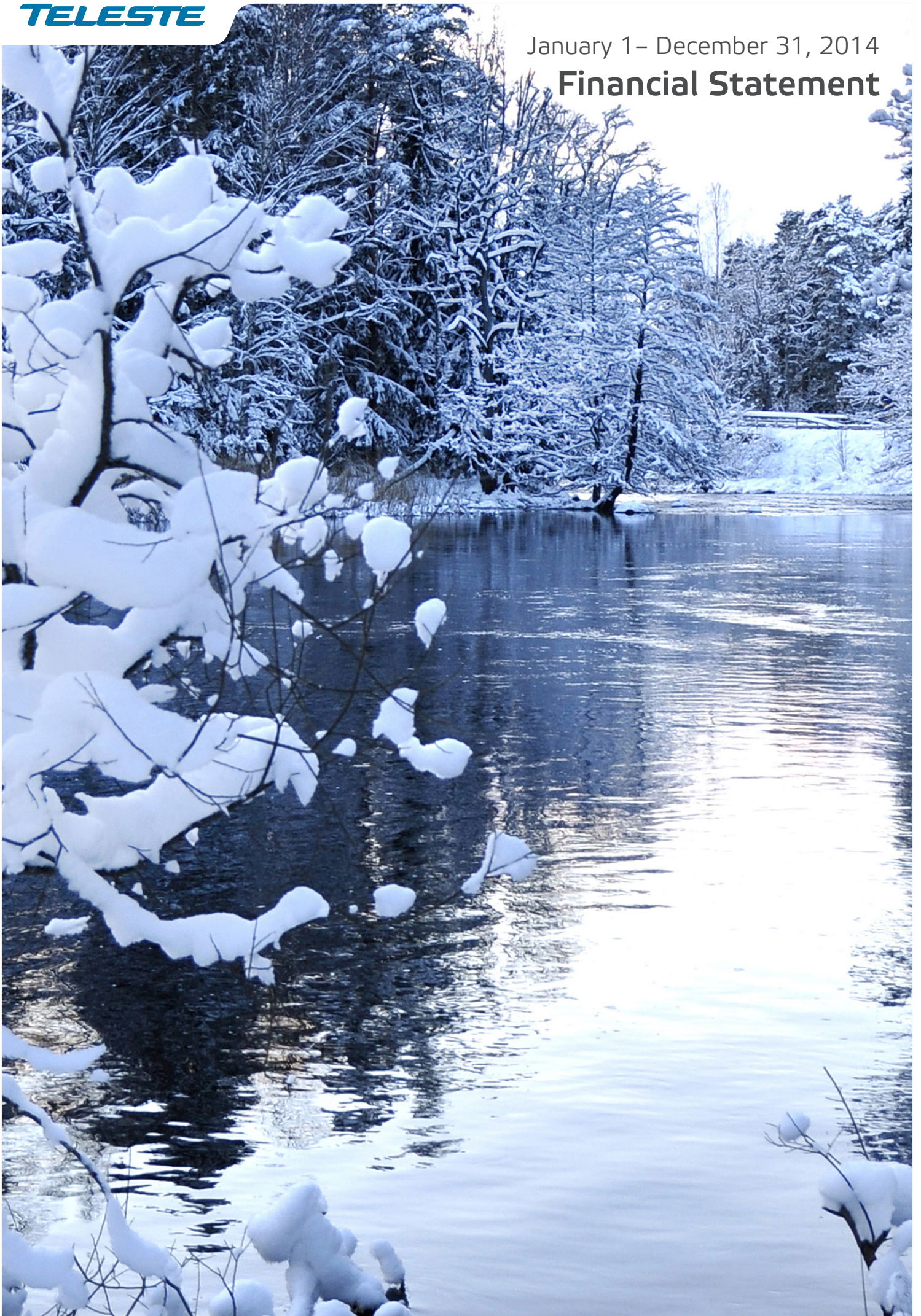
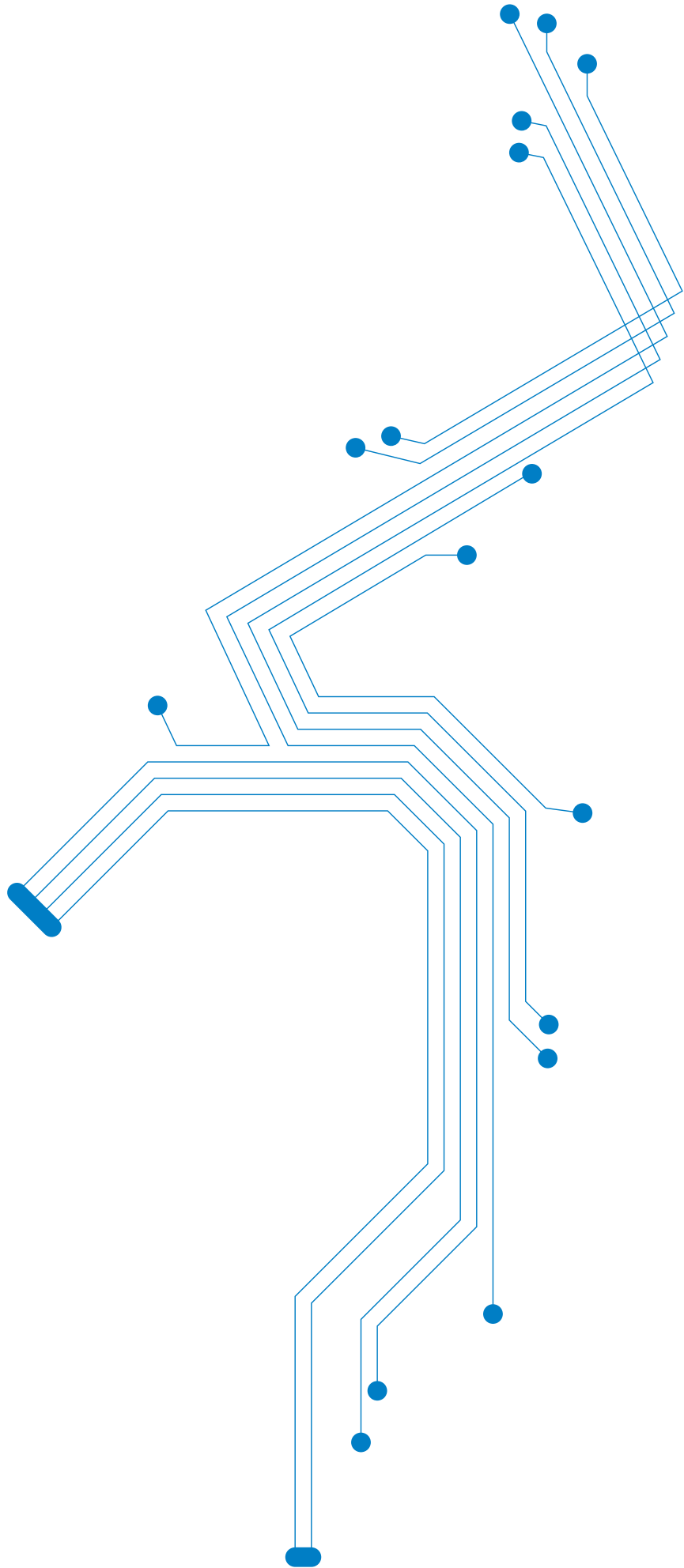


