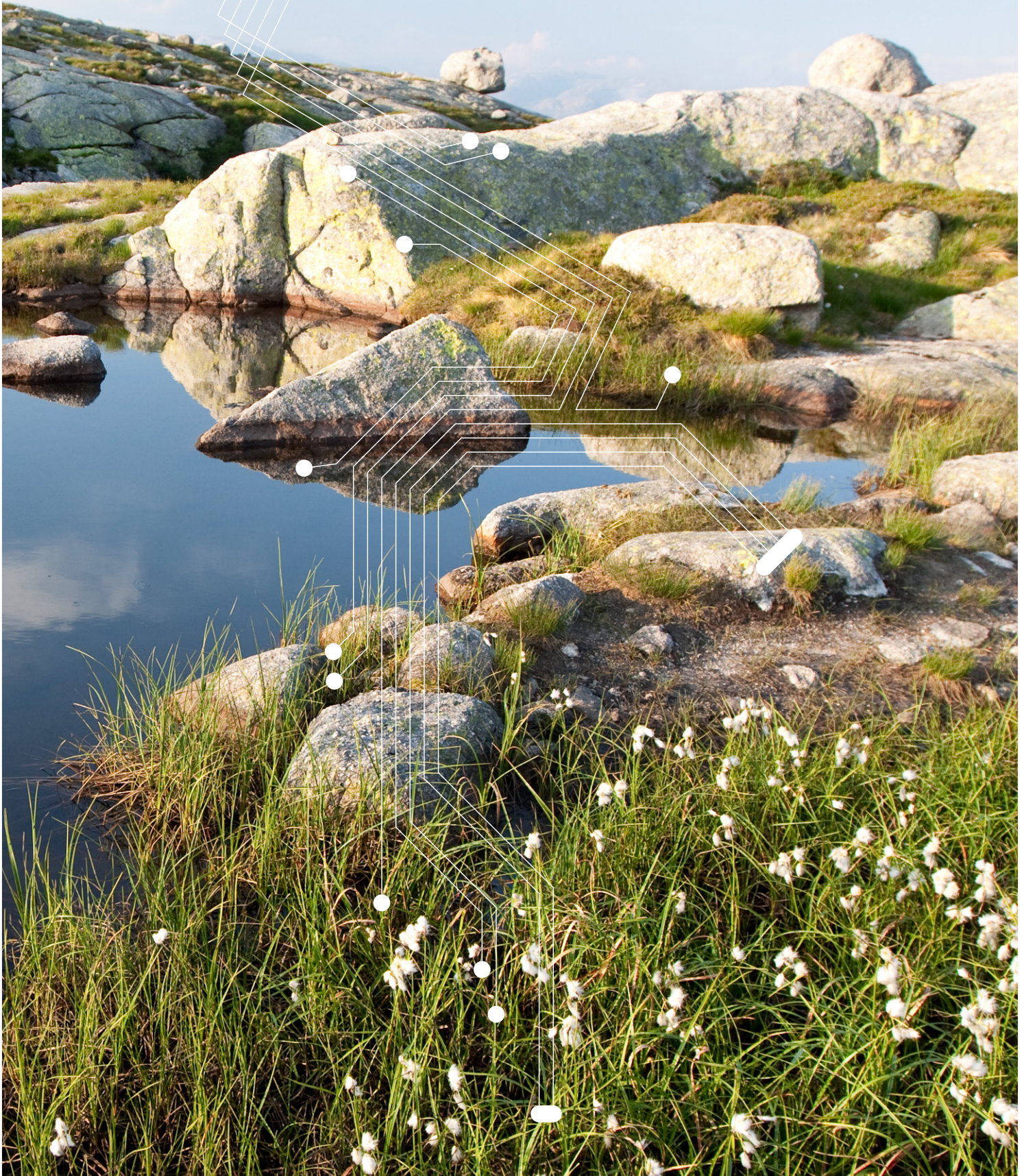
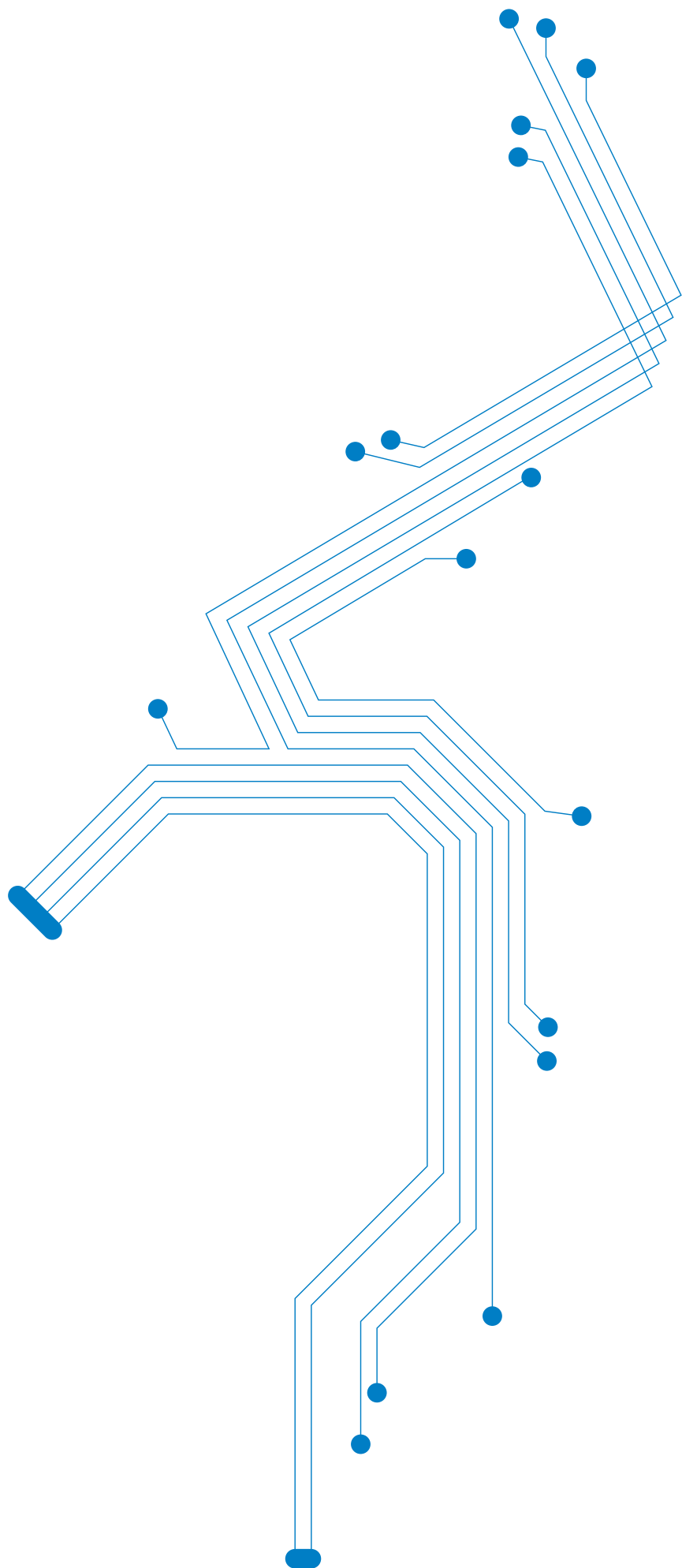


