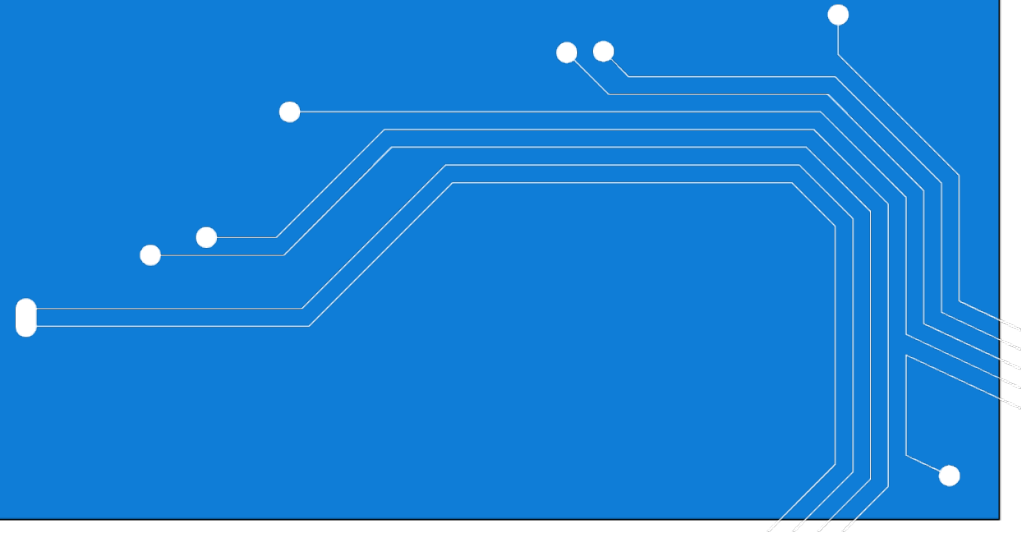


FINANCIAL STATEMENT 2010

JUKKA RINNEVAARA
CEO



TELESTE CORPORATION - Business segments today

Video and Broadband Solutions

Product solutions for broadband networks, video service platforms and video surveillance applications



World of broadband video operators



Network Services

Comprehensive service solutions for cable networks

Common video and broadband technology

Market situation Q4/2010

Video and Broadband Solutions

- Market situation picked up in the fourth quarter
- The EUR 7 million video surveillance order received from the French security police was yet another strong signal of our market leadership in demanding video surveillance projects
- There is a need for increased network capacity

Network Services

- Net sales slightly over the 2009 level
 - Three-year frame agreement with Kabel Deutschland, worth approx. EUR 50 million per year
 - Cold winter in Europe slowed down and held back network deliveries in particular
 - Otherwise the market situation is stable
- **Teleste's orders received in the fourth quarter – highest ever**

Commercial releases 2010

1.7.2010

Teleste won a contract to supply to SNCF (French National Railway Corporation) a centralized recording solution to be used for their video surveillance infrastructure. The project was won together in partnership with IBM France, who is acting as the prime integrator. The centralized recording system in question has capacity to record 8.300 surveillance camera streams simultaneously. Value of the order exceeded EUR one million and it consisted of software licenses and services for a duration of five years, with option to extend with two additional years.

2.8.2010

Teleste was chosen as an exclusive FTTX equipment supplier by signing a framework agreement with HOT Telecom in Israel. The large-scale upgrade deployment program of cable networks covered two million homes passed. Total value of the framework agreement was estimated to EUR 16 million within four years.

25.10.2010

Teleste's subsidiary Cableway AG signed a three-year contract extension with Kabel Deutschland on the upgrading and maintenance services of cable networks. In terms of net sales, the estimated annual value of this frame agreement equaled approximately EUR 50 million.

29.10.2010

Teleste undersigned an agreement with INEO (GDF Suez Group) to provide a video surveillance system for Paris police organisation (Paris Préfecture de Police). The system will manage directly more than 1.100 cameras within Paris territory, and will interconnect with other security networks across Paris metropolitan area, in total covering more than 10.000 cameras. Value of the order was EUR 6.9 millions. In addition the agreement included maintenance services for duration of six years.