January 1– December 31, 2014

Financial Statement





FINANCIAL STATEMENTS OF TELESTE CORPORATION 1 JANUARY TO 31 DECEMBER 2014**2014 NET SALES AND OPERATING PROFIT AT PAR WITH PREVIOUS YEAR, ORDERS RECEIVED INCREASED****Fourth quarter of 2014**

- Net sales amounted to EUR 53.9 (54.0) million, a decrease of 0.3%
- Operating profit totalled EUR 3.5 (3.5) million, an increase of 0.1%
- Undiluted result per share stood at EUR 0.17 (0.17) per share, an increase of 0.1%
- Orders received totalled EUR 53.0 (50.2) million, an increase of 5.7%
- Cash flow from operations was EUR 7.5 (2.7) million, an increase of 180.4%

January-December 2014

- Net sales amounted to EUR 197.2 (192.8) million, an increase of 2.3%
- Operating profit totalled EUR 11.1 (11.0) million, an increase of 0.8%
- Undiluted result per share stood at EUR 0.48 (0.47) per share, an increase of 2.9%
- Orders received totalled EUR 199.3 (188.9) million, an increase of 5.5%
- Cash flow from operations was EUR 9.2 (10.0) million, a decrease of 7.4%
- The Board of Directors proposes that a dividend of EUR 0.20 (0.19) per outstanding share will be paid.

Outlook for 2015

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

Comments on the last quarter of 2014 by CEO Jukka Rinnevaara:

"Fourth-quarter net sales was the second-highest in Teleste's history and almost reached the previous year's record net sales. The number of orders received increased raising the year-end order backlog over the last year's. Also operating profit reached the previous year's level. Operating profit includes EUR 1.1 million revenue recognized from reversal of estimated supplementary contract price related to the acquisition of Asheridge. Earnings per share of EUR 0.17 is at par with the comparative period. We were able to improve the operating cash flow significantly by good management of working capital. In spite of the severe price competition we can be satisfied with the development of the final quarter.

Orders received by Video and Broadband Solutions increased, particularly in video surveillance solutions and access network products. Net sales, too, increased in the said product categories. We estimate that our market share has strengthened as the cable operators' network equipment supplier in Europe. As for video surveillance solutions, the quarter was successful and we entered into new maintenance contracts. Orders received by the business area increased the most in the UK, France, and Russia. Deliveries grew the most in the Nordic countries, Germany and Russia.

The year-on-year net sales and operating profit of Network Services decreased. According to plan, fewer large lower margin project deliveries were carried out in Germany. At the same time, we managed to improve productivity in our deliveries of services and operating profit improved significantly in Germany. Profitability of the business area was weakened by the investments aimed at business expansion in the UK, where the new services so far failed to achieve a positive result.

After the reporting period, we acquired the entire share capital of Mitron Group Oy Ltd. Mitron is a Finnish provider of public transportation information systems and modern display solutions. Mitron is a perfect fit for Teleste's strategy, and together we can offer the rail market an all-inclusive video surveillance and data management solution for stations and railway cars."