January 1 – June 30, 2012

# Interim Report Q2







**PROFITABLE GROWTH CONTINUED, EXCELLENT CASH FLOW FROM OPERATIONS**

Q2 of 2012

- Orders received totaled EUR 49.2 (50.6) million, i.e. 2.7% below the comparable period
- Net sales equaled EUR 49.7 (41.9) million, an increase of 18.5%
- Operating profit stood at EUR 2.4 (0.9) million, an increase of 165.9%
- Undiluted result per share stood at EUR 0.07 (0.03)
- Operating cash flow amounted to EUR 5.5 (-0.9) million

Key figures (€ million)			
	4-6/2012	4-6/2011	Change %
Orders received	49.2	50.6	-2.7%
Net sales	49.7	41.9	18.5%
Operating profit	2.4	0.9	165.9%
Operating Profit, %	4.9%	2.2%	
Net profit	1.2	0.6	119.8%
Other important key figures			
Earnings per share, EUR	0.07	0.03	119.6%
Cash flow from operations, € million	5.5	-0.9	n/a

**Outlook 2012**

We estimate the 2012 net sales and operating profit to increase from the level of 2011.

**Comments on Q2 of 2012 by CEO Jukka Rinnevaara**

"In Video and Broadband Solutions we strengthened our market position in Europe by winning new customers. Network upgrades were slowed down to some degree by major sporting events. In the review period, a major frame agreement was signed concerning deliveries of Teleste's next-generation optical fiber node solutions to Liberty Global's European unit. The signed frame agreement is valid until 2017. Deliveries of Luminato headend to Russia increased towards the end of the reporting period.

Deliveries by Network Services increased in all target markets, and operating profit improved clearly over the comparative period. The development program for the German services operations was making good progress, but the fiber projects were still weakened by cost overruns related to sub-contracting.

**Group Operations in April to June 2012**

Orders received by the Group in second quarter totaled EUR 49.2 (50.6) million, which is 2.7% below the reference period. In the comparative period, project orders of EUR 8.5 million were received from Germany. Order backlog stood at EUR 18.7 (23.7) million, which is 21.3% below the reference period.