Market in 2010

Video and Broadband Solutions

- **France makes up a significant market, up 80% on 2009**
- **Good growth in Belgium, Switzerland and the USA**
- **Poland (Satlan) a significant new market**

Network Services

- **Germany is the natural main market, up 26% on 2009**
 - **Changes in group structure (AVC and Cableway)**
- **In the UK offering of network planning services increased by 55%**
- **Switzerland and Belgium are new market areas**

RESULT Q4 - Group

	Q4 2010	Q4 2009	Change%
Orders Received	50.8	46.8	8.5 %
Net Sales	46.6	43.8	6.5%
EBIT	3.0	1.7	72.7%
EBIT %	6.4%	3.9%	n/a
Net Profit for the Period	2.1	1.0	111.4%

Result Q4 - Video and Broadband Solutions (VBS)

	Q4 2010	Q4 2009	Change%
Orders received	27.1	22.6	20.0%
Net Sales	22.9	21.0	9.1%
EBIT	2.4	-0.5	n/a
EBIT %	10.3%	-2.2%	n/a

RESULT Q4 – Network Services (NS)

	Q4 2010	Q4 2009	Change%
Orders Received	23.8	24.3	-2%
Net Sales	23.8	22.8	4.2%
EBIT	0.6	2.2	-72.3%
EBIT %	2.5%	9.5%	n/a

RESULT 2010 - Group

	2010	2009	Change%
Orders Received	167.2	151.0	10.7%
Net Sales	167.8	141.7	18.5%
EBIT	7.4	2.5	194.5%
EBIT %	4.4%	1.8%	n/a
Net Profit for the Period	4.8	0.4	1050.1%

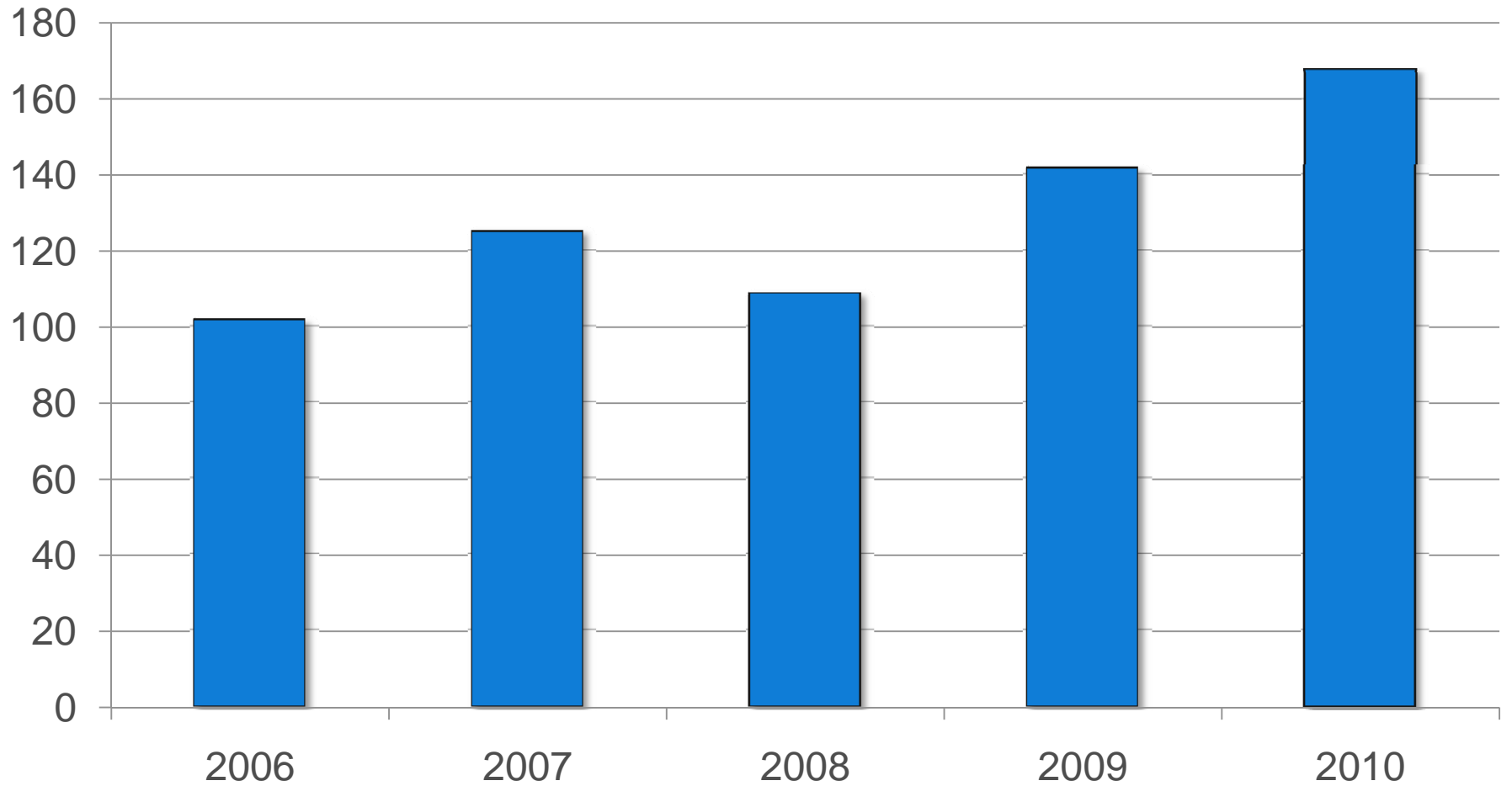
RESULT 2010 - Video and Broadband Solutions (VBS)