Group Operations in October-December 2014

Key figures (M€)	10-12/2014	10-12/2013	Change %
Orders received	53.0	50.2	+5.7%
Net sales	53.9	54.0	-0.3%
EBIT	3.5	3.5	+0.1%
EBIT %	6.5%	6.5%	
Profit for the period	3.1	3.1	+1.3%
Other important key figures			
Earnings per share, EUR	0.17	0.17	+0.1%
Cash flow from operations, M€	7.5	2.7	+180.4%

The fourth-quarter orders received by Teleste Group increased by 5.7% and stood at EUR 53.0 (50.2) million. Order backlog totalled EUR 15.2 (13.1) million.

Net sales decreased by 0.3% to EUR 53.9 (54.0) million, which is the second-highest quarter sales in Teleste's history. Operating profit reached the level of the reference period standing at EUR 3.5 (3.5) million, or 6.5% (6.5%) of net sales. Operating profit includes other income resulting from reversed provision of EUR 1.1 million, which relates to supplementary contract price of an earlier acquisition.

Expenses for material and production services decreased and amounted to 50.0% (50.9%) of net sales. Personnel expenses amounted to EUR 16.4 (15.2) million. Most of this increase in personnel expenses was due to a higher number of personnel. Taxes stood at EUR 0.3 (0.5) million. This decrease in taxes is mainly due to periodization between the quarters. Undiluted earnings per share increased by 0.1% to EUR 0.17 (0.17). Cash flow from operations increased by 180.4% to EUR 7.5 (2.7) million. Good operational performance and improvement in working capital resulted in increased operational cash flow.

Group Operations in January-December 2014

Key figures (M€)	1-12/2014	1-12/2013	Change %
Orders received	199.3	188.9	+5.5%
Net sales	197.2	192.8	+2.3%
EBIT	11.1	11.0	+0.8%
EBIT %	5.6%	5.7%	
Profit for the financial period	8.5	8.1	+4.1%
Other important key figures			
Earnings per share, EUR	0.48	0.47	+2.9%
Cash flow from operations, M€	9.2	10.0	-7.4%
Net gearing, %	9.5%	13.8%	
Equity ratio, %	53.4%	52.7%	
Personnel at period-end	1,343	1,261	+6.5%

Orders received increased 5.5% to EUR 199.3 (188.9) million. Net sales increased 2.3% equalling EUR 197.2 (192.8) million. Net sales by Video and Broadband Solutions increased, particularly in the access network products, as well as in passives and house network products. Operating profit reached the level of the comparative year totalling EUR 11.1 (11.0) million. Taxes amounted to EUR 2.4 (2.5) million and the tax rate was 21.7% (23.6%). Undiluted earnings per share increased by 2.9% to EUR 0.48 (0.47). Cash flow from operations decreased by 7.4% to EUR 9.2 (10.0). This decrease in cash flow was due to an increase in net working capital, which was mainly brought about by an increase in trade receivables.

Video and Broadband Solutions October-December 2014

1,000 euros	10-12/2014	10-12/2013	Change
Orders received	28,642	24,127	+18.7%
Net sales	29,500	28,020	+5.3%
EBIT	2,616	2,354	+11.1%
EBIT, %	8.9%	8.4%	

Year-on-year orders received improved by 18.7% standing at EUR 28.6 (24.1) million. Order backlog totalled EUR 15.2 (13.1) million. Net sales grew by 5.3% amounting to EUR 29.5 (28.0) million. Net sales were boosted in particular by video surveillance solutions and access network products. Operating profit increased by 11.1% standing at EUR 2.6 (2.4) million, which is 8.9% (8.4%) of net sales. Operating profit includes other income resulting from reversed provision of EUR 1.1 million, which relates to supplementary contract price of an earlier acquisition.

R&D expenses amounted to EUR 2.6 (2.9) million, i.e. 8.8% (10.4%) of the business area's net sales. Capitalized R&D expenses amounted to EUR 0.4 (0.6) million. Product development projects focused on network products complying with the Docsis 3.1 standard and on customer-specific projects. Depreciation on capitalized R&D expenses amounted to EUR 0.3 (0.3) million.

Video and Broadband Solutions in January-December 2014

1,000 euros	1-12/2014	1-12/2013	Change
Orders received	109,007	97,815	+11.4%
Net sales	106,901	101,716	+5.1%
EBIT	9,673	9,460	+2.2%
EBIT %	9.0%	9.3%	

Year-on-year orders received improved by 11.4% standing at EUR 109.0 (97.8) million. Net sales grew by 5.1% amounting to EUR 106.9 (101.7) million. Net sales were boosted in particular by access network products as well as passives and house network products. Operating profit increased by 2.2% standing at EUR 9.7 (9.5) million, which is 9.0% (9.3%) of net sales. The profit performance was particularly affected by the improved profitability in the IPTV headend business as well as the increased sales in the integration and maintenance services. Product development expenses equalled EUR 10.3 (10.0) million, in other words 9.6% (9.8%) of net sales. Capitalized R&D expenses amounted to EUR 1.1 (1.4) 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. Depreciation on capitalized R&D expenses amounted to EUR 1.2 (1.8) million.