Net sales grew by 18.5 % amounting to EUR 49.7 (41.9) million. Year-on-year operating profit was up by 165.9% standing at EUR 2.4 (0.9) million, which is 4.9% (2.2%) of net sales. Materials margin was almost at par with the comparative period. Year-on-year wages and salaries grew by 14.3% standing at EUR 15.4 (13.5) million. This rise in wages and salaries was contributed by growth in the number of personnel, accruals of payments by results, and union-contract increases. Financial

expenses totaled EUR 0.6 (0.1) million. Financial expenses include a write-down of EUR 0.4 million. Taxes amounted to EUR 0.6 (0.2) million with the Group's tax rate standing at 32.7 % (28.1 %). Undiluted result per share was EUR 0.07 (0.03).

### Group Operations in January to June 2012

Key figures (€ million)				
	1-6/2012	1-6/2011	Change %	1-12/2011
Orders received	98.3	90.8	8.3%	188.1
Net sales	100.8	83.2	21.1%	183.6
Operating profit	5.4	1.5	268.9%	9.4
Operating Profit, %	5.3%	1.7%		5.1%
Net profit	3.2	0.8	288.7%	6.3
Other important key figures				
Earnings per share, EUR	0.18	0.05	288.5%	0.36
Cash flow from operations, € million	10.4	-1.9	n/a	2.1
Net gearing, %	21.1%	41.9%	-49.6%	32.2%
Equity ratio, %	46.2%	41.4%	11.6%	41.6%
Personnel at period-end	1,348	1,314	2.6%	1,310

In the first quarter, due to the good order intake, orders received increased by 8.3% from the comparative period and totaled EUR 98.3 (90.8) million. Net sales grew by 21.1 % amounting to EUR 100.8 (83.2) million. Operating profit grew by 268.9% equaling EUR 5.4 (1.5) million.

Financial expenses totaled EUR 0.7 (0.3) million. Taxes amounted to EUR 1.4 (0.3) million with the Group's tax rate standing at 29.9% (28.0%). Undiluted result per share was EUR 0.18 (0.05). Operating cash flow was EUR 10.4 (-1.9) million.

### Video and Broadband Solutions in April to June 2012

Economic Development of Video and Broadband Solutions:

	4-6/2012	4-6/2011	Change %
Orders received	23,790	24,827	-4.2%
Net sales	24,278	19,517	24.4%
Operating profit	1,548	1,332	16.2%
Operating Profit, %	6.4%	6.8%	

Orders received decreased by 4.2% and stood at EUR 23.8 (24.8) million. In the comparative period, project orders of EUR 5.0 million were received from Germany. Order backlog totaled EUR 18.7 (20.0) million.

Net sales grew by 24.4 % amounting to EUR 24.3 (19.5) million. Net sales from optical network equipment and house network amplifiers increased over the comparative period. Deliveries of Luminato headend to Russia increased towards the end of the second quarter.

Operating profit stood at EUR 1.5 (1.3) million making 6.4 % (6.8 %) of net sales. Accruals of payments by results as well as union-contract increases pushed up wages and salaries from the comparative period.

Research and development expenses equaled EUR 3.0 (3.0) million, i.e. 12.4% (15.4%) of the business area's net sales. In the second quarter, no R&D expenses were activated due to a temporary shift in projects' focus on short-term client applications. In the reference period, activated R&D expenses amounted to EUR 1.0 million. Depreciation on R&D expenses stood at EUR 0.5 (0.5) million.

## Video and Broadband Solutions in January to June 2012

	1-6/2012	1-6/2011	Change %	1-12/2011
Orders received	50,180	42,300	18.6%	93,274
Net sales	51,777	38,071	36.0%	89,716
Operating profit	4,072	1,738	134.3%	8,220
Operating Profit, %	7.9%	4.6%		9.2%

Orders received stood at EUR 50.2 (42.3) million, i.e. 18.6% above the period of comparison. New video services such as video-on-demand and Internet TV have increased the need for cable network capacity.

Net sales grew by 36.0% amounting to EUR 51.8 (38.1) million. Operating profit increased 134.3% to EUR 4.1 (1.7) million, or 7.9% (4.6%) of net sales. This growth in operating profit was due to increase in net sales. R&D expenses amounted to EUR 5.9 (5.8) million, or 11.4% (15.4%), out of which EUR 0.3 (1.5) million were activated.

