



TELESTE

FINANCIAL STATEMENTS OF TELESTE CORPORATION 1 JANUARY TO 31 DECEMBER 2013**2013 NET SALES AT PAR WITH THE YEAR OF COMPARISON, EARNINGS PER SHARE IMPROVED CLEARLY****Fourth quarter of 2013**

- Net sales amounted to EUR 54.0 (47.5) million, an increase of 13.9%
- Operating profit amounted to EUR 3.5 (2.7) million, an increase of 30.0%
- Undiluted earnings per share stood at EUR 0.17 (0.09) per share, an increase of 87.6%
- Orders received totaled EUR 50.2 (50.8) million, a decrease of 1.3%
- Operating cash flow was EUR 2.7 (5.1) million

January-December 2013

- Net sales amounted to EUR 192.8 (193.9) million, a decrease of 0.6%
- Operating profit amounted to EUR 11.0 (10.9) million, an increase of 1.0%
- Undiluted earnings per share stood at EUR 0.47 (0.38) per share, an increase of 21.9%
- Orders received totaled EUR 188.9 (189.7) million, a decrease of 0.4%
- Cash flow from operations was EUR 10.0 (15.3) million, a decrease of 34.9%
- The Board of Directors proposes that a dividend of EUR 0.19 (0.17) per outstanding share will be paid.

Outlook for 2014

We estimate net sales and operating profit for the first half of 2014 to fall clearly from the comparative period. Due to this, we estimate that net sales and operating profit for the full year of 2014 will not reach the 2013 level.

Comments on the last quarter of 2013 by CEO Jukka Rinnevaara:

"Orders received were at par with the comparative period, but focused now more on cable network equipment and the related services. Successful deliveries in this area led to a clear growth in net sales during the quarter, and as a result, Teleste achieved its all-time record quarterly net sales. Performance of the services business, being one of the Company's special development areas, showed a pleasant improvement.

Increased net sales and, in relative terms, decreased personnel costs raised operating profit clearly over the period of comparison. Earnings per share increased by 87%.

The year-on-year net sales of Video Broadband Solutions grew, which was mainly brought about by increased deliveries of IP headends (Luminato) and optical product solutions. Particularly strong markets included France, Poland and the USA. In addition, the Asheridge acquisition contributed slightly to the increased net sales. Deliveries related to video surveillance were below the reference period.

The year-on-year net sales and operating profit of Network Services increased. Net sales were increased by maintenance and upgrading of cable networks. This growth in the operating profit was based on the development of productivity and the cost adjustment measures carried out earlier in 2013."

Teleste Group in October-December 2013

Key figures (EUR million)	10-12/2013	10-12/2012	Change %
Orders received	50.2	50.8	-1.3%
Net sales	54.0	47.5	13.9%
EBIT	3.5	2.7	30.0%
EBIT %	6.5%	5.7%	
Profit for the period	3.1	1.6	88.4%
Other important key figures			
Earnings per share, EUR	0.17	0.09	87.6%
Cash flow from operations, M€	2.7	5.1	-47.6%

Orders received by the Group in Q4 totaled EUR 50.2 (50.8) million, a decrease of 1.3%. Order backlog totaled EUR 13.1 (17.0) million.

Net sales increased by 13.9% to EUR 54.0 (47.5) million. Operating profit stood at EUR 3.5 (2.7) million making 6.5% (5.7%) of the net sales. Material costs increased and amounted to 50.9% (47.4%) of the net sales. Personnel expenses amounted to EUR 15.2 (14.8) million. Taxes stood at EUR 0.5 (1.0) million. Tax rate decreased to 14.2% (37.8%). This decline in tax rate was contributed mainly by changes in the Group structure that enabled establishing a tax group for German subsidiaries. Undiluted earnings per share was EUR 0.17 (0.09). Cash flow from operations EUR 2.7 (5.1) million was less than the comparative period, mainly due to the decrease in accounts payable.

