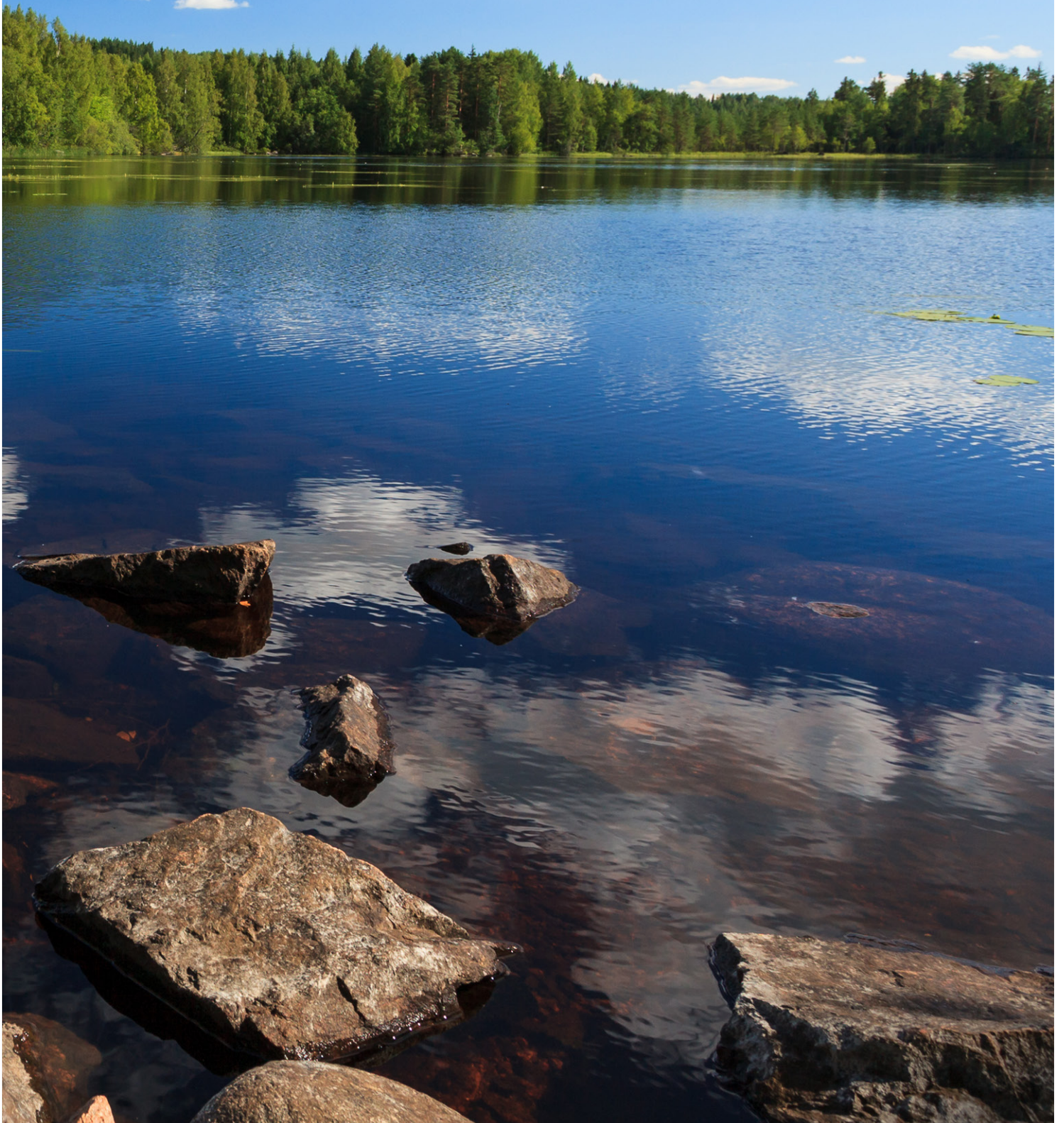


January 1 – June 30, 2015

# Interim Report Q2



**SIGNIFICANT INCREASE IN NET SALES, PROFIT AND ORDERS RECEIVED****April to June 2015**

- Net sales amounted to EUR 59.7 (49.4) million, an increase of 20.9%
- Operating profit amounted to EUR 2.5 (1.4) million, an increase of 81.3%
- Undiluted earnings per share were EUR 0.10 (0.05), an increase of 86.3%
- Orders received totalled EUR 64.1 (50.3) million, an increase of 27.5%
- Operating cash flow was EUR -2.2 (0.3) million