## Network Services in April to June 2012

Economic Development of Network Services:

	4-6/2012	4-6/2011	Change %
Orders received	25,409	25,744	-1.3%
Net sales	25,409	22,396	13.5%
Operating profit	872	-422	n/a
Operating Profit, %	3.4%	-1.9%	

Orders received in Q2 stood at EUR 25.4 (25.7) million. Net sales grew by 13.5 % amounting to EUR 25.4 (22.4) million. Operating profit stood at EUR 0.9 (-0.4) million making 3.4% (-1.9%) of net sales. This favorable development in operating profit was mainly brought about by increase in net sales and the turnaround profitability program. Instead, profitability of the fiber projects was further aggravated by cost overruns related to sub-contracting.

## Network Services in January to June 2012

	1-6/2012	1-6/2011	Change %	1-12/2011
Orders received	48,140	48,500	-0.7%	94,800
Net sales	49,040	45,152	8.6%	93,900
Operating profit	1,285	-286	n/a	1.160
Operating Profit, %	2.6%	-0.6%		1.2%

Orders received totaled EUR 48.1 (48.5) million. Net sales grew by 8.6% amounting to EUR 49.0 (45.2) million. Net sales increased in all target markets. Operating profit equaled EUR 1.3 (-0.3) million, and improved significantly over the comparative period mainly due to increase in net sales and progress made in the turnaround profitability program.

## Personnel and Organization in January to June 2012

The Group had an annual average 1,326 people (1,279/2011 1,221/2010), of whom 565 (561) were employed by Video and Broadband Solutions and 761 (718) by Network Services. At the end of the review period, the figure totaled 1,348 (1,314/2011, 1,203/2010) of whom 70% (72%/2011, 68%/2010) were stationed overseas. Employees stationed outside Europe accounted for less than 5% of the Group's personnel.

The year-on-year employee benefits expenses increased by 17.4% and totaled EUR 30.5 (26.0/January to June/2011, 25.1/January to June/2010) million. The increase in costs involving wages and salaries was attributable to factors such as growth in the number of personnel in Network Services, accruals in payments by results, as well as union-contract increases.

The number of rented workforce in Finnish production averaged 26 (0) people. At the end of the review period, rented workforce amounted to 20 (0). Costs involving rented workforce are included in the material costs and services.

### **Investments in January to June 2012**

Investments by the Group for the period under review totaled EUR 1.7 (3.4) million accounting for 3.5% (4.1%) of net sales. Product development investments totaled EUR 0.3 (1.5) million. Other investments involved information systems, production machinery and equipment. As to investments, EUR 0.6 (0.1) million was implemented by means of financial leasing. Investments in the comparative period included the premises expansion investment of EUR 1.0 million.

### **Financing and capital structure in January to June 2012**

Operating cash flow was EUR 10.4 (-1.9) million, primarily due to improved turnover of receivables and reduction of inventories. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 16.0 (10.5) million. The current binding stand-by credits of EUR 40.0 million run till November 2013. Teleste is engaged in ongoing financial negotiations for renewal of the loans until the end of 2016.

The Group's equity ratio equaled 46.2% (41.4%) while net gearing amounted to 21.1% (41.9%). Interest bearing debt on 30 June 2012 stood at EUR 25.1 (30.4) million.

### **Essential Operational Risks of 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 most significant clients include European cable operators and selected organizations in the public sector.

As to Video and Broadband Solutions, client-specific and integrated deliveries of solutions create favorable conditions for growth, even if the involved resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. Customers' investments in networks vary by the need for upgrading and customers' 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. Also 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 weak economy and strained financial market in Europe may slow down the implementation of our customers' investment plans. Availability of components is subject to natural phenomena, such as floods and earthquakes. 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 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 skill levels in Teleste's own personnel as well as those of our subcontractors. In addition, our competitiveness and ability to deliver may be constrained by the availability of sub-contractor network capacity. Tender calculation and management of larger overall projects is complex and risky.

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. Severe weather conditions have an impact on the business areas' ability to deliver products and services.

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 any major risks of loss related to the business areas through insurance policies. Insurance also covers credit loss risks related to accounts receivables. In the period under review, no such risks materialized, and 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, China and Denmark with subsidiaries in 12 countries outside Finland. On account of financial arrangements, Teleste Management Oy, established in March 2010, and Teleste Management II Oy, established in December 2011, have been consolidated into Teleste Corporation's figures. Teleste Incentive Oy has been merged with Teleste Corporation.

## **Decisions by the Annual General Meeting**

The Annual General Meeting (AGM) of Teleste Corporation held on 3 April 2012 confirmed the financial statements for 2011 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.14 per share proposed by the Board. The dividend was paid out on 17 April 2012.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Mr. Pertti Raatikainen, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste's Board of Directors. Mr. Esa Harju was elected a new member while the membership of Mr. Tero Laaksonen ended. Ms. Marjo Miettinen was elected Chair of the Board in the organizational meeting held immediately after the AGM.

Authorized Public Accountants KPMG Oy Ab continue 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.

