

January 1–June 30, 2013

Interim Report Q2



TELESTE CORPORATION INTERIM REPORT 1 JAN TO 30 JUNE 2013**YEAR-ON-YEAR OPERATING PROFIT FELL, PROFITABILITY OF OUR PRODUCT BUSINESS IMPROVED****Q2 of 2013**

- Net sales amounted to EUR 46.5 (49.7) million, a decrease of 6.4%
- Operating profit stood at EUR 1.7 (2.4) million, a decrease of 28.2%
- Undiluted result per share stood at EUR 0.07 (0.07)
- Orders received totaled EUR 44.2 (49.2) million, a decrease of 10.1%
- Operating cash flow was EUR 4.1 (5.5) million

Outlook for 2013

We expect net sales and operating profit for 2013 to reach the 2012 level.

Comments on Q2 of 2013 by CEO Jukka Rinnevaara:

"Network investments of our Video and Broadband Solutions business were slowed down by the operators' on-going significant consolidations as well as comparisons between future network technologies. Net sales increased on account of the Asheridge acquisition made at the beginning of April 2013. The year-on-year operating profit improved mainly due to the good level of deliveries in video surveillance.

The decline in Network Services' net sales and the operating profit being in the red were caused by the lower demand of services in Germany. We expect the current adjustment of cost structure in Germany to improve profitability as early as in the third quarter of this year."

Group Operations in April to June 2013

Key figures (EUR million)	4-6/2013	4-6/2012	Change %
Orders received	44.2	49.2	-10.1%
Net sales	46.5	49.7	-6.4%
EBIT	1.7	2.4	-28.2%
EBIT %	3.7%	4.9%	
Profit for the period	1.3	1.2	5.1%
Other important key figures			
Earnings per share, EUR	0.07	0.07	4.7%
Cash flow from operations, EUR million	4.1	5.5	-24.9%

Orders received by the Group in Q2 totaled EUR 44.2 (49.2) million, a decrease of 10.1%. The year-on-year order backlog decreased by EUR 6.4 million to EUR 12.3 (18.7) million.

Net sales decreased by 6.4% to EUR 46.5 (49.7) million. Compared to the same period in the previous year, operating profit decreased by 28.2% standing at EUR 1.7 (2.4) million, which is 3.7% (4.9%) of net sales. Operating profit of Video and Broadband Solutions increased, whereas that of Network Services was in the red. Wages and salaries stood at EUR 14.5 (15.4) million. Undiluted result per share was EUR 0.07 (0.07). Operating cash flow stood at EUR 4.1 (5.5) million.

Group Operations in January to June 2013

Key figures (EUR million)	1-6/2013	1-6/2012	Change %	1-12/2012
Orders received	87.6	98.3	-10.9%	189.7
Net sales	92.3	100.8	-8.5%	193.9
EBIT	4.3	5.4	-19.0%	10.9
EBIT %	4.7%	5.3%		5.6%
Profit for the period	3.1	3.2	-5.1%	6.7
Other important key figures				
Earnings per share, EUR	0.18	0.18	-5.1%	0.38
Cash flow from operations, EUR million	4.3	10.4	-58.4%	15.3
Net gearing, %	21.8%	21.1%	3.2%	13.7%
Equity ratio, %	48.5%	46.2%	4.9%	50.5%
Personnel at period-end	1,325	1,348	-1.7%	1,325

Orders received by the Group decreased by 10.9% and stood at EUR 87.6 (98.3) million. Net sales decreased by 8.5% to EUR 92.3 (100.8) million. Operating profit decreased by 19.0% to EUR 4.3 (5.4) million. Wages and salaries stood at EUR 28.9 (30.5) million. Financial items totaled EUR 0.2 (0.7) million. Financial expenses for the reference period included a one-off write-down of EUR 0.4 million. Taxes for the Group amounted to EUR 1.1 (1.4) million while the Group's tax rate was 26.4% (29.9%). Undiluted result per share was EUR 0.18 (0.18). Operating cash flow stood at EUR 4.3 (10.4) million.