**January to June 2015**

- Net sales amounted to EUR 113.2 (92.9) million, an increase of 21.8%
- Operating profit amounted to EUR 5.1 (2.7) million, an increase of 91.0%
- Undiluted earnings per share were EUR 0.22 (0.10), an increase of 111.5%
- Orders received totalled EUR 121.0 (97.2) million, an increase of 24.5%
- Operating cash flow was EUR -3.4 (1.8) million

**Outlook for 2015**

We estimate that net sales and operating profit for 2015 will exceed the 2014 level.

**Comments on second quarter of 2015 by CEO Jukka Rinnevaara:**

"The demand for Teleste's products continued to be strong during the second quarter. Orders received in the quarter reached EUR 64.1 million, the highest level in Teleste's history. As a result of increased product deliveries, operating profit and earnings per share also improved clearly over the comparative period.

Demand for Video and Broadband Solutions was good while orders received increased the order backlog to the record high level of EUR 46.7 million. The demand for products complying with the DOCSIS 3.1 standard was particularly good. Net sales of the business area rose to EUR 36.5 million, which is the highest ever net sales in a single quarter. Net sales grew particularly owing to the Mitron acquisition, but also in the access network products. Growing market areas included particularly Poland, Norway, and Israel. The operating result was especially boosted by the delivery volumes in access network products and the improved profitability of the video headend products.

For Network Services the second quarter was a disappointment. In Germany, the need for services of our largest customer failed to increase according to forecasts, resulting in an unbalanced resource allocation and a negative result. In the UK, the investment designed to expand the business was continued. Launching of new customerships has progressed, but the new projects have not yet reached the volume required for profitability. In other countries, the result of the services business has evolved better than we predicted."

**Teleste Group in April to June 2015**

Key figures (M€)	4-6/2015	4-6/2014	Change %
Orders received	64.1	50.3	+27.5%
Net sales	59.7	49.4	+20.9%
EBIT	2.5	1.4	+81.3%
EBIT %	4.2%	2.8%	
Profit for the period	1.7	0.9	+89.9%
Earnings per share, EUR	0.10	0.05	+86.3%
Cash flow from operations	-2.2	0.3	

In the second quarter, orders received by the Group amounted to EUR 64.1 (50.3) million, up 27.5% over last year's comparative period. Order backlog grew by 169% to EUR 46.7 (17.4) million.

Net sales grew by 20.9% amounting to EUR 59.7 (49.4) million. Compared to the same period in the previous year, operating profit increased by 81.3% standing at EUR 2.5 (1.4) million, which is 4.2% (2.8%) of the net sales. Operating profit of Video and Broadband Solutions increased, whereas that of Network Services was in the red. Personnel expenses amounted to EUR 18.4 (15.4) million. Personnel expenses increased as a result of both organic growth and an acquisition. Undiluted earnings per share stood at EUR 0.10 (EUR 0.05).

Operating cash flow stood at EUR -2.2 (0.3) million. Increased accounts receivable and inventories tied more working capital than in the comparative period, which resulted in negative cash flow.

### Teleste Group in January to June 2015

Key figures (M€)	1-6/2015	1-6/2014	Change %	1-12/2014
Orders received	121.0	97.2	+24.5%	199.3
Net sales	113.2	92.9	+21.8%	197.2
EBIT	5.1	2.7	+91.0%	11.1
EBIT %	4.5%	2.9%		5.6%
Profit for the period	3.9	1.8	+115.0%	8.5
Earnings per share, EUR	0.22	0.10	+111.5%	0.48
Cash flow from operations	-3.4	1.8		9.2
Net gearing, %	35.3%	18.2%		9.5%
Equity ratio, %	44.3%	52.0%		53.4%
Personnel at period-end	1,517	1,303	+16.4%	1,343

Orders received by the Group improved by 24.5 % standing at EUR 121.0 (97.2) million. Net sales increased 21.8% equalling EUR 113.2 (92.9) million. Operating profit grew by 91.0% standing at EUR 5.1 (2.7) million. Personnel expenses amounted to EUR 35.3 (29.3) million. Financial items totalled EUR 0.2 (-0.2) million. Taxes for the Group amounted to EUR 1.4 (0.6) million while the Group's tax rate equalled 26.0% (25.7%). Undiluted result per share increased by 112 % to EUR 0.22 (0.10). Operating cash flow stood at EUR -3.4 (1.8) million.