The AGM authorized 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. On 8 April 2011, the AGM authorized the Board of Directors to issue five million new shares; this authorization will be valid until the Annual General Meeting of 2014. Pursuant to the special rights provided by the Company, the maximum number of significant shares is 2,500,000; these special rights are included in the authorization to issue 5,000,000 new shares.

## **Shares and Changes in Share Capital**

On 30 June 2012, EM Group Oy was the largest single shareholder with a holding of 21.08%.

In the period under review, the lowest company share price was EUR 3.04 (3.49) and the highest was EUR 4.44 (4.82). Closing price on 30 June 2012 stood at EUR 3.90 (3.80). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,060 (5,152). Foreign ownership accounted for 7.83% (8.0%). From 1 January to 30 June 2012, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 4.2 (3.7) million. In the period under review, 1.1 (0.9) million Teleste shares were traded on the stock exchange.

At the end of June 2012, the number of own shares in the Group possession stood at 1,302,985 (760,985) out of which parent company Teleste Corporation had 379,985 while other Group or controlled companies had 923,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 6.96% (4.18%).

On 30 June 2012, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,728,590 shares.

Trading with stock options 2007B and 2007C on the NASDAQ OMX Helsinki Ltd began on 2 April 2012. These options allow subscription of a maximum of 560,000 Teleste shares.

## **Outlook for 2012**

We estimate that deliveries of equipment and solutions for the operator clientele of Video and Broadband Solutions will increase from the 2011 level. European telecom operators are about to launch their investments into the TV distribution infrastructure, and we believe that our video headend and optical network products will be competitive in this new emerging market. Also, the network capacity will continue to increase driven by the new video services provided by the operators. Major sports events held in summer 2012 bring down the upgrading of networks also in the third quarter. Due to the strong fourth quarter of the reference period, achieving equal profitability in the remainder of the year will be a challenge.

On the annual basis, demand by our current clientele for the services provided by Network Services will remain relatively stable. In the main market area of Germany, we expect profitability to improve from the 2011 level with the gradual introduction of the efficiency measures.

We estimate the 2012 net sales and operating profit to increase from the level of 2011.

31 July 2012

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)**

	<b>4-6/2012</b>	<b>4-6/2011</b>	<b>Change %</b>	<b>1-12/2011</b>
Net Sales	49,687	41,913	18.5 %	183,616
Other operating income	456	510	-10.6 %	2,112
Materials and services	-24,544	-20,354	20.6 %	-90,990
Personnel expenses	-15,417	-13,488	14.3 %	-54,560
Other operating expenses	-6,608	-6,381	3.6 %	-25,426
Depreciation	-1,154	-1,290	-10.5 %	-5,372
Operating profit	2,420	910	165.9 %	9,380
Financial income and expenses	-624	-145	330.3 %	-541
Profit after financial items	1,796	765	134.8 %	8,839
Profit before taxes	1,796	765	134.8 %	8,839
Taxes	-587	-215	173.0 %	-2,540
Net profit	1,209	550	119.8 %	6,299
Attributable to:				
Equity holders of the parent	1,209	550	119.8 %	6,299
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.07	0.03	119.6 %	0.36
Diluted	0.07	0.03	119.7 %	0.36
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (TEUR)				
Net profit	1,209	550	119.8 %	6,299
Translation differences	88	-115	n/a	149
Fair value reserve	70	-12	n/a	20
Total comprehensive income for the period	1,367	423	223.2 %	6,468
Attributable to:				
Equity holders of the parent	1,367	423	223.2 %	6,468

**STATEMENT OF COMPREHENSIVE  
INCOME (tEUR)**

	<b>1-6/2012</b>	<b>1-6/2011</b>	<b>Change %</b>	<b>1-12/2011</b>
Net Sales	100,817	83,223	21.1 %	183,616
Other operating income	788	922	-14.5 %	2,112
Materials and services	-50,398	-42,145	19.6 %	-90,990
Personnel expenses	-30,501	-25,974	17.4 %	-54,560
Other operating expenses	-12,818	-11,936	7.4 %	-25,426
Depreciation	-2,531	-2,638	-4.1 %	-5,372
Operating profit	5,357	1,452	268.9 %	9,380

Financial income and expenses	-761	-300	153.7 %	-541
Profit after financial items	4,596	1,152	299.0 %	8,839
Profit before taxes	4,596	1,152	299.0 %	8,839
Taxes	-1,374	-323	325.4 %	-2,540
Net profit	3,222	829	288.7 %	6,299
Attributable to:				
Equity holders of the parent	3,222	829	288.7 %	6,299
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.18	0.05	288.5 %	0.36
Diluted	0.18	0.05	288.6 %	0.36
Total comprehensive income for the period (tEUR)				
Net profit	3,222	829	288.7 %	6,299
Translation differences	357	-199	n/a	149
Fair value reserve	84	96	-12.5 %	20
Total comprehensive income for the period	3,663	726	404.5 %	6,468
Attributable to:				
Equity holders of the parent	3,663	726	404.5 %	6,468