	2010	2009	Change%
Orders Received	86.5	81.6	6.0%
Net Sales	82.0	76.3	7.5%
EBIT	6.3	-0.7	n/a
EBIT %	7.7%	-0.9	n/a

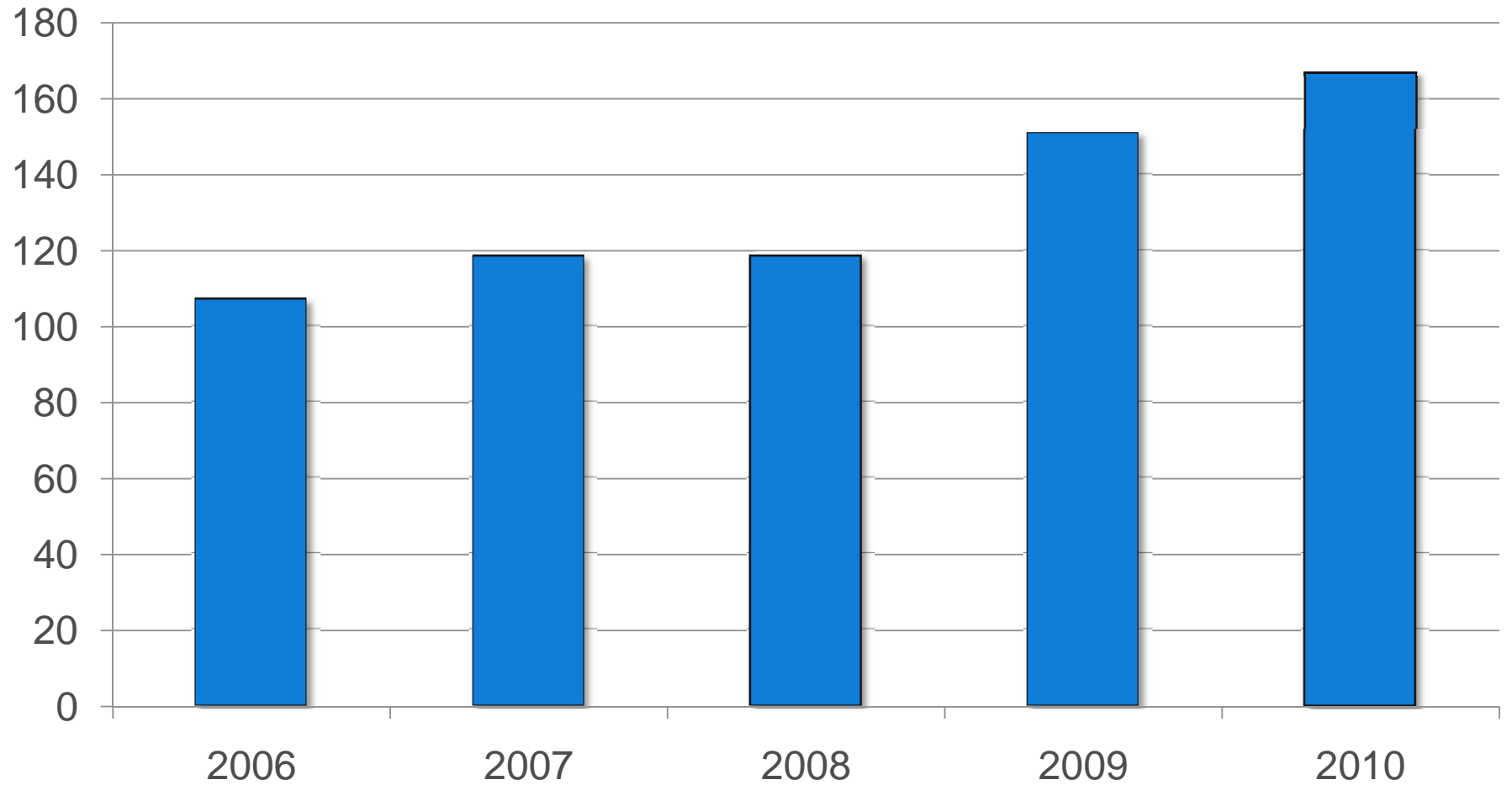
RESULT 2010 – Network Services (NS)