### Video and Broadband Solutions in April to June 2015

Key figures (1,000 €)	4-6/2015	4-6/2014	Change %
Orders received	40,926	27,898	+46.7%
Net sales	36,519	27,007	+35.2%
EBIT	2,999	1,835	+63.4%
EBIT %	8.2%	6.8%	

Orders received totalled EUR 40.9 (27.9) million, an increase of 46.7% from the comparative period. Orders received were record high even without the impact of the Mitron acquisition. Order backlog totalled EUR 46.7 (17.4) million. Net sales grew by 35.2% amounting to EUR 36.5 (27.0) million. Deliveries of access network products and the Mitron acquisition increased net sales significantly higher than that of the comparative period. Operating profit increased by 63.4% to EUR 3.0 (1.8) million, representing 8.2% (6.8%) of the net sales. The operating profit was boosted primarily by the growth in the sales volume of the access network products. Mitron, too, made a positive operating profit.

R&D expenses for the business area amounted to EUR 2.9 (3.0) million making 8.0% (11.0%) of the net sales. Product development projects focused on network products in compliance with the Docsis 3.1 standard and customer-specific projects. Capitalized R&D expenses amounted to EUR 0.2 (0.3) million. Depreciation on capitalized R&D expenses equalled EUR 0.3 (0.3) million.

## Video and Broadband Solutions in January to June 2015

Key figures (1,000 €)	1-6/2015	1-6/2014	Change %	1-12/2014
Orders received	74,916	52,794	+41.9%	109,007
Net sales	67,052	48,492	+38.3%	106,901
EBIT	5,002	2,635	+89.8%	9,673
EBIT %	7.5%	5.4%		9.0%

Orders received totalled EUR 74.9 (52.8) million, an increase of 41.9% from the comparative period. Net sales grew by 38.3% amounting to EUR 67.1 (48.5) million. Operating profit increased 89.8% equalling EUR 5.0 (2.6) million. The operating profit was particularly improved by access network products, higher sales volumes and higher profitability of the video headend products. Product development expenses equalled EUR 5.8 (5.6), in other words 8.7% (11.5%) of the net sales.

## Network Services in April to June 2015

Key figures (1,000 €)	4-6/2015	4-6/2014	Change %
Orders received	23,211	22,405	+3.6%
Net sales	23,211	22,405	+3.6%
EBIT	-492	-452	
EBIT %	-2.1%	-2.0%	

Net sales for the second quarter stood at EUR 23.2 (22.4) million, which is 3.6% higher than in the comparison period. This increase in net sales was achieved mainly in Switzerland. Operating profit was a loss standing at EUR -0.5 (-0.5) million, or -2.1% (-2.0%) of the net sales. This loss stemmed from the UK and Germany. In the UK, the investment designed to expand the business was continued. Launching of new customerships has progressed, but the new projects have not yet reached the volume required for profitability. In Germany, the need for services of our largest customer failed to increase according to the forecasts, resulting in a loss caused by unbalanced resource allocation. Profitability has developed positively in Switzerland.

## Network Services in January to June 2015

Key figures (1,000 €)	1-6/2015	1-6/2014	Change %	1-12/2014
Orders received	46,122	44,453	+3.8%	90,275
Net sales	46,122	44,453	+3.8%	90,275
EBIT	103	38	+170.1%	1,463
EBIT %	0.2%	0.1%		1.6%

The year-on-year net sales grew by 3.8% amounting to EUR 46.1 (44.5) million. Operating profit equalled EUR 0.1 (0.0) million. In the UK, profit for the beginning of the year was still burdened by the investments designed to expand the business. The new services business was loss-making throughout the first half of the year. In Germany, fluctuations in the demand for services in the second quarter pushed the business into the red.

## Personnel and Organization in January to June 2015

In the period under review, the Group had an annual average of 1,477 people (1,275/2014, 1,336/2013), of whom 682 (562) were employed by Video and Broadband Solutions, and 795 (713) by Network Services. At the end of the review period, the Group employed 1,517 people (1,303/2014, 1,325/2013) of whom 66% (69%/2014, 74%/2014) were stationed abroad. About 3% of the Group's employees were working outside Europe.