Video and Broadband Solutions in April to June 2013

Economic Development of Video and Broadband Solutions

	4-6/2013	4-6/2012	Change %
Orders received	23,350	23,790	-1.8%
Net sales	25,625	24,278	5.5%
EBIT	2,308	1,548	49.1%
EBIT %	9.0%	6.4%	

Orders received totaled EUR 23.4 (23.8) million, a decline of 1.8%. Order backlog totaled EUR 12.3 (18.7) million. Net sales grew by 5.5% amounting to EUR 25.6 (24.3) million. This increase in net sales was brought about by the acquisition of Asheridge conducted in April 2013. Operating profit stood at EUR 2.3 (1.5) million making 9.0% (6.4%) of net sales. This increase in operating profit was brought about by improved materials margin and decreased labor costs.

R&D expenses for the business area amounted to EUR 2.7 (3.0) million making 10.5% (12.4%) of net sales. Projects focused on the next-generation innovative broadband solution (Data Access HUB), access network solutions meeting the requirements set by the future standard of the cable networks (Docsis 3.1), video headend systems (Luminato) and customer projects. Activated R&D expenses amounted to EUR 0.3 (0.0) million. Depreciation on R&D amounted to EUR 0.5 (0.5) million.

Video and Broadband Solutions in January to June 2013

	1-6/2013	1-6/2012	Change %	1-12/2012
Orders received	44,769	50,180	-10.8%	97,730
Net sales	49,438	51,777	-4.5%	101,230
EBIT	4,744	4,072	16.5%	8,497
EBIT %	9.6%	7.9%		8.4%

Orders received totaled EUR 44.8 (50.2) million, a decrease of 10.8%. Net sales decreased by 4.5% to EUR 49.4 (51.8) million. Operating profit grew by 16.5% equaling EUR 4.7 (4.1) million. Product development expenses equaled EUR 5.1 (5.9) million, in other words 10.3% (11.4%) of the net sales.

Network Services in April to June 2013

Economic Development of Network Services

	4-6/2013	4-6/2012	Change %
Orders received	20,870	25,409	-17.9%
Net sales	20,870	25,409	-17.9%
EBIT	-570	872	n/a
EBIT %	-2.7%	3.4%	

Orders received in Q2 totaled EUR 20.9 (25.4) million, a decrease of 17.9%. Net sales decreased by 17.9% to EUR 20.9 (25.4) million. This decrease in net sales was due to a drop in demand for services in Germany. Due to this low net sales in Germany, operating profit was in the red equaling EUR -0.6 (0.9) million, representing -2.7% (3.4%) of net sales. Adjustment of cost structure is in progress in Germany, and profitability will improve gradually as early as in the third quarter of this year.

Network Services in January to June 2013

	1-6/2013	1-6/2012	Change %	1-12/2012
Orders received	42,816	48,140	-11.1%	91,931
Net sales	42,816	49,040	-12.7%	92,645
EBIT	-404	1,285	n/a	2,439
EBIT %	-0.9%	2.6%		2.6%

Year-on-year orders received decreased by 11.1% standing at EUR 42.8 (48.1) million. Net sales decreased by 12.7% to EUR 42.8 (49.0) million. Operating profit stood at EUR -0.4 (1.3), which was caused by the low net sales.

Personnel and Organization in January to June 2013

In the period under review, the Group had an annual average of 1,336 people (1,326/2012, 1,279/2011), of whom 554 (565) were employed by Video and Broadband Solutions, and 782 (761) by Network Services. At the end of the review period, the Group had 1,325 (1,348/2012, 1,314/2011) people, of whom 74% (70%/2012, 72%/2011) were working outside Finland. Employees stationed outside Europe accounted for less than 5% of the Group's personnel.

In the fourth quarter of 2012, the parent company Teleste Corporation launched codetermination procedures together with the personnel. Adjustments in the number of employees in Finland were initiated in December 2012 by introducing a rotating temporary layoff. In the second quarter of the year there was no rotating layoff in Finland. This rotating temporary layoff agreed in the codetermination procedures can be extended until March 2014. Wages and salaries stood at EUR 28.9 (30.5/2012, 26.0/2011) million.

Investments and Product Development in January to June 2013

Investments by the Group for the period under review totaled EUR 4.6 (1.7) million accounting for 5.0% (1.7%) of the net sales. EUR 3.5 million of these investments involved the acquisition of Asheridge. Product development investments amounted to EUR 0.6 (0.3) million while other investments equaled EUR 0.5 million. Investments of EUR 0.4 (0.6) million were made under financial lease arrangements.