Network Services in October-December 2014

1,000 euros	10-12/2014	10-12/2013	Change
Orders received	24,367	26,024	-6.4%
Net sales	24,367	26,024	-6.4%
EBIT	909	1,168	-22.2%
EBIT %	3.7%	4.5%	

Year-on-year orders received and net sales decreased by 6.4% amounting to EUR 24.4 (26.0) million. This decline in net sales was mainly due to the reduced number of large project deliveries in Germany. Operating profit decreased by 22.2% standing at EUR 0.9 (1.2) million, resulting in 3.7% (4.5%) operating margin. This decline in operating profit was brought about by investments made in the expansion of business in the UK, where the new services have not yet achieved a positive result. In Germany, productivity and operating profit of the installation and maintenance services improved significantly.

Network Services in January-December 2014

1,000 euros	1-12/2014	1-12/2013	Change
Orders received	90,275	91,060	-0.9%
Net sales	90,275	91,060	-0.9%
EBIT	1,463	1,587	-7.8%
EBIT %	1.6%	1.7%	

Orders received and net sales decreased by 0.9% to EUR 90.3 (91.1) million. Net sales decreased in Germany, where the number of low-profit project deliveries was reduced. Net sales increased in Switzerland and Finland. Operating profit decreased by 7.8% standing at EUR 1.5 (1.6) million, resulting in 1.6% (1.7%) operating margin. Operating profit has improved substantially in Germany, whereas investments in the expansion of our UK services business burdened the full-year operating profit.

Personnel and Organization in January-December 2014

In the period under review, the average number of people employed by the Group was 1,302 (1,306/2013, 1,326/2012); of these 560 (559) were employed by Video and Broadband Solutions, and 741 (747) by Network Services. At the end of the review period, the Group employed 1,343 people (1,261/2013, 1,325/2012) of whom 72% (71%/2013, 73%/2012) were stationed abroad. Approximately 3% of the Group's employees were working outside Europe.

Personnel expenses increased from the previous year by 4.5% to EUR 59.5 (56.9/2013 and 58.5/2012) million. This growth in the personnel costs was due to the increase in the number of employees abroad, performance-based bonuses paid out in the second half of the year, as well as the savings brought in by the lay-offs implemented in the comparative period. From the beginning of the reporting period, the number of employees increased by more than 80 people. This increase occurred mainly in Network Services, where the amount of subcontracting was reduced and, on the other hand, investments in new business were made in the UK.

In the first quarter of the year, personnel of the Operations unit in Finland were laid off for two weeks.

Investments in January-December 2014

Investments by the Group in the period under review totalled EUR 3.7 (6.3) million accounting for 1.9% (3.3%) of net sales. Investments in the comparative period included acquisition of Asheridge. Investments in product development equalled EUR 1.1 (1.4) million. Other investments were made in information systems, machinery and equipment, as well as in saleable equity investments. Investments of EUR 0.3 (0.1) million were made under financial lease arrangements.

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 December 2014

Operating cash flow stood at EUR 9.2 (10.0) million. This decrease in the operating cash flow was mainly due to an increase in trade receivables, not fully offset by the growth of trade payables. At the end of the period under review, the amount of unused binding credit facilities amounted to EUR 17.0 (17.0) million. These credit limits are valid until August 2015.

The Group's equity ratio equalled 53.4% (52.7%) and net gearing 9.5% (13.8%). On 31 December 2014, the Group's interest-bearing debt stood at EUR 24.4 (24.3) million.

Key Risks 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 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 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. 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 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 include risks. 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. It is important for our business areas to take into account any market developments such as consolidations taking place among the clientele and competition. 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 their management. Risk management is an integral part of the strategic and operational activities of the business areas. Risks are reported to the Board on a regular basis.

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 14 countries outside Finland. Teleste Management II Oy, founded in December 2011, has been consolidated in the Teleste Group figures on account of financial arrangements. Asheridge Group has been consolidated with the Group figures as of 7 April 2013. Teleste Management Oy was merged with the parent company on 28 February 2014.

Shares and Changes in Share Capital

On 31 December 2014, 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 4.25 (3.78) and the highest was EUR 5.29 (4.47). Closing price on 31 December 2014 stood at EUR 5.27 (4.25). According to Euroclear

Finland Ltd the number of shareholders at the end of the period under review was 4,962 (5,087). Foreign ownership accounted for 5.0% (5.1%). The value of shares traded on the Nasdaq Helsinki on 1 January to 31 December 2014 was EUR 10.9 (9.2) million. In the period under review, 2.3 (2.2) million Teleste shares were traded on the stock exchange.

On 31 December 2014, the Group held 1,189,654 (1,189,654) of its own shares, of which the parent company Teleste Corporation had 647,654 shares while the Group and controlled companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 6.3% (6.3%).

The share subscription period for stock option rights 2007C began on 1 April 2012 and ended on 30 April 2014. Stock option rights 2007C enabled subscription of 280,000 shares in total. Based on option rights 2007C, a total of 256,998 Teleste Corporation's new shares were subscribed. Those 2007C option rights that were not used before the expiry of the subscription period, are null and void.