Teleste Group in January-December 2013

Key figures (EUR million)	1-12/2013	1-12/2012	Change %
Orders received	188.9	189.7	-0.4%
Net sales	192.8	193.9	-0.6%
EBIT	11.0	10.9	1.0%
EBIT %	5.7%	5.6%	
Profit for the financial period	8.1	6.7	21.6%
Other important key figures			
Earnings per share, EUR	0.47	0.38	21.9%
Cash flow from operations, EUR million	10.0	15.3	-34.9%
Net gearing, %	13.8%	13.7%	
Equity ratio, %	52,7%	50,5%	
Personnel at period-end	1,261	1,325	-4.8%

Orders received totaled EUR 188.9 (189.7) million. Net sales decreased by 0.6% to EUR 192.8 (193.9) million. This decline in net sales over the previous year was caused by the lower level of the services business in the first half of the year. Operating profit equaled EUR 11.0 (10.9) million. Operating profit of the comparative period included a sale of a real estate and a reserve reversal of an additional purchase price related to a business acquisition totaling EUR 1.2 million. Taxes amounted to EUR 2.5 (3.4) million and the tax rate was 23.6% (33.7%). This decrease in tax rate was contributed by changes in the Group structure that enabled establishing a tax group for German subsidiaries and shifts in the geographic distribution of profits. Undiluted earnings per share increased by 21.9% to EUR 0.47 (0.38). Cash flow from operations decreased to EUR 10.0 (15.3) million due to a decrease in the short-term non-interest-bearing liabilities.

Video and Broadband Solutions October-December 2013

1,000 euros	10-12/2013	10-12/2012	Change %
Orders received	24,127	27,830	-13.3%
Net sales	28,020	24,659	13.6%
EBIT	2,354	2,002	17.6%
EBIT %	8.4%	8.1%	

Year-on-year orders received decreased by 13.3% standing at EUR 24.1 (27.8) million. Orders for the comparative period included a EUR four-million order from the United States for an onboard video management and recording solution. Order backlog totaled EUR 13.1 (17.0) million. Net sales grew by 13.6% amounting to EUR 28.0 (24.7) million. This increase in net sales was promoted by the sales of IP headends (Luminato) and optical product solutions as well as the acquisition of Asheridge. Operating profit stood at EUR 2.4 (2.0) million making 8.4% (8.1%) of the net sales. This improvement in the operating profit was mainly attributed to increased net sales.

R&D expenses were 2.9 (3.0) million, i.e. 10.4% (12.3%) of the business area's net sales. Capitalized R&D expenses amounted to EUR 0.6 (0.3) million. The R&D efforts focused on the next generation innovative broadband solution (Data Access HUB), the future access network solutions (Docsis 3.1), video headend systems (Luminato), video surveillance software development, as well as a number of client-specific development projects. Depreciation on capitalized R&D expenses amounted to EUR 0.3 (0.5) million.

Video and Broadband Solutions in January-December 2013

1,000 euros	1-12/2013	1-12/2012	Change %
Orders received	97.815	97.730	0.1%
Net sales	101,716	101,230	0.5%
EBIT	9,460	8,497	11.3%
EBIT %	9.3%	8.4%	

Orders received totaled EUR 97.8 (97.7) million. Net sales amounted to EUR 101.7 (101.2) million. Operating profit increased by 11.3% to EUR 9.5 (8.5) million, representing 9.3% (8.4%) of net sales. This profit performance was affected particularly by increased deliveries of video surveillance solutions and improved profitability of the IP headend business. Product development expenses equaled EUR 10.0 (11.2) million, in other words 9.8% (11.2%) of net sales. The most significant R&D efforts included the next generation innovative broadband solution Data Access HUB, the future access network solutions Docsis 3.1, and the video surveillance software development S-VMX. Capitalized R&D expenses stood at EUR 1.4 (0.8) million while depreciation on product development capitalizations equaled EUR 1.8 (2.0) million.

Network Services in October-December 2013

1,000 euros	10-12/2013	10-12/2012	Change %
Orders received	26 024	22 995	13,2%
Net sales	26 024	22 809	14,1%
EBIT	1 168	706	65,4%
EBIT %	4,5%	3,1%	

In Q4, the year-on-year orders received increased by 13.2% standing at EUR 26.0 (23.0) million. Net sales grew by 14.1% amounting to EUR 26.0 (22.8) million. This increase in net sales was mainly attributable to maintenance and upgrading of cable networks. Operating profit stood at EUR 1.2 (0.7) million making 4.5% (3.1%) of net sales. This improvement in operating profit was brought about by increased net sales and a reduction in personnel costs.