Financing and Capital Structure in January to June 2013

Operating cash flow stood at EUR 4.3 (10.4) million. This decrease in cash flow from operations from the comparative period was mainly due to reduction in non-interest bearing short-term debt, as well as slowing down in the cycle time of accounts receivable. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 14.0 (16.0) million. The credit limits are valid until August 2015.

The Group's equity ratio equaled 48.5% (46.2%) and net gearing 21.8% (21.1%). Interest bearing debt on 30 June 2013 stood at EUR 27.7 (25.1) million.

Key Risks Faced 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 favorable 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 tight financial market in Europe 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. 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 their 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. 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 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 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. 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 and their probability are reported to the Board in conjunction with regular monthly reports.

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 13 countries outside Finland. In April 2013 Teleste Management Oy became a Group company through exchange of shares. Teleste Management II Oy, founded in December 2011, has been consolidated in the

Teleste Group figures on account of financial arrangements. Suomen Turvakamera Oy has been merged with Teleste Corporation on 30 April 2013. Asheridge Group has been consolidated with the Group figures as of 7 April 2013.

Shares and Changes in Share Capital

On 30 June 2013, EM Group Oy was the largest single shareholder with a holding of 23.44%.

In the period under review, the lowest company share price was EUR 3.78 (3.04) and the highest was EUR 4.47 (4.44). Closing price on 30 June 2013 stood at EUR 4.09 (3.90). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,086 (5,060). Foreign ownership accounted for 5.83% (7.83%). From 1 January to 30 June 2013, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 5.6 (4.2) million. In the period under review, 1.3 (1.1) million Teleste shares were traded on the stock exchange.

At the end of June 2013, the Group held 1,189,654 of its own shares, of which the parent company Teleste Corporation had 266,654 shares while the Group and 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 6.35% (6.96%).

On 30 June 2013, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,728,590 shares.

The period for subscription of Teleste 2007B options expired on 30 April 2013. No Teleste Corporation shares were subscribed by the specified options in the subscription period. Teleste 2007C options allow for subscription of 280,000 Teleste Corporation shares. The period for subscription of Teleste 2007C options is valid until 30 April 2014. Teleste 2007C options have been listed on NASDAQ OMX Helsinki Oy since 2 April 2012.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation on 12 April 2013 confirmed the financial statements for 2012 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.17 per share proposed by the Board. The dividend was paid out on 24 April 2013.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Mr. Esa Harju, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste's Board of Directors. Jannica Fagerholm was elected new member of the Board of Directors. Pertti Raatikainen's membership of the Board of Directors 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.

Valid authorizations granted by the AGM:

- Authorization to purchase own shares: 1,400,000
- Disposal of own shares: 1,779,985, valid until the 2014 Annual General Meeting
- Issue of new shares: 5,000,000, valid until the 2014 Annual General Meeting
- Pursuant to the special rights granted by the company, the maximum number of shares is 2,500,000; these special rights are included in the authorization to issue 5,000,000 new shares.

In the period under review, 113,331 treasury shares were conveyed in the exchange of shares related to Teleste Management Oy.

Outlook for 2013

Network capacity will continue to increase driven by the new video services provided by the operators. However, comparisons made by the operators concerning the future access network technologies could delay the launch of investments. We estimate profitability of Video and Broadband Solutions to improve over the comparative period.

We estimate profitability of Network Services to remain below the comparative period.

We expect net sales and operating profit for 2013 to reach the 2012 level.

7 August 2013

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 its 2012 consolidated financial statements. The data stated in this report is unaudited.