In the period, no treasury shares were conveyed or acquired.

On 31 December 2014, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,985,588 shares.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 1 April 2014 confirmed the financial statements for 2013 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.19 per share proposed by the Board. The dividend was paid out on 11 April 2014.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste'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 continues 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.

On 1 April 2014, the Annual General Meeting decided on the following authorizations of the Board of Directors:

- Purchases of own shares: maximum of 1,200,000 shares. This authorization is valid for 18 months from the date of the decision.
- Issue of new shares: maximum of 4,000,000 shares, valid for three years from the date of the decision.
- Disposal of own shares in possession: maximum of 1,800,000 shares, valid for three years from the date of the decision.
- 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 will be valid for three years from the date of the decision.

Events after the end of the review period

Acquisition of Mitron

On 7 January 2015, Teleste announced that it had bought the entire share capital of Mitron Group Oy Ltd. Mitron is a Finnish provider of public transportation information systems and modern display solutions. Systems manufactured by Mitron are used on trains and railway stations, subways, airports and in urban traffic. Mitron runs its design and manufacturing operations in Forssa and Tampere with subsidiaries in Poland, Germany and Switzerland. More than 90 per cent of the company's net sales consist of exports. Mitron strengthens Teleste's position as a supplier of end-to-end video security and information management solutions for the rail segment.

This acquisition enables Teleste and Mitron to provide the rail industry with a comprehensive solution for stations and railway cars including a wireless data transmission between these two. The solution supports wireless offload from railway cars as well as real-time connectivity with live video transmission between railway cars and stations, and includes advanced passenger information and CCTV systems

both on railway cars and at the station. For rail operators, the benefits of such an end-to-end solution include improved safety of operations and passengers, rapid and correct situation awareness, as well as better quality of passenger services through e.g. live onboard entertainment.

New financing agreements

Teleste Corporation has signed new overdraft and revolving credit facilities with a total value of EUR 45.0 million. These new financing agreements replace the previous ones. The new committed overdraft and revolving credit facilities are valid until end of March 2018.

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 surveillance and rail traffic data management market continues, 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.

4 February 2015

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

Teleste's Annual Report for 2014, which includes the audited financial statements, will be published no later than 13 March 2015. The Company will issue a statement of its corporate governance as a separate report, which will be published together with the Annual Report, and will be simultaneously available on the Company's web site.

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 changes in IAS1, IFRS13 and IAS19 have been applied in this interim report and they do not have any material impact on the financial reporting. The data stated in this report is audited.

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros

	10-12/2014	10-12/2013	Change %
Net sales	53,867	54,043	-0.3 %
Other operating income	1,752	35	4906.4 %
Raw material and consumables used	-26,930	-27,505	-2.1 %
Employee benefits expense	-16,407	-15,244	7.6 %
Depreciations	-1,097	-1,031	6.3 %
Other operating expenses	-7,661	-6,777	13.0 %
Operating profit	3,525	3,521	0.1 %
Financial income	5	93	-94.8 %
Financial expenses	-178	-56	219.7 %
Profit before taxes	3,352	3,559	-5.8 %
Taxes	-258	-505	-48.8 %
Profit for the period	3,093	3,054	1.3 %
Attributable to:			
Equity holders of the parent	3,093	3,054	1.3 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.17	0.17	0.1 %
Diluted (expressed in euro per share)	0.17	0.17	1.5 %
Total comprehensive income for the period, 1000 euros			
Net profit	3,093	3,054	1.3 %
Items that may be reclassified to profit or loss:			
Translation differences	-290	-132	119.7 %
Fair value reserve	8	-16	n/a
Total comprehensive income for the period	2,811	2,906	-3.3 %
Attributable to:			
Equity holders of the parent	2,811	2,906	-3.3 %

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros

	1-12/2014	1-12/2013	Change %
Net sales	197,176	192,775	2.3 %
Other operating income	2,536	840	201.9 %
Raw material and consumables used	-97,561	-94,456	3.3 %
Employee benefits expense	-59,497	-56,949	4.5 %
Depreciation	-4,211	-4,628	-9.0 %
Other operating expenses	-27,309	-26,536	2.9 %
Operating profit	11,135	11,047	0.8 %

Financial income	225	162	39.5 %
Financial expenses	-526	-548	-4.0 %
Profit before taxes	10,835	10,660	1.6 %
Taxes	-2,353	-2,513	-6.4 %
Profit for the period	8,482	8,147	4.1 %
Attributable to:			
Equity holders of the parent	8,482	8,147	4.1 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.48	0.47	2.9 %
Diluted (expressed in euro per share)	0.48	0.46	4.0 %
Total comprehensive income for the period (tEUR)			
Net profit	8,482	8,147	4.1 %
Items that may be reclassified to profit or loss:			
Translation differences	-465	-559	-16.8 %
Fair value reserve	-25	16	n/a
Total comprehensive income for the period	7,992	7,604	5.1 %
Attributable to:			
Equity holders of the parent	7,992	7,604	5.1 %