Personnel costs amounted to EUR 35.3 million (29.3/2014, 28.9/2013). This increase in personnel expenses was due to the acquisition of Mitron, as well as the increased number of employees working for Network Services.

## **Investments and Product Development in January to June 2015**

Investments by the Group in the period under review totalled EUR 13.5 (1.5) million accounting for 11.9% (1.7%) of the net sales. EUR 11.5 million of these investments involved the acquisition of Mitron. Product development investments amounted to EUR 0.6 (0.6) million while other investments equalled EUR 0.8 (0.8) million.

Product development projects focused on network products complying with the Docsis 3.1 standard, network management system, distributed access architecture and customer-specific projects.

## **Financing and Capital Structure in January to June 2015**

Operating cash flow stood at EUR -3.4 (1.8) million. This decline in the operating cash flow over the comparative period was caused by increased working capital. Growth in trade receivables and inventories increased working capital proportionally more than the net sales increased.

In January, Teleste Corporation signed new overdraft and revolving credit facilities with a total value of EUR 45.0 million. These new agreements replaced the corresponding previous funding agreements. At the end of the reporting period, the amount of unused binding stand-by credit facilities at the Group's disposal equalled EUR 8.1 (17.0) million. These credit limits are valid until the end of March 2018. On 30 June 2015, the Group's interest bearing debt stood at EUR 40.1 (24.1) million.

The Group's equity ratio equalled 44.3% (52.0%) and net gearing 35.3% (18.2%).

## **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 favourable conditions for growth, even if the concerned resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. In particular, deliveries of integrated security and information systems for the rail transport segment may be large in size, setting high demands for the project quotation calculation and management and, consequently, there are risks involved. 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 US dollar and the Chinese renminbi to the euro affects our product costs.

The company hedges against short-term currency exposure by means of forward exchange contracts. The situation in the European financial markets 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. Competition increased by the new service providers (OTT) may undermine the cable operators' ability to invest. Availability of components is subject to natural phenomena, such as floods and earthquakes. Correct technological choices and their timing are vital for our success. Regardless of careful planning and quality assurance, complex products may fail in the customer's network and lead to expensive repair obligations.

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 and profitability. Improvements in customer satisfaction and productivity require efficient control of service process management as well as innovative solutions in processes, products and logistics to ensure the quality of services and cost effectiveness. Smooth operation of cable networks necessitates efficient technical management of the networks and functional solutions for devices in accordance with contractual obligations. This, in turn, demands continuous and determined development of skills and competences in Teleste's own personnel as well as those of our subcontractors. In addition, Teleste's ability to deliver and compete may be constrained by the adequacy of our own personnel and our sub-contractor network capacity. Tender calculation and management of larger projects with overall responsibility are complex and risky. Severe weather conditions may affect the supply conditions of our products and services.

Teleste's strategy involves risks and uncertainties: new business opportunities may fail to be identified or they cannot be acted upon successfully. The business areas will have to keep an eye on market movements, such as consolidations among the customers and competitors. Intensifying competition may decrease the prices of products and solutions faster than we manage to reduce our products' manufacturing and delivery costs. Various information systems are critical to the development, manufacturing and supply of products to our customers. Maintenance of information systems and deployment of new systems involve risks that may affect our ability to deliver products and services. Information systems may also be subject to external threats, from which we aim to protect ourselves. Acquisition of skilled personnel and maintenance of their competence require encouragement, development and recruitment, which can fail.

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 are reported to the Board on a regular basis.

The company has covered any major risks of loss related to 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 14 countries outside Finland. On 7 January 2015, the parent company acquired the entire share capital of Mitron Group Oy Ltd. On 15 May 2015, the parent company bought the entire share capital of Teleste Management II Oy to acquire its holding of Teleste Corporation's shares.

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

On 30 June 2015, EM Group Oy was the largest single shareholder with a holding of 23.2%.

In the period under review, the lowest company share price was EUR 5.32 (4.25) while the highest was EUR 7.79 (4.86). Closing price on 30 June 2015 stood at EUR 7.30 (4.55). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,028 (5,052). Foreign ownership accounted for 4.81% (4.81 %). From 1 January to 30 June 2015, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 13.3 (5.9) million. In the period under review, 2.0 (1.3) million Teleste shares were traded on the stock exchange.