Network Services in January-December 2013

1,000 euros	1-12/2013	1-12/2012	Change %
Orders received	91 060	91 931	-0,9%

Net sales	91 060	92 645	-1,7%
EBIT	1 587	2 439	-34,9%
EBIT %	1,7%	2,6%	

Orders received totaled EUR 91.1 (91.9) million. Net sales decreased by 1.7% to EUR 91.1 (92.6) million. This decline in sales over the previous year was due to a decrease in invoicing in the German fiber-optic projects. Operating profit stood at EUR 1.6 (2.4) million making 1.7% (2.6%) of net sales. This year-on-year weakening of operating profit was due to low sales and high human resources in relation to demand in the first half of the year. Adjustment of the resources was successfully completed by the beginning of second half of the year, with the result that in Q4 the business profitability rose to a good level.

Personnel and Organization in January-December 2013

In the period under review, the average number of people employed by the Group was 1,306 people (1,326/2012, 1,297/2011); of these 559 (567) were employed by Video and Broadband Solutions, and 747 (759) by Network Services. At the end of the review period, the Group employed 1,261 people (1,325/2012, 1,319/2011) of whom 71% (73%/2012, 72%/2011) were stationed abroad. About 3% of the Group's employees were working outside Europe.

Wages, salaries and social expenses decreased by 2.7% over the previous year and amounted to EUR 56.9 (58.5/2012, 54.6/2011) million. This reduction in personnel costs was primarily due to a decrease in incentive expenses and a decline in headcount. This decrease in costs was also contributed by the partial temporary lay-off of the personnel in Finnish operations in the first quarter. In the first quarter, the number of German services operations personnel was reduced in line with customers' service demand. This reduction was 85 people.

In January 2014, temporary lay-offs were initiated involving Operations unit personnel. Average length of these lay-offs is three weeks, and they will be implemented before the end of Q1. These temporary lay-offs were launched within the framework agreed earlier in the co-determination negotiations.

Investments in January-December 2013

Investments by the Group for the period under review totaled EUR 6.3 (3.3) million accounting for 3.3% (1.7%) of net sales. EUR 3.5 million of these investments involved the acquisition of Asheridge. Investments in product development equaled EUR 1.4 (0.8) million. Other investments involved information systems and machines as well as equipment. Investments of EUR 0.1 (0.8) million were made under financial lease arrangements.

Financing and Capital Structure in January to December 2013

Operating cash flow stood at EUR 10.0 (15.3) million. This reduction in cash flows from operating activities was caused by the decrease in trade and other payables. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 17.0 (19.0) million. Credit limits are valid until August 2015.

The Group's equity ratio equaled 52.7% (50.5%) and net gearing 13.8% (13.7%). On 31 December 2013, the Group's interest-bearing debt stood at EUR 24.3 (22.1) 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 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 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. Severe weather conditions have an impact on the business areas' ability to deliver 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 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, 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 include risks.

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 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. 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. In Germany, the group structure has been streamlined. In Sweden, PromaCom AB has been merged with Teleste Sweden AB. Asheridge Group has been consolidated with the Group figures as of 7 April 2013.

Shares and Changes in Share Capital

On 31 December 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 31 December 2013 stood at EUR 4.25 (4.17). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,087 (5,182). Foreign ownership accounted for 5.1% (5.8%). From 1 January to 31 December 2013, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 9.2 (10.8) million. In the period under review, 2.2 (2.7) million Teleste shares were traded on the stock exchange.

On 31 December 2013, the Group held 1,189,654 (1,302,985) 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 6.32% (6.96%).

On 31 December 2013, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,816,691 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. During the financial year, 88,101 shares were subscribed with Teleste 2007C options. Up until 30 April 2014, 2007C options allow for subscription of maximum 280,000 Teleste Corporation shares. Teleste 2007C options have been listed on NASDAQ OMX Helsinki Oy since 2 April 2012.

In the period under review, 113,331 treasury shares were conveyed. This conveyance was related to the acquisition of the share capital of the management holding company Teleste Management Oy, which was carried out through a share exchange. Value of the consideration was EUR 4.08 per share. At the time this exchange of shares was realized, Teleste Management Oy held 381,000 Teleste Corporation shares, accounting for 2.02 % of the number of shares at end of the period.

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. Ms. Jannica Fagerholm was elected new member of the Board of Directors. Mr. 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 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.