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros	31.12.2014	31.12.2013	Change %
Non-current assets			
Property, plant and equipment	9,627	10,499	-8.3%
Goodwill	33,121	33,252	-0.4 %
Other intangible assets	3,891	4,448	-12.5 %
Available-for-sale investments	701	294	138.3 %
Deferred tax assets	1,698	2,002	-15.2 %
Total	49,037	50,494	-2.9 %
Current assets			
Inventories	20,483	19,762	3.6 %
Trade and other receivables	44,694	38,537	16.0 %
Income tax receivables	582	307	89.5 %
Cash	17,672	15,229	16.0 %
Total	83,430	73,835	13.0 %
Total assets	132,467	124,329	6.5 %
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	6,967	6,967	0.0 %
Share premium	1,504	1,504	0.0 %
Translation differences	-339	126	n/a
Invested non restricted equity	3,923	3,451	13.7 %
Retained profits	58,139	53,079	9.5 %
Non-controlling interest	487	425	14.6 %
Total	70,682	65,552	7.8 %

Non-current liabilities			
Interest-bearing liabilities	595	470	26.6 %
Other liabilities	31	2,414	-98.7 %
Deferred tax liabilities	1,327	1,293	2.7 %
Provisions	1,238	634	95.4 %
Total	3,192	4,810	-33.6 %
Current liabilities			
Trade and other liabilities	33,536	28,130	19.2 %
Current tax payable	793	1,206	-34.2 %
Provisions	480	832	-42.3 %
Interest-bearing liabilities	23,784	23,799	-0.1 %
Total	58,593	53,967	8.6 %
Total liabilities	61,785	58,777	5.1 %
Equity and liabilities total	132,467	124,329	6.5 %

CONSOLIDATED CASH FLOW STATEMENT, 1000 euros

	1.1.-31.12. 2014	1.1.-31.12. 2013	Change %
Cash flows from operating activities			
Profit for the period	8,482	8,147	4.1 %
Adjustments for:			
Non-cash transactions	4,211	4,711	-10.6 %
Interest and other financial expenses	542	548	-1.1 %
Interest income and other financial income	-225	-162	39.2 %
Dividends	-2	-2	0.0 %
Taxes	2,353	2,513	-6.4 %
Change in working capital			
Increase/decrease in trade and other receivables	-6,157	1,113	n/a
Increase/decrease in inventories	-721	600	n/a
Increase/decrease in trade and other payables	3,510	-3,660	n/a
Increase/decrease in provisions	252	-41	n/a
Paid interests and other financial expenses	-526	-565	-7.0 %
Received interests and dividends	225	162	39.2 %
Paid taxes	-2,717	-3,402	-20.1 %
Cash flow from operating activities	9,227	9,961	-7.4 %
Cash flow from investing activities			
A conditional supplementary contract price for prior subsidiary acquisition	0	-2,585	n/a
Purchases of property, plant and equipment (PPE)	-1,782	-1,180	51.0 %
Proceeds from sales of PPE	64	0	n/a
Purchases of intangible assets	-1,077	-1,442	-25.3 %
Proceeds from available-for-sale investments	-407	0	n/a
Acquisition of subsidiary, net of cash acquired	0	-965	n/a
Net cash used in investing activities	-3,202	-6,172	-48.1 %
Cash flow from financing activities			
Proceeds from borrowings	1,000	5,000	-80.0 %
Payments of borrowings	-888	-3,809	-76.7 %
Payment of finance lease liabilities	-367	-369	-0.5 %
Dividends paid	-3,360	-2,962	13.4 %

Geographical segments 2014, 1000 euros

	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	15,792	159,572	14,858	6,954	197,176
Assets	89	12,730	33,937	583	47,339
Capital expenditure for the period	5	1,755	1,446	470	3,676

Geographical segments 2013, 1000 euros

	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	15,630	151,545	13,164	12,436	192,775
Assets	111	12,379	35,868	135	48,493
Capital expenditure for the period	4	4,227	2,059	24	6,314

Information per quarter, 1000 euros

	10-12/14	7-9/14	4-6/14	1-3/14	10-12/13	1-12/2014	1-12/2013
Video and Broadband Solutions							
Order intake	28,642	27,571	27,898	24,896	24,127	109,007	97,815
Net sales	29,500	28,909	27,007	21,485	28,020	106,901	101,716
EBIT	2,616	4,421	1,835	801	2,354	9,673	9,460
EBIT %	8.9 %	15.3 %	6.8 %	3.7 %	8.4 %	9.0 %	9.3 %
Network Services							
Order intake	24,367	21,455	22,405	22,048	26,024	90,275	91,060
Net sales	24,367	21,455	22,405	22,048	26,024	90,275	91,060
EBIT	909	516	-452	490	1,168	1,463	1,587
EBIT %	3.7 %	2.4 %	-2.0 %	2.2 %	4.5 %	1.6 %	1.7 %
Total							
Order intake	53,009	49,026	50,303	46,944	50,151	199,282	188,875
Net sales	53,867	50,365	49,412	43,533	54,043	197,176	192,775
EBIT	3,525	4,937	1,383	1,291	3,521	11,135	11,047
EBIT %	6.5 %	9.8 %	2.8 %	3.0 %	6.5 %	5.6 %	5.7 %

Commitments and contingencies, 1000 euros

	2014	2013	Change %
Rental liabilities	2,567	2,626	-2.2 %
Lease liabilities	2,992	4,122	-27.4 %
Value of underlying forward contracts	13,141	7,633	72.2 %
Market value of forward contracts	65	-209	n/a
Interest rate swap	11,000	11,000	0.0 %
Market value of interest swap	-31	-6	416.7 %

The number of employees broken down by following categories 31.12.