At the end of June 2015, the Group held 863,953 of its own shares, of which the parent company Teleste Corporation had 321,953 shares and the Group companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 4.6% (6.3%).

In January, the Company transferred 56,924 shares as part of the purchase price in the context of the acquisition of the entire share capital of Mitron Group Oy Ltd by Teleste Corporation. In February, the Company transferred 73,644 shares in a directed free share issue constituting part of Teleste Corporation's 2012 long-term incentive plan. In May, the Company transferred 195,133 shares when purchasing the entire share capital of Teleste Management II Oy.

On 30 June 2015, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,985,588 shares.

Valid authorizations at the end of the review period:

- Purchases of own shares: maximum 1,200,000 of the Company's own shares, valid until 8 October 2016.
- Issue of new shares: maximum 4,000,000 shares, valid until 31 March 2017.
- Disposal of own shares in possession: maximum 1,800,000 shares, valid until 31 March 2017.
- Based on the special rights granted by the Company, the number of shares to subscribe may not exceed 2,500,000 shares; these special rights are included in the maximum warrants concerning new shares and the Group's own shares mentioned above. This authorization is valid until 31 March 2017.

## Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation on 9 April 2015 confirmed the financial statements for 2014 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.20 per share as proposed by the Board. The dividend was paid out on 20 April 2015.

The AGM decided that the Board of Directors consists of six members. Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Ms. Marjo Miettinen, Mr. Kai Telanne and Mr. Petteri Walldén were re-elected as members of Teleste Corporation's Board of Directors. 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 Annual General Meeting decided to authorize the Board of Directors to decide on repurchasing the Company's own shares as proposed by the Board. Based on this authorization, the Board of Directors may repurchase a maximum of 1,200,000 own shares of the Company otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through regulated market on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. This authorization of purchasing is valid for 18 months from the date of the decision.

## Outlook for 2015

The business objective of Video and Broadband Solutions is to maintain its strong market position in Europe and to strengthen this market position in selected new markets outside Europe. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Our new products in line with the Docsis 3.1 communication standard allow the cable operators to increase their network capacity competitively. Price erosion in the market continues. Changes in the value of the euro, particularly against the US dollar and the Chinese renminbi, affect Teleste's competitiveness, on the one hand, and product manufacturing costs, on the other. The positive trend in the video security and passenger information markets will continue, but the public sector decisions concerning initiation of projects may be delayed by the current economic situation. In addition to organic growth, we estimate the Mitron acquisition to increase our net sales by more than EUR 22 million and its impact on our operating profit to be positive.

As to Network Services, our business objective is to further develop the operational efficiency and increase the share of those services that provide our customers with higher value. In line with this objective, we will continue to expand the new services business in the UK. We estimate the demand for all-inclusive network services in our key target markets to continue at least at the previous year level.

We estimate that net sales and operating profit for 2015 will exceed the 2014 level.

5 August 2015

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

**STATEMENT OF COMPREHENSIVE INCOME (tEUR)**

	<b>4-6/2015</b>	<b>4-6/2014</b>	<b>Change %</b>	<b>1-12/2014</b>
Net Sales	59,730	49,412	20.9 %	197,176
Other operating income	1,269	317	300.4 %	2,536
Materials and services	-30,904	-25,261	22.3 %	-97,561
Personnel expenses	-18,371	-15,363	19.6 %	-59,497
Other operating expenses	-8,021	-6,721	19.3 %	-27,309
Depreciation	-1,196	-1,001	19.5 %	-4,211
Operating profit	2,507	1,383	81.3 %	11,135
Financial income and expenses	-114	-125	-8.6 %	-301
Profit after financial items	2,393	1,258	90.2 %	10,835
Profit before taxes	2,393	1,258	90.2 %	10,835
Taxes	-678	-355	91.0 %	-2,353
Net profit	1,715	903	89.9 %	8,482
Attributable to:				
Equity holders of the parent	1,715	903	89.9 %	8,482
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.10	0.05	86.3 %	0.48
Diluted	0.10	0.05	87.6 %	0.48
Total comprehensive income for the period (tEUR)				
Net profit	1,715	903	89.9 %	8,482
Possible items with future net profit effect				
Translation differences	-69	-141	-51.1 %	-465
Fair value reserve	8	8	0.0 %	-25
Total comprehensive income for the period	1,654	770	114.8 %	7,992
Attributable to:				
Equity holders of the parent	1,654	770	114.8 %	7,992