#### STATEMENT OF FINANCIAL POSITION (tEUR)

	30.6.2012	30.6.2011	Change %	31.12.2011
Non-current assets				
Property, plant, equipment	10,111	9,180	10.1 %	9,364
Goodwill	31,174	30,959	0.7 %	31,277
Intangible assets	5,079	6,529	-22.2 %	6,338
Deferred tax assets	1,725	n/a	n/a	1,714
Investments	287	713	-59.7 %	713
	48,376	47,381	2.1 %	49,406
Current assets				
Inventories	21,615	21,881	-1.2 %	24,075
Other current assets	39,364	39,955	-1.5 %	44,326
Liquid funds	13,169	9,831	34.0 %	15,404
	74,148	71,667	3.5 %	83,805
Total assets	122,523	119,048	2.9 %	133,211
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	48,873	41,844	16.8 %	47,688
Non-controlling interest	715	324	120.7 %	623
	56,555	49,135	15.1 %	55,278
Non-current liabilities				
Provisions	605	511	18.4 %	605
Deferred tax liabilities	1,850	776	138.4 %	1,946
Non interest bearing liabilities	3,394	3,746	-9.4 %	4,140
Interest bearing liabilities	12,315	11,847	4.0 %	11,940
	18,164	16,880	7.6 %	18,631

Short-term liabilities				
Trade payables and other s-t liabilities	33,796	33,166	1.9 %	36,818
Provisions	1,211	1,313	-7.8 %	1,211
S-t interest bearing liabilities	12,797	18,554	-31.0 %	21,273
	47,804	53,033	-9.9 %	59,302
Total shareholder's equity and liabilities	122,523	119,048	2.9 %	133,211

#### CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-6/2012	1-6/2011	Change %	1-12/2011
Cash flows from operating activities				
Profit for the period	3,222	829	288.5 %	6,299
Adjustments	4,720	3,369	40.1 %	8,633
Interest and other financial expenses and incomes	-338	-300	12.7 %	-541
Paid Taxes	-1,587	-1,400	13.4 %	-2,471
Change in working capital	4,398	-4,433	n/a	-9,857
Cash flow from operating activities	10,415	-1,935	n/a	2,063
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired	-580	0	n/a	0
Purchases of property, plant and equipment (PPE)	-961	-1,792	-46.4 %	-2,632
Purchases of intangible assets	-280	-1,666	-83.2 %	-2,729
Net cash used in investing activities	-1,821	-3,458	-47.3 %	-5,361
Cash flow from financing activities				
Proceeds from borrowings	0	3,000	n/a	6,000
Payments of borrowings	-8,746	-689	1169.4 %	-877
Dividends paid	-2,440	-2,091	16.7 %	-2,091
Proceeds from issuance of ordinary shares	0	0	n/a	319
Net cash used in financing activities	-11,186	220	n/a	3,351
Change in cash				
Cash in the beginning	15,404	15,203	1.3 %	15,203
Change in cash during period	-2,592	-5,173	-49.9 %	52
Effect of currency changes	357	-199	n/a	149
Cash at the end	13,169	9,831	34.0 %	15,404

#### KEY FIGURES

	1-6/2012	1-6/2011	Change %	1-12/2011
Earnings per share, EUR	0.18	0.05	288.5 %	0.36
Earnings per share fully diluted, EUR	0.18	0.05	288.6 %	0.36
Shareholders' equity per share, EUR	3.24	2.82	14.8 %	3.17
Return on equity	11.5 %	3.3 %	245.9 %	11.9 %
Return on capital employed	12.5 %	4.0 %	211.8 %	11.5 %
Equity ratio	46.2 %	41.4 %	11.6 %	41.6 %
Gearing	21.1 %	41.9 %	-49.6 %	32.2 %
Investments, tEUR	1,739	3,384	-48.6 %	5,240
Investments % of net sales	3.5 %	4.1 %	-13.9 %	2.9 %
Order backlog, tEUR	18,703	23,777	-21.3 %	21,200

Personnel, average	1,326	1,279	3.7 %	1,297
Number of shares (thousands) including own shares	18,729	18,187	3.0 %	18,190
Highest share price, EUR	4.44	4.82	-7.9 %	4.82
Lowest share price, EUR	3.04	3.49	-12.9 %	2.50
Average share price, EUR	3.98	4.22	-5.7 %	3.00
Turnover, in million shares	1.1	0.9	19.6 %	1.7
Turnover, in MEUR	4.2	3.7	12.5 %	6.2