	2014	2013	Change %
Research and development	113	109	3.7 %
Production and material management	1 003	928	8.1 %
Sales and marketing	170	170	0.0 %
Administration	57	54	5.6 %
Total	1,343	1,261	6.5 %

Key figures	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010
Profit and loss account, balance sheet					
Net sales, Meur	197.2	192.8	193.9	183.6	167.8
Change %	2.3 %	-0.6 %	5.6 %	8.6 %	18.5 %
Sales outside Finland, %	92.5 %	93.2 %	93.4 %	94.1 %	93.3 %
Operating profit, Meur	11.1	11.0	10.9	9.4	7.4
% of net sales	5.6 %	5.7 %	5.6 %	5.1 %	4.4 %
Profit after financial items, Meur	10.8	10.7	10.1	8.8	6.7
% of net sales	5.5 %	5.5 %	5.2 %	4.8 %	4.0 %
Profit before taxes, Meur	10.8	10.7	10.1	8.8	6.7
% of net sales	5.5 %	5.5 %	5.2 %	4.8 %	4.0 %
Profit for the financial period, Meur	8.5	8.1	6.7	6.3	4.8
% of net sales	4.3 %	4.2 %	3.5 %	3.4 %	2.9 %
R&D expenditure, Meur	10.3	10.0	11.2	11.6	10.3
% of net sales	5.2 %	5.2 %	5.8 %	6.3 %	6.1 %
Gross investments, Meur	3.7	6.3	3.3	5.2	3.8
% of net sales	1.9 %	3.3 %	1.7 %	2.9 %	2.2 %
Interest bearing liabilities, Meur	24.4	24.3	22.1	33.2	28.1
Shareholder's equity, Meur	70.7	65.6	60.6	55.3	50.4
Total assets, Meur	132.5	124.3	120.2	133.2	116.2
Personnel and orders					
Average personnel	1,302	1,306	1,326	1,297	1,215
Order backlog at year end, Meur	15.2	13.1	17.0	21.2	17.0
Orders received, Meur	199.3	188.9	189.7	188.1	167.2
Key metrics					
Return on equity, %	12.5 %	12.9 %	11.6 %	11.9 %	9.9 %
Return on capital employed, %	12.2 %	13.0 %	13.0 %	11.5 %	10.2 %
Equity ratio, %	53.4 %	52.7 %	50.5 %	41.6 %	43.6 %
Net gearing, %	9.5 %	13.8 %	13.7 %	32.2 %	25.5 %
Earnings per share, euro	0.48	0.47	0.38	0.36	0.27
Earnings per share fully diluted, euro	0.48	0.46	0.38	0.36	0.27
Shareholders equity per share, euro	3.94	3.73	3.48	3.17	2.90
Teleste share					
Highest price, euro	5.29	4.47	4.44	4.82	5.33
Lowest price, euro	4.25	3.78	3.04	2.50	3.64
Closing price, euro	5.27	4.25	4.17	3.00	4.41
Average price, euro	4.67	4.17	3.98	3.64	4.49
Price per earnings	11.0	9.1	10.8	8.3	16.3
Market capitalization, Meur	98.7	79.6	78.1	56.2	80.2
Stock turnover, Meur	10.9	9.2	10.8	6.2	14.2
Turnover, number in millions	2.3	2.2	2.7	1.7	3.2
Turnover, % of share capital	12.5 %	11.7 %	14.4 %	9.1 %	17.4 %
Average number of shares	18,918,869	18,743,507	18,728,590	18,189,560	18,093,689
Number of shares at the year-end	18,985,588	18,816,691	18,728,590	18,728,590	18,186,590
Average number of shares, diluted w/o own shares	17,729,215	17,513,799	17,688,527	17,425,605	17,693,605
Number of shares at the year-end, diluted w/o own shares	17,795,934	17,838,599	17,709,672	17,425,605	17,693,605
Paid dividend, Meur	3,3*	3.3	3.0	2.4	2.1
Dividend per share, euro	0,20*	0.19	0.17	0.14	0.12

Dividend per net result, %	41.7 %	40.8 %	44.5 %	38.9 %	43.7 %
Effective dividend yield, %	4.5 %	4.5 %	4.1 %	4.7 %	2.7 %

* The Board's proposal to the AGM

Treasury shares	Number of shares	% of shares	% of votes
Teleste companies own shares 31.12.2014	1,189,654	6.27%	6.27%

CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} * 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} * 100$
Equity ratio:	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} * 100$
Gearing:	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} * 100$
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 31.12.2014	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 Oy	647,654	3.41
OP-Finland Small Firms Fund	630,712	3.32
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
Danske Invest Finnish Small Cap Fund	300,000	1.58