**STATEMENT OF COMPREHENSIVE INCOME (tEUR)**

	<b>1-6/2015</b>	<b>1-6/2014</b>	<b>Change %</b>	<b>1-12/2014</b>
Net Sales	113,173	92,945	21.8 %	197,176
Other operating income	1,716	503	241.1 %	2,536
Materials and services	-56,441	-46,263	22.0 %	-97,561
Personnel expenses	-35,347	-29,348	20.4 %	-59,497
Other operating expenses	-15,590	-13,139	18.7 %	-27,309



Depreciation	-2,405	-2,025	18.8 %	-4,211
Operating profit	5,105	2,673	91.0 %	11,135
Financial income and expenses	192	-217	n/a	-301
Profit after financial items	5,297	2,456	115.7 %	10,835
Profit before taxes	5,297	2,456	115.7 %	10,835
Taxes	-1,376	-632	117.7 %	-2,353
Net profit	3,921	1,824	115.0 %	8,482
Attributable to:				
Equity holders of the parent	3,921	1,824	115.0 %	8,482
Earnings per share for result of the year attributable to the equity holders of the parent (expressed in € per share)				
Basic	0.22	0.10	111.5 %	0.48
Diluted	0.22	0.10	113.7 %	0.48
Total comprehensive income for the period (tEUR)				
Net profit	3,921	1,824	115.0 %	8,482
Possible items with future net profit effect				
Translation differences	329	-49	n/a	-465
Fair value reserve	12	1	n/a	-25
Total comprehensive income for the period	4,262	1,776	140.0 %	7,992
Attributable to:				
Equity holders of the parent	4,262	1,776	140.0 %	7,992

#### STATEMENT OF FINANCIAL POSITION (tEUR)

	30/06/2015	30/06/2014	Change %	31/12/2014
Non-current assets				
Property, plant, equipment	10,332	10,333	0.0 %	9,627
Goodwill	38,572	33,250	16.0 %	33,121
Other intangible assets	6,601	4,191	57.5 %	3,891
Deferred tax assets	1,681	1,900	-11.5 %	1,698
Available-for-sale investments	694	422	64.3 %	701
	57,879	50,096	15.5 %	49,037
Current assets				
Inventories	30,639	20,115	52.3 %	20,483
Trade and other receivables	58,552	41,381	41.5 %	45,276
Cash and cash equivalents	15,236	12,242	24.5 %	17,672
	104,427	73,738	41.6 %	83,430
Total assets	162,306	123,833	31.1 %	132,467
Shareholder's equity and liabilities				
Share capital	6,967	6,967	0.0 %	6,967

Other equity	63,467	56,906	11.5 %	63,227
Non-controlling interest	0	488	n/a	487
	70,434	64,361	9.4 %	70,682
Non-current liabilities				
Provisions	1,294	596	117.0 %	1,238
Deferred tax liabilities	1,794	1,171	53.2 %	1,327
Non interest bearing liabilities	3,519	2,509	40.2 %	31
Interest bearing liabilities	39,399	360	n/a	595
	46,006	4,636	892.4 %	3,192
Current liabilities				
Trade payables and other liabilities	43,452	29,800	45.8 %	33,536
Current tax payable	993	423	134.6 %	793
Provisions	671	837	-19.8 %	480
Interest bearing liabilities	750	23,776	-96.8 %	23,784
	45,866	54,836	-16.4 %	58,593
Total shareholder's equity and liabilities	162,306	123,833	31.1 %	132,467

