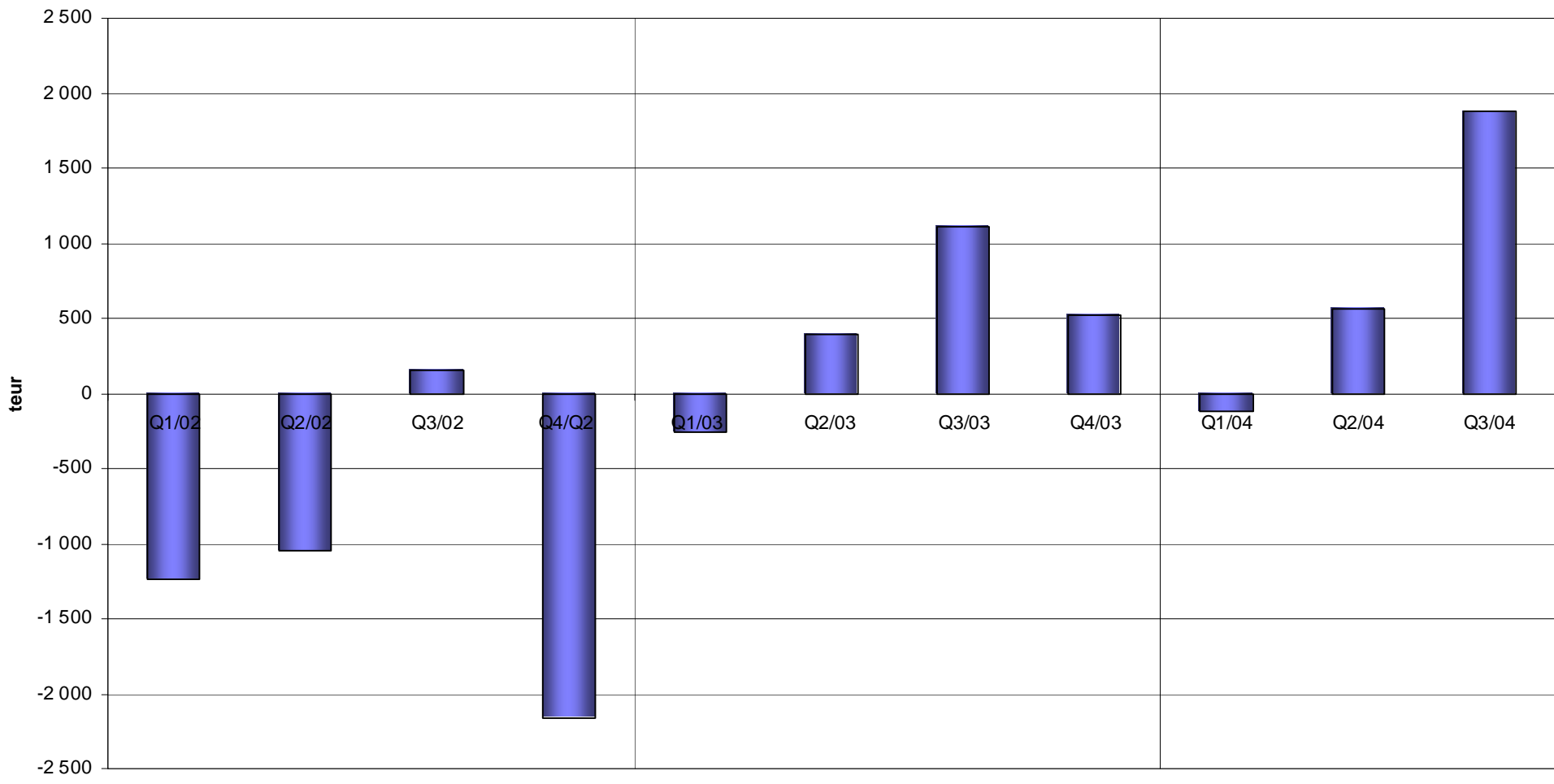
Orders Received by Quarters



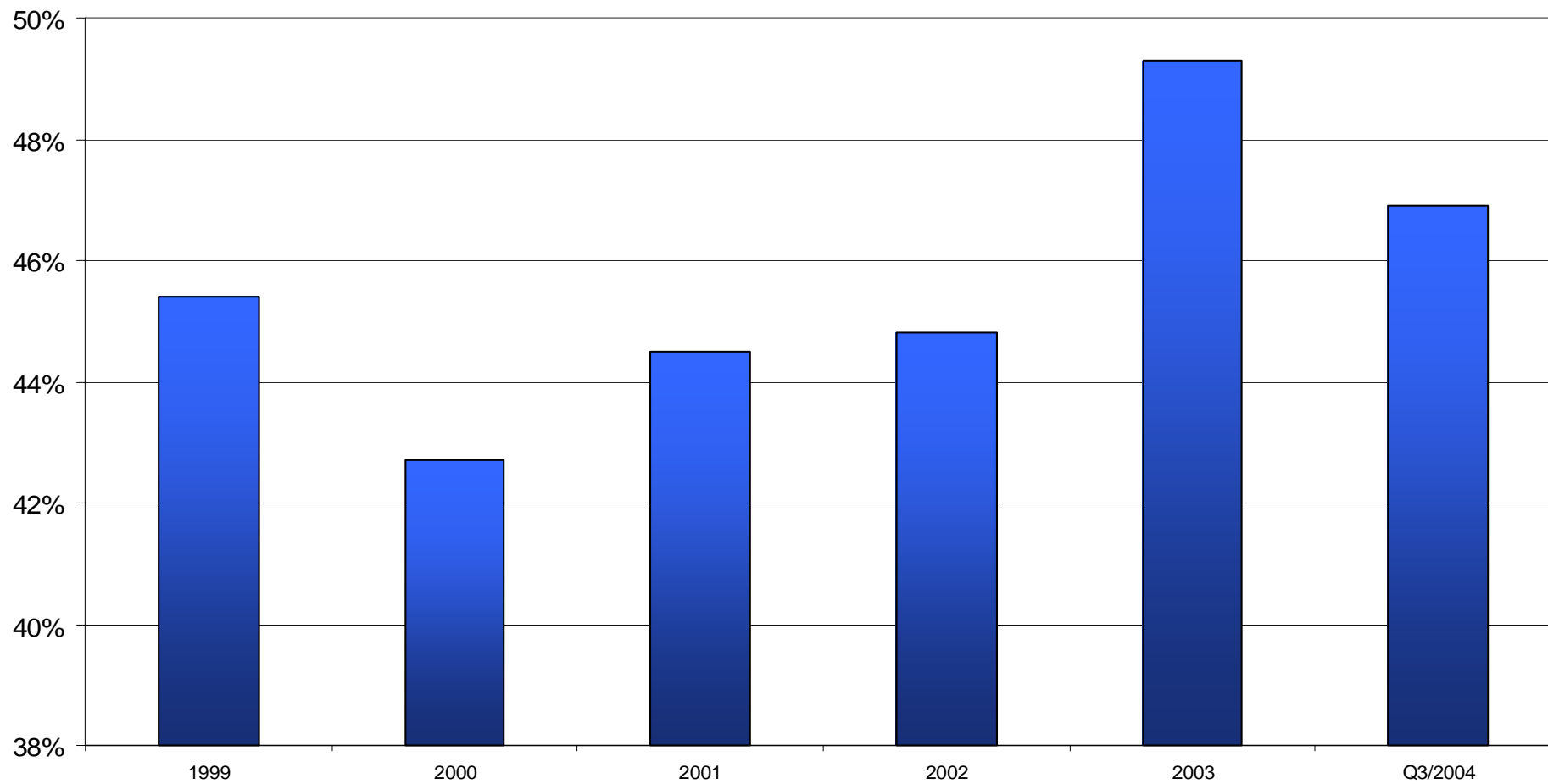
Net Sales by Quarters



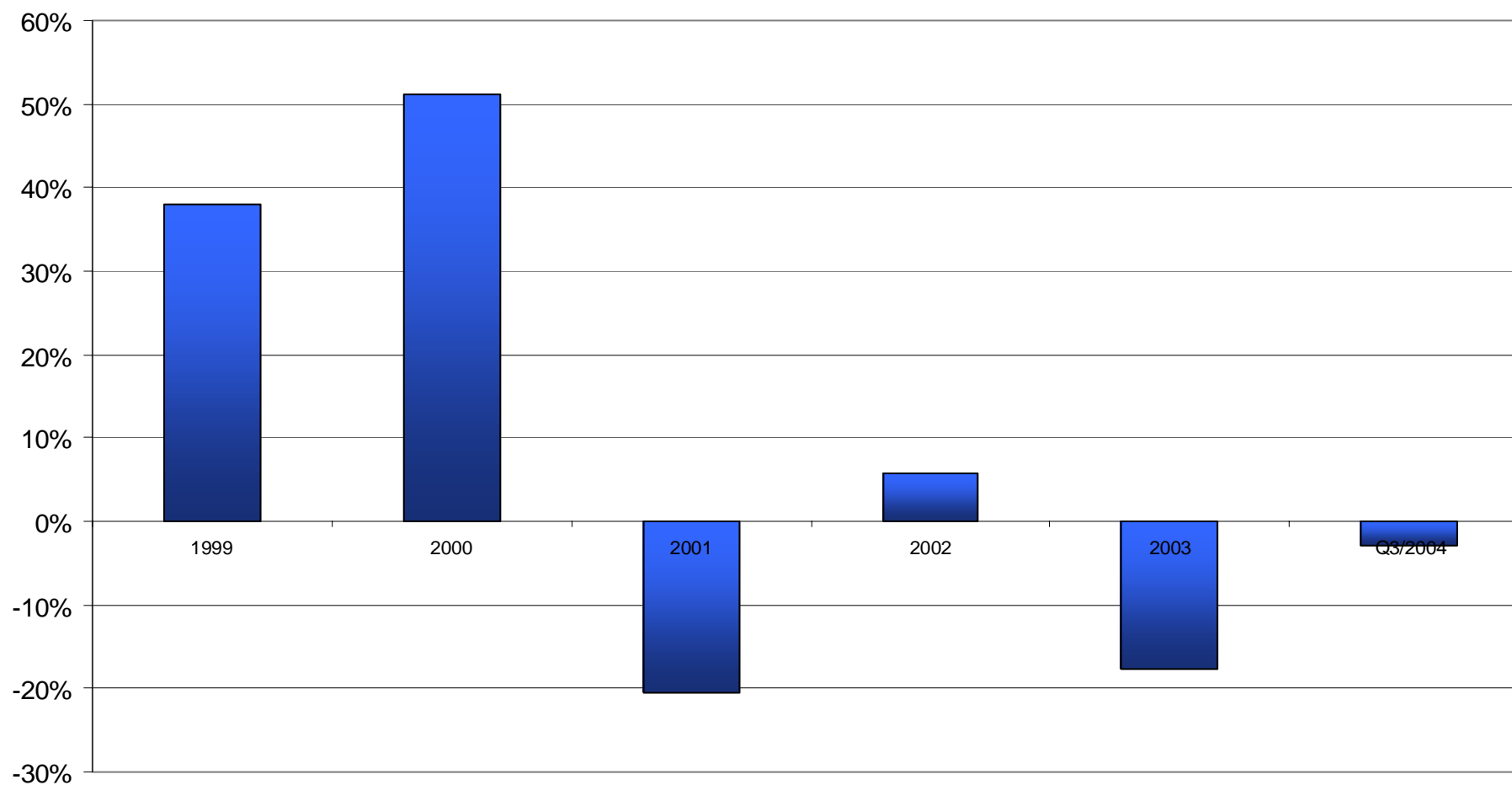
Operating Profit by Quarters



Equity Ratio



Gearing



Future Outlook

- Broadband Cable Networks - Market situation is expected to continue the positive development
 - Cable operator's operative business and profitability is developing well
 - Investment plans for network upgrades has started
 - Demand for broadband Internet connections still growing
 - We expect the market growth to continue
- Video Networks - Market situation is expected to develop to the right direction after a technology breakthrough

Teleste's full year sales and profitability will clearly improve from the last year's

We expect favourable market situation to continue also year 2005