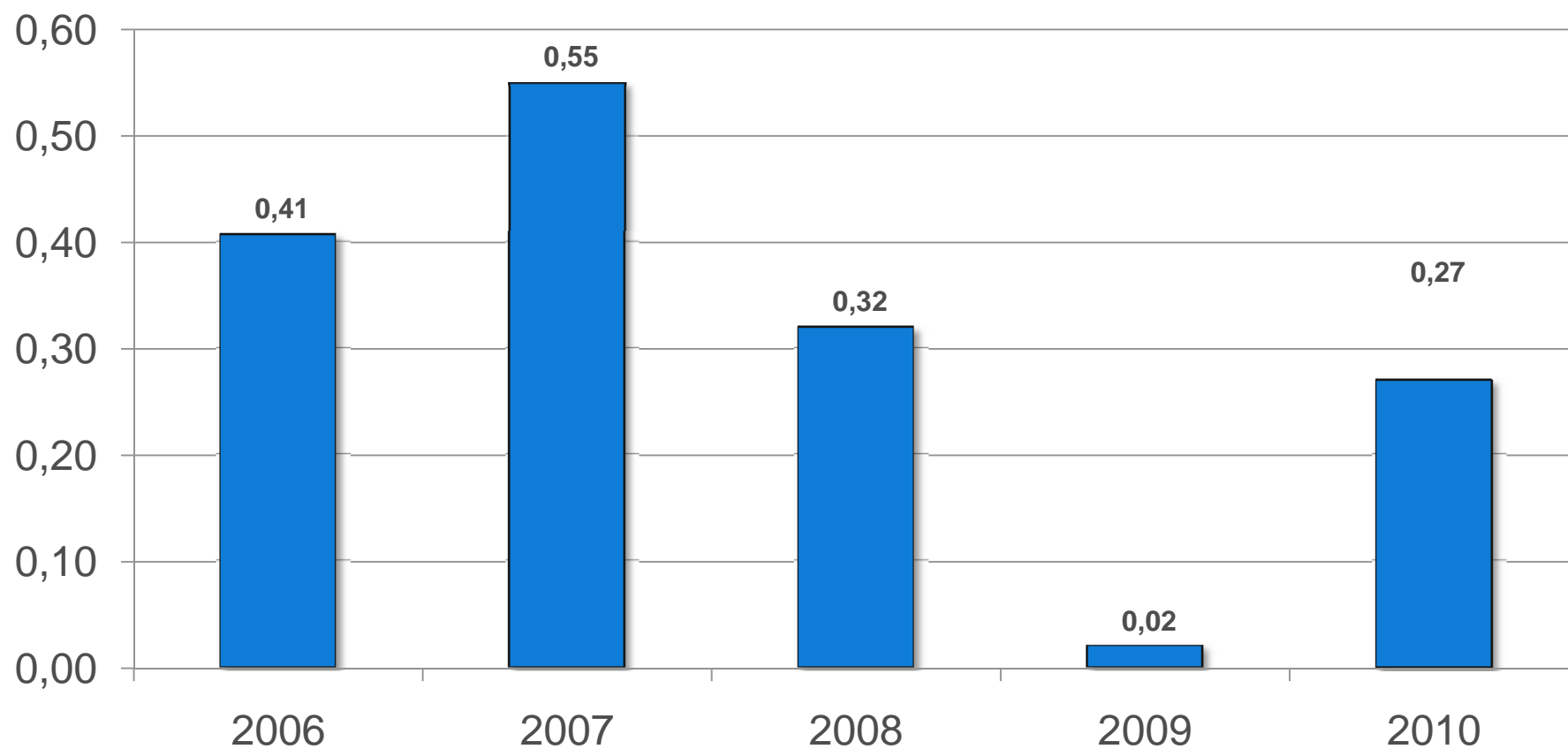
	2010	2009	Change%
Orders Received	80.7	69.4	16.2%
Net Sales	85.9	65.4	31.3%
EBIT	1.1	3.2	-66.2%
EBIT %	1.3%	4.9%	n/a