**STATEMENT OF COMPREHENSIVE
INCOME (tEUR)**

	4-6/2013	4-6/2012	Change %	1-12/2012
Net Sales	46,495	49,687	-6.4 %	193,875
Other operating income	0	456	n/a	1,150
Materials and services	-21,997	-24,544	-10.4 %	-94,747
Personnel expenses	-14,455	-15,417	-6.2 %	-58,511
Other operating expenses	-7,144	-6,608	8.1 %	-25,753
Depreciation	-1,161	-1,154	0.6 %	-5,078
Operating profit	1,738	2,420	-28.2 %	10,936
Financial income and expenses	-103	-624	-83.5 %	-821
Profit after financial items	1,635	1,796	-9.0 %	10,115
Profit before taxes	1,635	1,796	-9.0 %	10,115
Taxes	-364	-587	-38.0 %	-3,412
Net profit	1,271	1,209	5.1 %	6,703
Attributable to:				
Equity holders of the parent	1,271	1,209	5.1 %	6,703
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.07	0.07	4.7 %	0.38
Diluted	0.07	0.07	4.6 %	0.38
Total comprehensive income for the period (tEUR)				
Net profit	1,271	1,209	5.1 %	6,703
Possible items with future net profit effect				
Translation differences	-516	88	n/a	631
Fair value reserve	27	70	-61.4 %	144
Total comprehensive income for the period	782	1,367	-42.8 %	7,478
Attributable to:				
Equity holders of the parent	782	1,367	-42.8 %	7,478

**STATEMENT OF COMPREHENSIVE
INCOME (tEUR)**

	1-6/2013	1-6/2012	Change %	1-12/2012
Net Sales	92,254	100,817	-8.5 %	193,875
Other operating income	458	788	-41.9 %	1,150
Materials and services	-43,601	-50,398	-13.5 %	-94,747
Personnel expenses	-28,890	-30,501	-5.3 %	-58,511

Other operating expenses	-13,369	-12,818	4.3 %	-25,753
Depreciation	-2,512	-2,531	-0.8 %	-5,078
Operating profit	4,340	5,357	-19.0 %	10,936
Financial income and expenses	-185	-761	-75.7 %	-821
Profit after financial items	4,155	4,596	-9.6 %	10,115
Profit before taxes	4,155	4,596	-9.6 %	10,115
Taxes	-1,097	-1,374	-20.2 %	-3,412
Net profit	3,058	3,222	-5.1 %	6,703
Attributable to:				
Equity holders of the parent	3,058	3,222	-5.1 %	6,703

Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)

Basic	0.18	0.18	-5.1 %	0.38
Diluted	0.17	0.18	-5.1 %	0.38

Total comprehensive income for the period (tEUR)

Net profit	3,058	3,222	-5.1 %	6,703
Possible items with future net profit effect				
Translation differences	-471	357	-231.9 %	631
Fair value reserve	51	84	-39.3 %	144
Total comprehensive income for the period	2,638	3,663	-28.0 %	7,478
Attributable to:				
Equity holders of the parent	2,638	3,663	-28.0 %	7,478

STATEMENT OF FINANCIAL POSITION (tEUR)

	30.06.2013	30.06.2012	Change %	31.12.2012
Non-current assets				
Property, plant, equipment	10,637	10,111	5.2 %	10,127
Goodwill	33,301	31,174	6.8 %	31,350
Other intangible assets	4,567	5,079	-10.1 %	4,174
Deferred tax assets	2,079	1,725	20.5 %	2,086
Available-for-sale investments	286	287	-0.3 %	294
	50,870	48,376	5.2 %	48,031
Current assets				
Inventories	20,295	21,615	-6.1 %	19,495
Trade and other receivables	38,546	39,364	-2.1 %	38,811
Cash and cash equivalents	14,570	13,169	10.6 %	13,880
	73,411	74,148	-1.0 %	72,186
Total assets	124,280	122,523	1.4 %	120,217
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967
Other equity	52,840	48,873	8.1 %	52,912

Non-controlling interest	425	715	-40.6 %	678
	60,232	56,555	6.5 %	60,557
Non-current liabilities				
Provisions	968	605	60.0 %	503
Deferred tax liabilities	1,794	1,850	-3.0 %	1,297
Non interest bearing liabilities	2,342	3,394	-31.0 %	22
Interest-bearing liabilities	1,102	12,315	-91.1 %	788
	6,206	18,164	-65.8 %	2,610
Current liabilities				
Trade payables and other liabilities	30,142	33,011	-8.7 %	32,612
Current tax payable	245	785	-68.8 %	2,075
Provisions	848	1,211	-30.0 %	1,004
Interest-bearing liabilities	26,607	12,797	107.9 %	21,360
	57,842	47,804	21.0 %	57,051
Total shareholder's equity and liabilities	124,280	122,523	1.4 %	120,217

CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-6/2013	1-6/2012	Change %	1-12/2012
Cash flows from operating activities				
Profit for the period	3,058	3,222	-5.1 %	6,703
Adjustments	3,794	4,720	-19.6 %	9,110
Interest and other financial expenses and incomes	-185	-338	-45.3 %	-397
Paid Taxes	-2,927	-1,587	84.4 %	-4,290
Change in working capital	588	4,398	-86.6 %	4,171
Cash flow from operating activities	4,328	10,415	-58.4 %	15,297
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired	-3,541	-580	510.6 %	-828
Purchases of property, plant and equipment (PPE)	-400	-961	-58.4 %	-1,110
Purchases of intangible assets	-586	-280	109.3 %	-844
Net cash used in investing activities	-4,527	-1,821	148.6 %	-2,782
Cash flow from financing activities				
Proceeds from borrowings	5,000	0	n/a	0
Payments of borrowings	-821	-8,746	-90.6 %	-11,821
Dividends paid	-2,962	-2,440	21.4 %	-2,440
Net cash used in financing activities	1,217	-11,186	n/a	-14,261
Change in cash				
Cash in the beginning	13,880	15,404	-9.9 %	15,404
Change in cash during period	1,018	-2,592	n/a	-1,746
Effect of currency changes	-328	357	n/a	221
Cash at the end	14,570	13,169	10.6 %	13,880

KEY FIGURES

	1-6/2013	1-6/2012	Change %	1-12/2012
Earnings per share, EUR	0.18	0.18	-5.1 %	0.38
Earnings per share fully diluted, EUR	0.17	0.18	-5.1 %	0.38
Shareholders' equity per share, EUR	3.43	3.24	6.0 %	3.48
Return on equity	10.1 %	11.5 %	-12.1 %	11.6 %
Return on capital employed	10.4 %	12.5 %	-17.1 %	13.0 %

Equity ratio	48.5 %	46.2 %	4.9 %	50.5 %
Gearing	21.8 %	21.1 %	3.2 %	13.7 %
Investments, tEUR	4,637	1,739	166.6 %	3,325
Investments % of net sales	5.0 %	1.7 %		1.7 %
Order backlog, tEUR	12,331	18,703	-34.1 %	17,000
Personnel, average	1,336	1,326	0.8 %	1,326
Number of shares (thousands) including own shares	18,729	18,729	0.0 %	18,729
Highest share price, EUR	4.47	4.44	0.7 %	4.44
Lowest share price, EUR	3.78	3.04	24.3 %	3.04
Average share price, EUR	4.14	3.98	3.9 %	3.98
Turnover, in million shares	1.3	1.1	26.5 %	2.7
Turnover, in MEUR	5.6	4.2	33.5 %	10.8

Treasury shares

	Number of shares		% of shares	% of votes
Teleste companies own shares 30.6.2013	1,189,654		6.35 %	6.35 %

Contingent liabilities and pledged assets (tEUR)

Leasing and rent liabilities	7,194	8,929	-19.4 %	8,528
Derivative instruments (tEUR)				
Value of underlying forward contracts	8,288	5,391	53.7 %	5,936
Market value of forward contracts	158	-72	n/a	-109
Interest rate swap	11,000	11,500	-4.3 %	9,000
Market value of interest swap	29	-82	n/a	-22

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

OPERATING SEGMENTS (tEUR)	1-6/2013	1-6/2012	Change %	1-12/2012
Video and Broadband Solutions				
Orders received	44,769	50,180	-10.8 %	97,730
Net sales	49,438	51,777	-4.5 %	101,230
EBIT	4,744	4,072	16.5 %	8,497
EBIT%	9.6 %	7.9 %		8.4 %
Network Services				
Orders received	42,816	48,140	-11.1 %	91,931
Net sales	42,816	49,040	-12.7 %	92,645
EBIT	-404	1,285	n/a	2,439
EBIT%	-0.9 %	2.6 %		2.6 %
Total				
Orders received	87,585	98,320	-10.9 %	189,661
Net sales	92,254	100,817	-8.5 %	193,875