#### CONSOLIDATED CASH FLOW STATEMENT (tEUR)

	1-6/2015	1-6/2014	Change %	1-12/2014
Cash flows from operating activities				
Profit for the period	3,921	1,824	115.0 %	8,482
Adjustments	3,589	2,874	24.9 %	4,211
Interest and other financial expenses and incomes	192	-217	n/a	-301
Paid Taxes	-1,176	-1,415	-16.9 %	-2,717
Change in working capital	-9,894	-1,296	663.4 %	-448
Cash flow from operating activities	-3,369	1,770	n/a	9,227
Cash flow from investing activities				
Purchases of property, plant and equipment (PPE)	-689	-816	-15.6 %	-1,782
Proceeds from sales of PPE	0	0	n/a	64
Purchases of intangible assets	-569	-614	-7.3 %	-1,077
Acquisition of subsidiary, net of cash acquired	-6,826	0	n/a	0
Acquisition of assest available for sale	0	-136	n/a	-407
Net cash used in investing activities	-8,084	-1,566	416.2 %	-3,202
Cash flow from financing activities				
Proceeds from borrowings	27,300	0	n/a	1,000
Payments of borrowings	-13,536	-177	n/a	-1,255
Dividends paid	-3,694	-3,462	6.7 %	-3,360
Purchases of own shares	-1,382	0	n/a	0
Net cash used in financing activities	8,688	-3,142	n/a	-3,118
Change in cash				
Cash in the beginning	17,672	15,229	16.0 %	15,229
Change in cash during period	-2,765	-2,938	-5.9 %	2,907
Effect of currency changes	329	-49	n/a	-465
Cash at the end	15,236	12,242	24.5 %	17,672

<b>KEY FIGURES</b>	<b>1-6/2015</b>	<b>1-6/2014</b>	<b>Change %</b>	<b>1-12/2014</b>
Earnings per share, EUR	0.22	0.10	111.5 %	0.48
Earnings per share fully diluted, EUR	0.22	0.10	113.7 %	0.48
Shareholders' equity per share, EUR	3.89	3.59	8.4 %	3.94
Return on equity	11.1 %	5.6 %	97.9 %	12.5 %
Return on capital employed	11.0 %	6.0 %	83.1 %	12.2 %
Equity ratio	44.3 %	52.0 %	-14.7 %	53.4 %
Gearing	35.3 %	18.2 %	94.1 %	9.5 %
Investments, tEUR	13,468	1,549	769.5 %	3,676
Investments % of net sales	11.9 %	1.7 %		1.9 %
Order backlog, tEUR	46,749	17,402	169.4 %	15,206
Personnel, average	1,477	1,275	15.8 %	1,302
Number of shares (thousands) including own shares	18,986	18,897	0.5 %	18,918
Highest share price, EUR	7.79	4.86	60.3 %	5.29
Lowest share price, EUR	5.32	4.25	25.2 %	4.25
Average share price, EUR	6.75	4.52	49.3 %	4.67
Turnover, in million shares	2.0	1.3	50.5 %	2.3
Turnover, in MEUR	13.3	5.9	125.9 %	10.9

#### Treasury shares

	Number of shares	% of shares	% of votes
Possession of company's own shares 30.6.2015	863,953	4.55 %	4.55 %

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

Leasing and rent liabilities	5,587	5,711	-2.2 %	5,559
Derivative instruments (tEUR)				
Value of underlying forward contracts	28,032	6,748	315.4 %	13,141
Market value of forward contracts	-288	-159	81.1 %	65
Interest rate swap	11,000	11,000	0.0 %	11,000
Market value of interest swap	-19	-5	280.0 %	-31

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

<b>OPERATING SEGMENTS (tEUR)</b>	<b>1-6/2015</b>	<b>1-6/2014</b>	<b>Change %</b>	<b>1-12/2014</b>
Video and Broadband Solutions				
Orders received	74,916	52,794	41.9 %	109,007
Net sales	67,052	48,492	38.3 %	106,901
EBIT	5,002	2,635	89.8 %	9,673
EBIT%	7.5 %	5.4 %		9.0 %

Network Services					
Orders received	46,122	44,453	3.8 %		90,275
Net sales	46,122	44,453	3.8 %		90,275
EBIT	103	38	170.1 %		1,463
EBIT%	0.2 %	0.1 %			1.6 %
Total					
Orders received	121,038	97,247	24.5 %		199,282
Net sales	113,173	92,945	21.8 %		197,176
EBIT	5,105	2,673	91.0 %		11,135
EBIT%	4.5 %	2.9 %			5.6 %
Financial items	192	-217	n/a		-301
Operating segments net profit before taxes	5,297	2,456	115.7 %		10,835