Net Sales

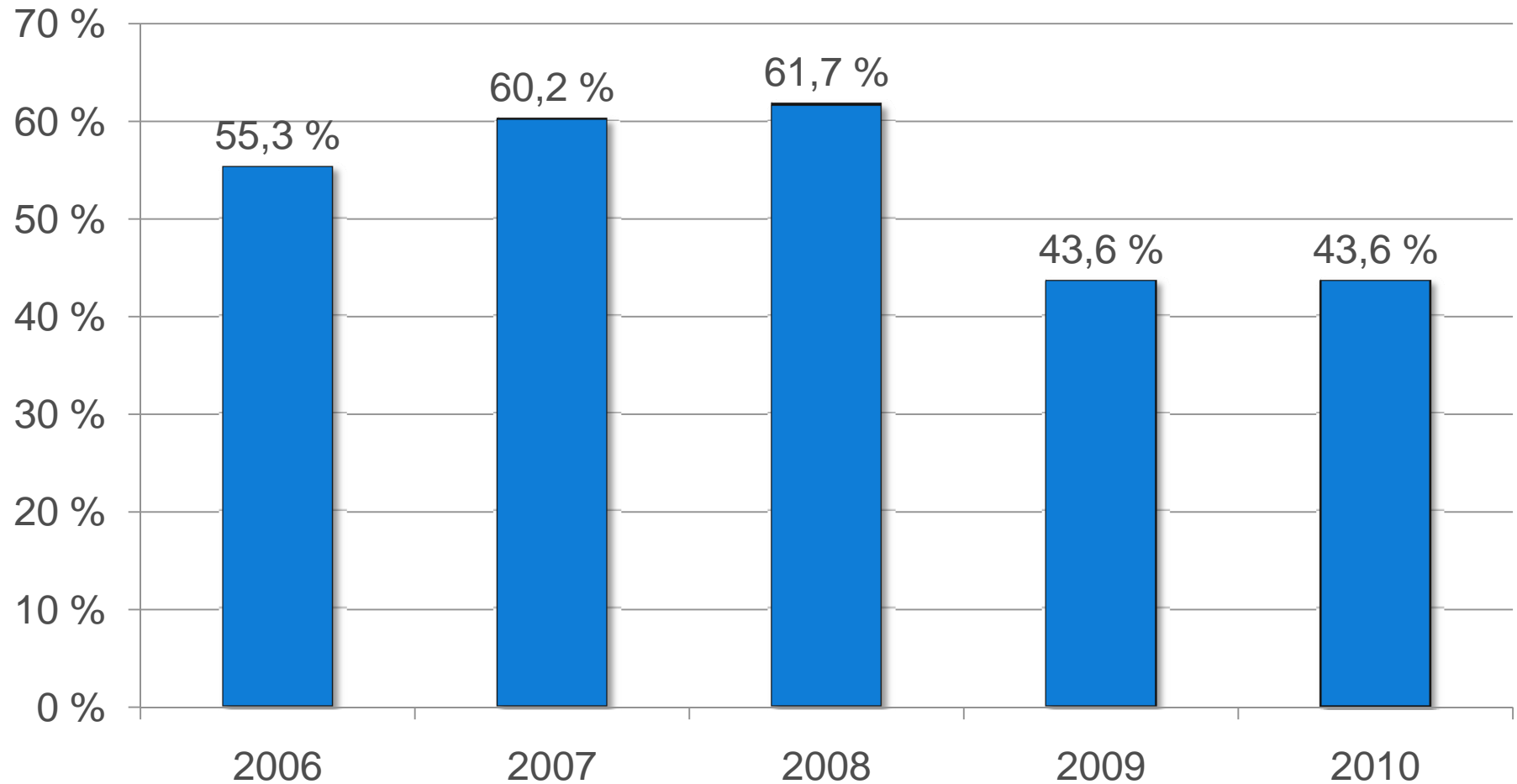


Orders Received

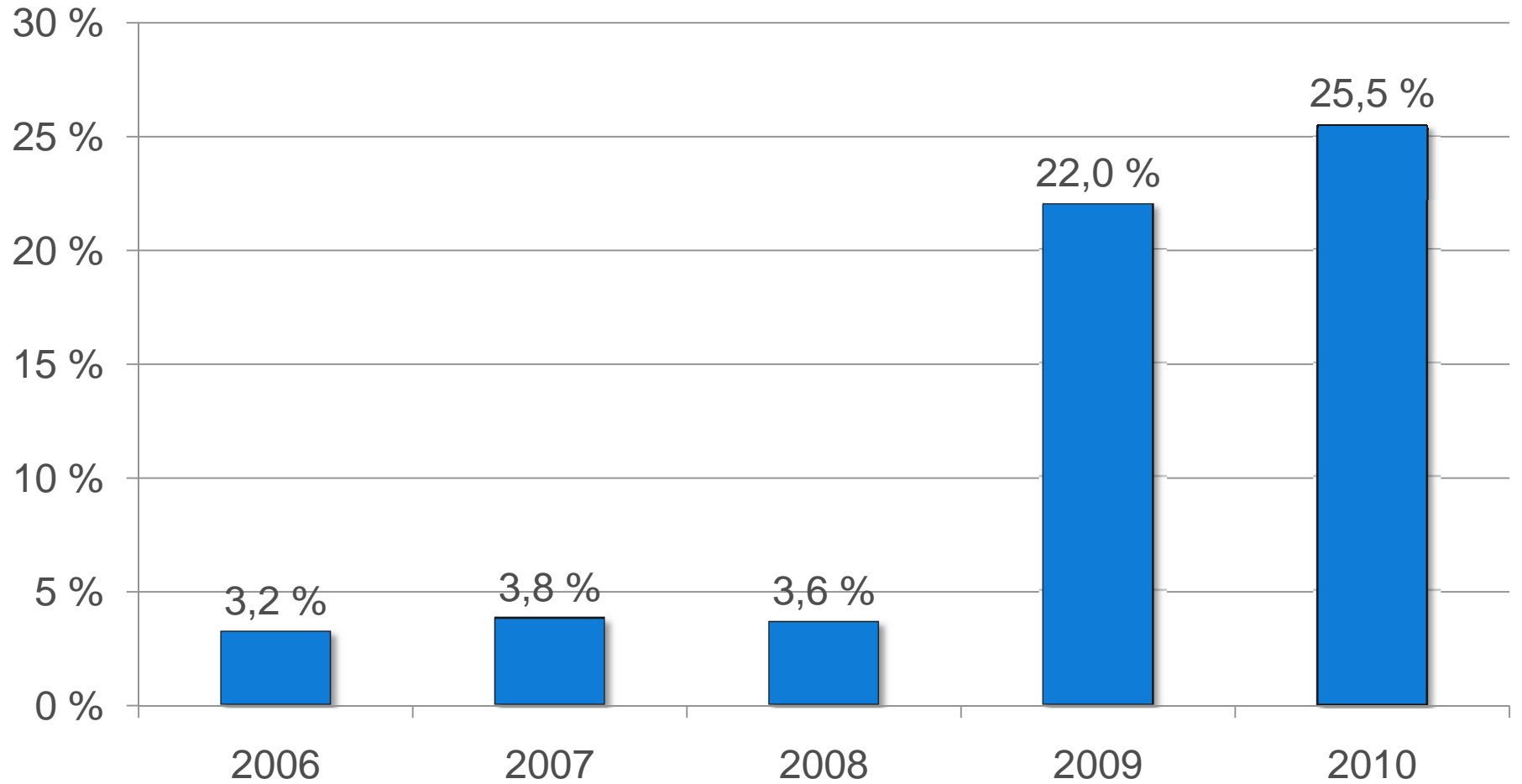


EPS

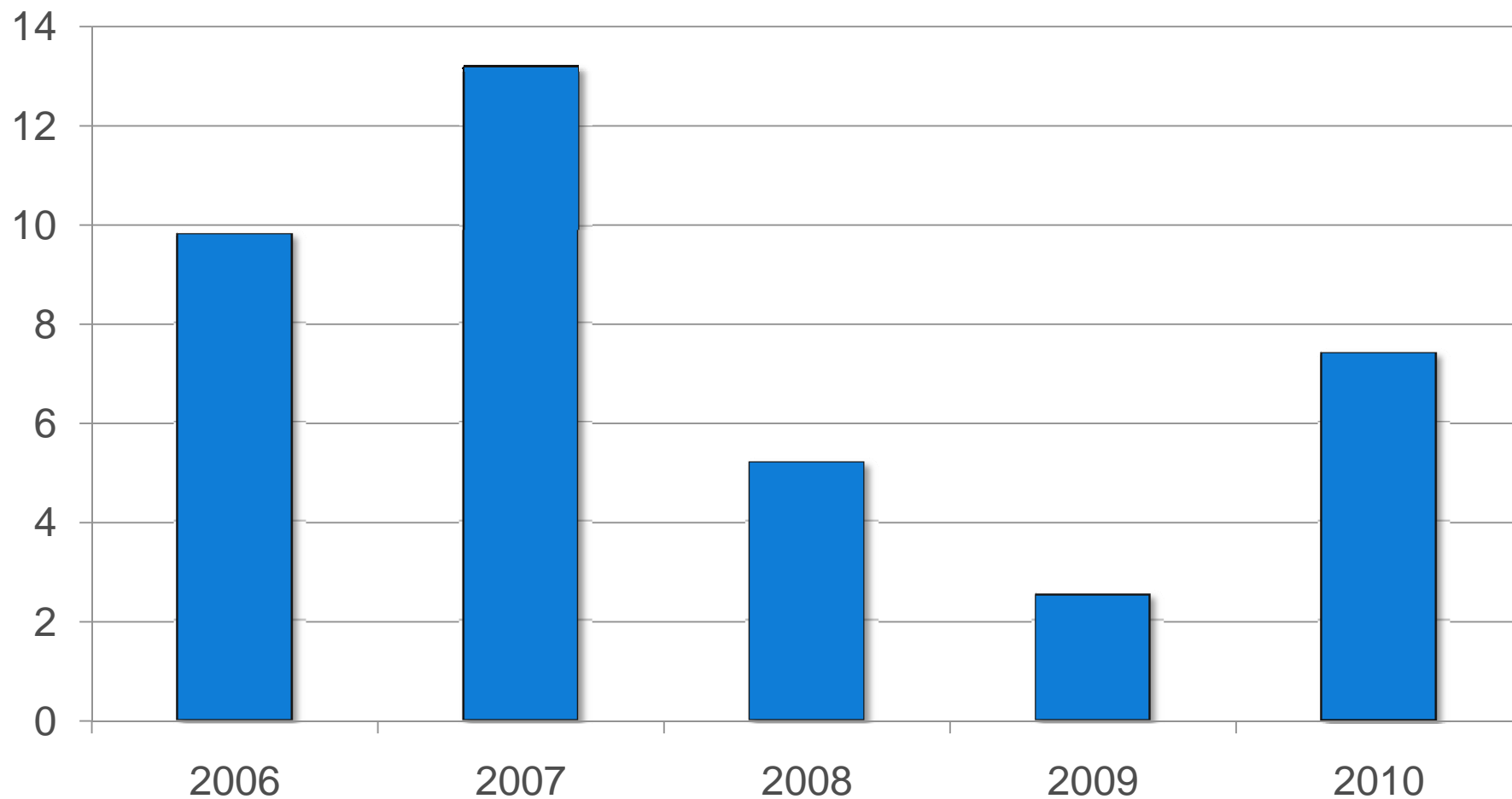
Equity Ratio



Gearing



EBIT



Future Outlook

- In 2011, deliveries of equipment and solutions by Video and Broadband Solutions to its customer base of operators in our target markets will at least achieve the level of 2010.
- Demand for services provided by Network Services will remain relatively stable on the annual basis.
- We believe the net sales for the entire 2011 to increase slightly and the operating profit to improve somewhat over the 2010 level.





Our vision

Leading provider of
broadband video technology
and services
for operators