EBIT	4,340	5,357	-19.0 %	10,936
EBIT%	4.7 %	5.3 %		5.6 %
Financial items	-185	-761	-75.7 %	-821
Operating segments net profit before taxes	4,155	4,596	-9.6 %	10,115

INFORMATION PER QUARTER (tEUR)

	4-6/13	1-3/13	10-12/12	7-9/12	4-6/12	7/2012- 6/2013
Video and Broadband Solutions						
Orders received	23,350	21,419	27,830	19,720	23,790	92,319
Net sales	25,625	23,813	24,659	24,794	24,278	98,891
EBIT	2,308	2,436	2,002	2,423	1,548	9,169
EBIT %	9.0 %	10.2 %	8.1 %	9.8 %	6.4 %	9.3 %
Network Services						
Orders received	20,870	21,946	22,995	20,796	25,409	86,607
Net sales	20,870	21,946	22,809	20,796	25,409	86,421
EBIT	-570	166	706	448	872	750
EBIT %	-2.7 %	0.8 %	3.1 %	2.2 %	3.4 %	0.9 %
Total						
Orders received	44,220	43,365	50,825	40,516	49,199	178,926
Net sales	46,495	45,759	47,468	45,590	49,687	185,312
EBIT	1,738	2,602	2,708	2,871	2,420	9,919
EBIT %	3.7 %	5.7 %	5.7 %	6.3 %	4.9 %	5.4 %

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 1.1.2013	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		2,638	
Share issue							0		0	
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	

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	0	3,663
Share issue				0			0	0	0
Paid dividend				-2,569			-2,569	129	-2,440
Interest, non controll party				37			37	-37	0
Equity-settled share-based payments				54			54	0	54
Shareholder's equity 30.6.2012	6,967	1,504	411	44,303	2,737	-82	55,840	715	56,555

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

SHAREHOLDERS 30.6.2013

	Shares	%
EM Group Oy	4,389,712	23.44
Mandatum Life	1,679,200	8.97
Ilmarinen Mutual Pension Insurance Company	953,854	5.09
Kaleva Mutual Insurance Company	824,641	4.40
Op-Suomi Small Cap	630,712	3.37
Teleste Management II Oy	542,000	2.89
Varma Mutual Pension Insurance Company	521,150	2.78
State Pension Fund	500,000	2.67
Teleste Management Oy	381,000	2.03
Fim Fenno Mutual Fund	271,342	1.45

SECTOR DISPERSION 30.6.2013

	Shareholders	%	Shares	%
Corporations	288	5.66	7,240,394	38.65
Financial and insurance corporations	9	0.17	3,416,817	18.24
Public institutions	6	0.11	2,015,104	10.75
Non-profit institutions	36	0.70	383,374	2.04
Households	4,699	92.39	4,580,739	24.45
Foreign countries and nominee registered	48	0.94	1,092,162	5.83
Total	5,086	100.00	18,728,590	100.00

AMOUNT OF SHARES 30.6.2013

	Shareholders	%	Shares	%
0 - 100	1,145	22.51	78,038	0.41
101 - 1,000	2,965	58.29	1,244,753	6.64
1,001 - 10,000	880	17.30	2,394,287	12.78
10,001 - 100,000	73	1.43	1,681,485	8.97
100,001 - 1,000,000	21	0.41	7,261,115	38.77
1,000,001 -	2	0.03	6,068,912	32.40
Total	5,086	100.00	18,728,590	100.00

The following assets and liabilities were preliminary recognised in the acquisition of Asheridge:

1 000 €	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	0
Customer relationship (inc. in intangible assets)	730
Technology (inc. in intangible assets)	533
Inventories	727
Trade receivables	1 126
Book values used in consolidation	
Tangible asstes	731
Other receivables	81
Cash and cash equivalents	219
Total assets	4 147
Book values used in consolidation	
Interest-bearing liabilities	1 209
Trade payables	1 084
Deferred tax liabilites	315
Other liabilities	242
Total liabilities	2 850
Net identifiable assets and liabilities	1 297
Total consideration	3 553
Goodwill on acquisition	2 257
Consideration paid in cash	-1 184
Cash and cash equivalents in acquired subsidiary	219
Total net cash outflow on the acquisition	-965



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