<b>Information per quarter (tEUR)</b>	<b>4-6/15</b>	<b>1-3/15</b>	<b>10-12/14</b>	<b>7-9/14</b>	<b>4-6/14</b>	<b>7/2014-6/2015</b>
Video and Broadband Solutions						
Orders received	40,926	33,990	28,642	27,571	27,898	131,129
Net sales	36,519	30,532	29,500	28,909	27,007	125,461
EBIT	2,999	2,003	2,616	4,421	1,835	12,039
EBIT %	8.2 %	6.6 %	8.9 %	15.3 %	6.8 %	9.6 %
Network Services						
Orders received	23,211	22,911	24,367	21,455	22,405	91,944
Net sales	23,211	22,911	24,367	21,455	22,405	91,944
EBIT	-492	595	909	516	-452	1,527
EBIT %	-2.1 %	2.6 %	3.7 %	2.4 %	-2.0 %	1.7 %
Total						
Orders received	64,137	56,901	53,009	49,026	50,303	223,073
Net sales	59,730	53,443	53,867	50,365	49,412	217,404
EBIT	2,507	2,598	3,525	4,937	1,383	13,566
EBIT %	4.2 %	4.9 %	6.5 %	9.8 %	2.8 %	6.2 %

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									
1.1.2015	6,967	1,504	-339	58,139	3,954	-31	70,194	487	70,681
Total comprehensive income for the period			329	3,921	0	12	4,262	0	4,262
Purchase of own shares					-814		-814	0	-814
Paid dividend				-3,802	0	0	-3,802	108	-3,694
Interest, non controll party				10	0	0	10	-10	0
Equity-settled share-based payments				585	0	0	585	-585	0
Shareholder's equity 30.6.2015	6,967	1,504	-10	58,853	3,140	-19	70,435	0	70,434
Shareholder's equity 1.1.2014	6,967	1,504	126	53,079	3,457	-6	65,127	425	65,552
Total comprehensive income for the period	0	0	-49	1,824	0	1	1,776	0	1,776
Used options	0	0	0	0	497	0	497	0	497
Paid dividend	0	0	0	-3,564	0	0	-3,564	102	-3,462
Interest, non controll party	0	0	0	39	0	0	39	-39	0
Shareholder's equity 30.6.2014	6,967	1,504	77	51,378	3,954	-5	63,875	488	64,361

## 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

Major shareholders	Number of shares	% of share capital
EM Group Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	963,860	5.08
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Management II Oy	542,000	2.85
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
OP-Finland Small Firms Fund	430,784	2.27
FIM Fenno Equity fund	324,279	1.71
Teleste Oyj	321,953	1.70

Shareholders by sector	Number of shareholders	% of Owners	Number of shares	Number of shares %
Households	4,706	93.60	4,758,225	25.10
Public sector institutions	3	0.06	1,985,010	10.50
Financial and insurance institutions	17	0.34	3,673,060	19.30
Corporations	239	4.75	6,996,941	36.90
Non-profit institutions	29	0.58	424,329	2.20
Foreign and nominee registered owners	34	0.68	1,148,023	6.00
Total	5,028	100.00	18,985,588	100.00

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,131	22.5	75,240	0.4
101 - 500	2,199	43.7	599,717	3.2
501 - 1 000	767	15.3	632,167	3.3
1 001 - 5 000	747	14.9	1,648,308	8.7
5 001 - 10 000	81	1.6	573,275	3.0
10 001 - 50 000	73	1.5	1,532,321	8.1
50 001 - 100 000	5	0.1	391,206	2.1
100 001 - 500 000	18	0.4	4,055,113	21.4
500 001 -	7	0.1	9,478,241	49.9
Total	5,028	100.0	18,985,588	100.0
of which nominee registered			927,266	4.9

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

1 000 €	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	746
Customer relationship (inc. in intangible assets)	585
Technology (inc. in intangible assets)	1,362
Inventories	4,983
Trade receivables	8,514
Book values used in consolidation	
Tangible assets	944
Intangible assets	537
Shares and immaterial rights	29
Accrued income	1,315
Other receivables	425
Cash and cash equivalents	874
Total assets	20,314
Book values used in consolidation	
Interest-bearing liabilities	1,174
Trade payables	5,672
Deferred tax liabilities	539
Advances received	2,984
Other liabilities	3,300
Total liabilities	13,669
Net identifiable assets and liabilities	6,645
Total consideration	11,500
Goodwill on acquisition	4,855
Consideration paid in cash	-7,700
Cash and cash equivalents in acquired subsidiary	874
Total net cash outflow on the acquisition	-6,826



Teleste Corporation  
P.O.Box 323, FI-20101 Turku, Finland  
Telestenkatu 1, FI-20660 Littoinen, Finland  
Phone +358 2 2605 611 (switchboard)  
investor.relations@teleste.com  
Business ID 1102267-8  
www.teleste.com