#### Treasury shares

	Number of shares		% of shares	% of votes
Teleste companies own shares 30.6.2012	1,302,985		6.96 %	6.96 %

#### Contingent liabilities and pledged assets (tEUR)

##### For own debt

Other securities	0	640	n/a	0
Leasing and rent liabilities	8,929	8,842	1.0 %	8,124
	8,929	9,482	-5.8 %	8,124

##### Derivative instruments (tEUR)

Value of underlying forward contracts	5,391	3,434	57.0 %	7,434
Market value of forward contracts	-72	-85	-15.3 %	-99
Interest rate swap	11,500	11,500	0.0 %	11,500
Market value of interest swap	-82	-120	-31.7 %	-167

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

<b>OPERATING SEGMENTS (tEUR)</b>	<b>1-6/2012</b>	<b>1-6/2011</b>	<b>Change %</b>	<b>1-12/2011</b>
<b>Video and Broadband Solutions</b>				
Order intake	50,180	42,300	18.6 %	93,274
Net sales	51,777	38,071	36.0 %	89,716
EBIT	4,072	1,738	134.3 %	8,220
EBIT%	7.9 %	4.6 %		9.2 %
<b>Network Services</b>				
Order intake	48,140	48,500	-0.7 %	94,800
Net sales	49,040	45,152	8.6 %	93,900
EBIT	1,285	-286	n/a	1,160
EBIT%	2.6 %	-0.6 %		1.2 %
<b>Total</b>				
Order intake	98,320	90,800	8.3 %	188,074
Net sales	100,817	83,223	21.1 %	183,616
EBIT	5,357	1,452	268.9 %	9,380
EBIT%	5.3 %	1.7 %		5.1 %
Financial items	-761	-300	153.7 %	-541
Operating segments net profit before taxes	4,596	1,152	299.0 %	8,839

Information per quarter (tEUR)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	7/2011- 6/2012
Video and Broadband Solutions						
Order intake	23,790	26,390	28,674	22,300	24,827	101,154
Net sales	24,278	27,499	27,698	23,947	19,517	103,422
EBIT	1,548	2,524	3,062	3,420	1,332	10,554
EBIT %	6.4 %	9.2 %	11.1 %	14.3 %	6.8 %	10.2 %
Network Services						
Order intake	25,409	22,731	24,797	21,503	25,744	94,440
Net sales	25,409	23,631	25,735	23,013	22,396	97,788
EBIT	872	413	1,070	376	-422	2,731
EBIT %	3.4 %	1.7 %	4.2 %	1.6 %	-1.9 %	2.8 %
Total						
Order intake	49,199	49,121	53,471	43,803	50,571	195,594
Net sales	49,687	51,130	53,433	46,960	41,913	201,210
EBIT	2,420	2,937	4,132	3,796	910	13,285
EBIT %	4.9 %	5.7 %	7.7 %	8.1 %	2.2 %	6.6 %

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									
1.1.2012	6,967	1,504	54	43,559	2,737	-166	54,655	623	55,278
Total comprehensive									
income for the period			357	3,222		84	3,663		3,663
Paid dividend				-2,569			-2,569	129	-2,440
Change in controlling									
interest				37			37	-37	
Equity-settled share-based									
payments				54			54		54
Shareholder's equity									
30.6.2012	6,967	1,504	411	44,303	2,737	-82	55,840	715	56,555
Shareholder's equity									
1.1.2011	6,967	1,504	-95	39,183	2,737	-186	50,110	292	50,402
Profit of the period			-199	829		96	726		726
Paid dividend				-2,137			-2,137	46	-2,091
Change in controlling									
interest				13			13	-13	
Equity-settled share-based									
payments				98			98		98
Shareholder's equity									
30.6.2011	6,967	1,504	-294	37,986	2,737	-90	48,810	324	49,135