Shareholders by sector 31.12.2014	Number of shareholders	% of Owners	Number of shares	Number of shares %
Households	4,626	93.23	4,545,768	23.9
Public sector institutions	3	0.06	1,985,010	10.5
Financial and insurance institutions	18	0.36	3,869,397	20.4
Corporations	248	5.00	7,263,897	38.3
Non-profit institutions	27	0.54	368,048	1.9
Foreign and nominee registered owners	40	0.81	953,468	5.0
Total	4,962	100.00	18,985,588	100.0

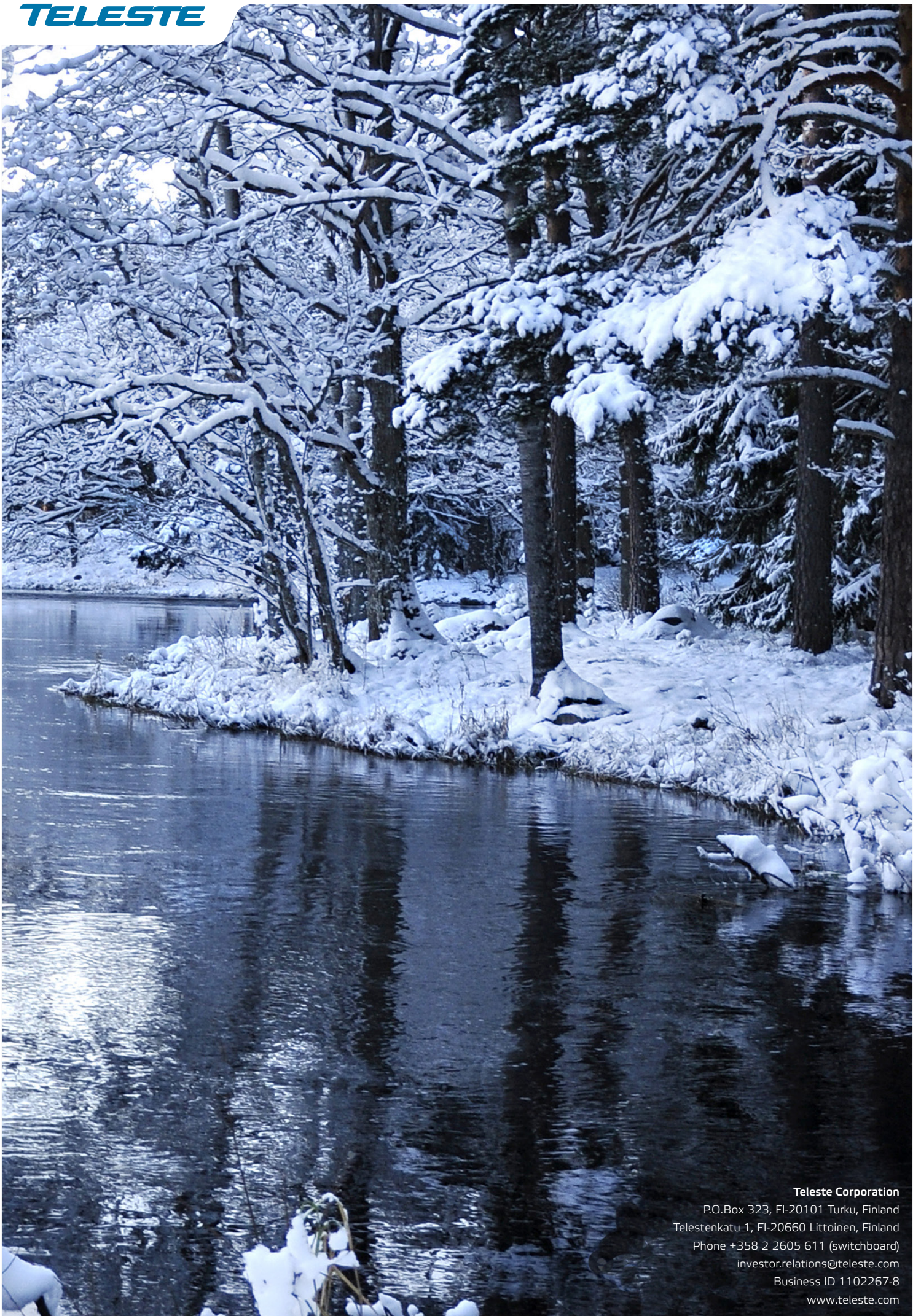
Number of shares 31.12.2014	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,116	22.5	73,984	0.4
101 - 500	2,157	43.5	588,322	3.1
501 - 1,000	758	15.3	624,039	3.3
1001 - 5,000	747	15.1	1,641,409	8.6
5,001 - 10,000	88	1.8	628,171	3.3
10,001 - 50,000	69	1.4	1,356,609	7.1
50,001 - 100,000	3	0.1	258,152	1.4
100,001 - 500,000	16	0.3	3,595,973	18.9
500,001 -	8	0.2	10,218,929	53.8
Total	4,962	100.0	18,985,588	100.0
of which nominee registered			724,480	3.8

Notes

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Notes

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