## 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 30.6.2012

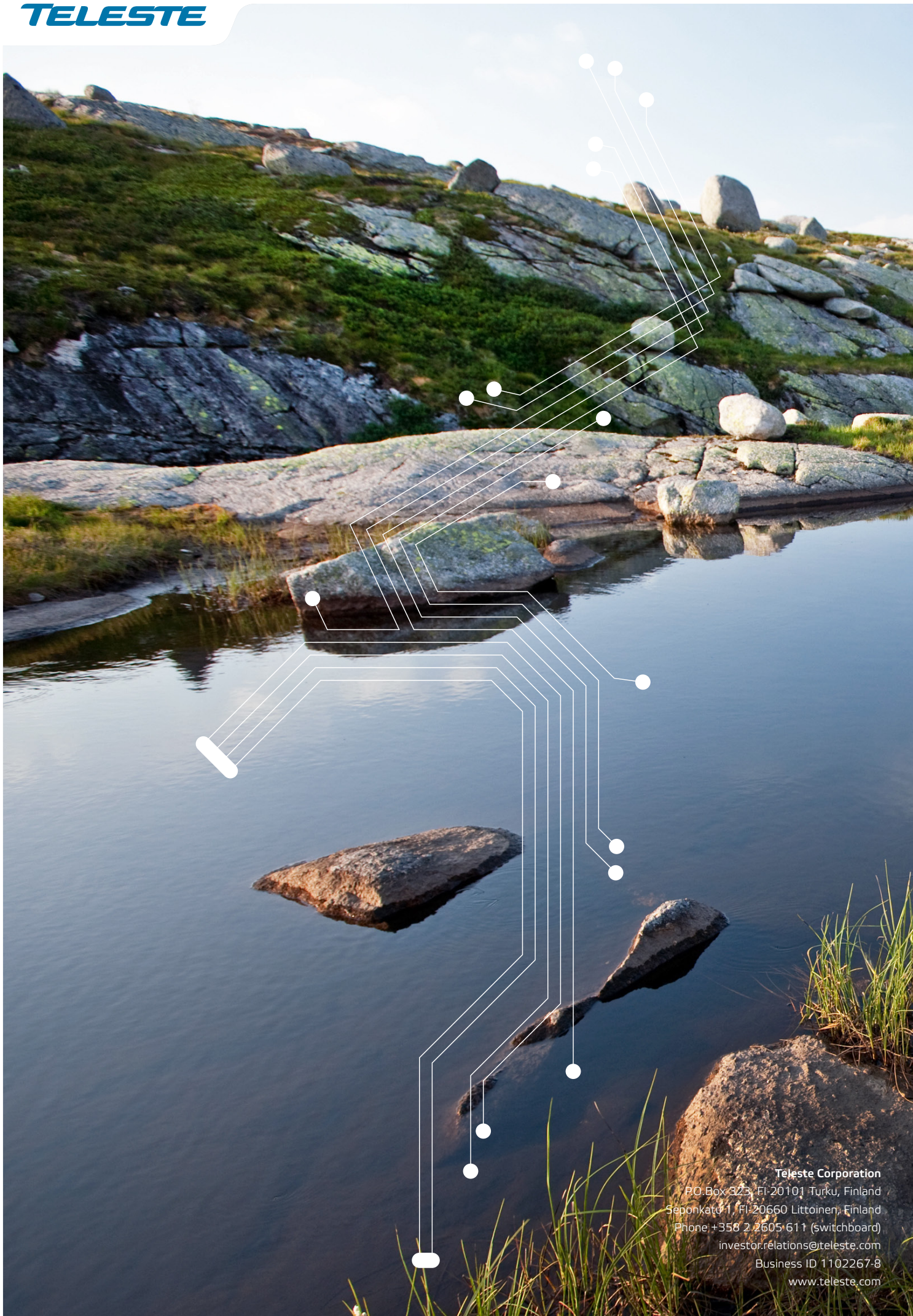
	Shares	%
EM Group Oy	3,948,513	21.08
Mandatum Life	1,679,200	8.97
Ilmarinen Mutual Pension Insurance Company	936,776	5.00
Kaleva Mutual Pension Insurance Company	824,641	4.40
Teleste Management II Oy	542,000	2.89
Op-Suomi Small Cap	530,000	2.83
Varma Mutual Pension Insurance Company	521,150	2.78
State Pension Fund	500,000	2.67
Aktia Capital Mutual Fund	450,000	2.40
Teleste Management Oy	381,000	2.03

**SECTOR DISPERSION 30.6.2012**

	<b>Shareholders</b>	<b>%</b>	<b>Shares</b>	<b>%</b>
Corporations	277	5.47	6,475,260	34.57
Financial and insurance corporations	10	0.19	3,591,067	19.17
Public institutions	8	0.15	2,328,026	12.43
Non-profit institutions	36	0.71	371,884	1.98
Households	4,680	92.49	4,494,235	23.99
Foreign countries and nominee registered	49	0.96	1,468,118	7.83
Total	5,060	100.00	18 728 590	100.00

**AMOUNT 30.6.2012**

	<b>Shareholders</b>	<b>%</b>	<b>Shares</b>	<b>%</b>
0 - 100	1,117	22.07	76,672	0.40
101 – 1,000	2,947	58.24	1,230,109	6.56
1,001 – 10,000	898	17.74	2,526,843	13.49
10,001 – 100,000	78	1.54	2,028,289	10.82
100,001 – 1,000,000	18	0.35	7,238,964	38.65
1,000,001 -	2	0.03	5,627,713	30.04
Total	5,060	100.00	18,728,590	100.00



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