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.

Outlook for 2014

Video and Broadband Solutions aim at maintaining a strong market position in Europe and expand into selected new markets. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Limited product offering of the new Docsis 3.1 communications standard may delay the network investments in the beginning of the year. Price erosion in the market continues. The positive trend in the video surveillance market will continue, but the public sector decisions to start projects may be delayed in the current economic climate. We estimate the market for Video and Broadband Solutions to fluctuate greatly during the year and the demand to be emphasized on the second half of the year.

The business objective of Network Services is to develop the operational efficiency and give up any unprofitable services activities during the year. These measures will be taken to create conditions for better business profitability over the reference year, but these will have a slight reducing effect on net sales. We estimate the demand for comprehensive network services in our key target markets to continue at par with the comparative year.

We estimate net sales and operating profit for the first half of 2014 to fall clearly from the comparative period. Due to this, we estimate that net sales and operating profit for the full year of 2014 will not reach the 2013 level.

5 February 2014

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

Teleste's Annual Report for 2013, which includes the audited financial statements, will be published no later than 7 March 2014. 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

	10-12/2013	10-12/2012	Change %
Net sales	54,043	47,468	13.9 %
Other operating income	35	362	-90.3 %
Raw material and consumables used	-27,505	-22,482	22.3 %
Employee benefits expense	-15,244	-14,752	3.3 %
Depreciations	-1,031	-1,209	-14.7 %
Other operating expenses	-6,777	-6,679	1.5 %
Operating profit	3,521	2,708	30.0 %
Financial income	93	155	-39.9 %
Financial expenses	-56	-259	-78.5 %
Profit before taxes	3,559	2,605	36.6 %
Taxes	-505	-984	-48.7 %
Profit for the period	3,054	1,621	88.4 %
Attributable to:			
Equity holders of the parent	3,054	1,621	88.4 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.17	0.09	87.6 %
Diluted (expressed in euro per share)	0.17	0.09	87.7 %
Total comprehensive income for the period, 1000 euros			
Net profit	3,054	1,621	88.4 %
Items that may be reclassified to profit or loss:			
Translation differences	-132	-48	175.0 %
Fair value reserve	-16	24	n/a
Total comprehensive income for the period	2,906	1,597	82.0 %
Attributable to:			
Equity holders of the parent	2,906	1,597	82.0 %

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros

	1-12/2013	1-12/2012	Change %
Net sales	192,775	193,875	-0.6 %
Other operating income	840	1,150	-27.0 %
Raw material and consumables used	-94,456	-94,747	-0.3 %
Employee benefits expense	-56,949	-58,511	-2.7 %
Depreciation	-4,628	-5,078	-8.9 %

Other operating expenses	-26,536	-25,753	3.0 %
Operating profit	11,047	10,936	1.0 %
Financial income	162	328	-50.8 %
Financial expenses	-548	-1,150	-52.3 %
Profit before taxes	10,660	10,115	5.4 %
Taxes	-2,513	-3,412	-26.3 %
Profit for the period	8,147	6,703	21.6 %
Attributable to:			
Equity holders of the parent	8,147	6,703	21.6 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.47	0.38	21.9 %
Diluted (expressed in euro per share)	0.46	0.38	21.8 %
Total comprehensive income for the period (tEUR)			
Net profit	8,147	6,703	21.6 %
Items that may be reclassified to profit or loss:			
Translation differences	-559	631	n/a
Fair value reserve	16	144	-88.9 %
Total comprehensive income for the period	7,604	7,478	1.7 %
Attributable to:			
Equity holders of the parent	7,604	7,478	1.7 %

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros

	31.12.2013	31.12.2012	Change %
Non-current assets			
Property, plant and equipment	10,499	10,127	3.7 %
Goodwill	33,252	31,350	6.1 %
Other intangible assets	4,448	4,174	6.6 %
Available-for-sale investments	294	294	0.0 %
Deferred tax assets	2,002	2,086	-4.0 %
Total	50,494	48,031	5.1 %
Current assets			
Inventories	19,762	19,495	1.4 %
Trade and other receivables	38,537	38,524	0.0 %
Income tax receivables	307	287	7.0 %
Cash	15,229	13,880	9.7 %
Total	73,835	72,186	2.3 %
Total assets	124,329	120,217	3.4 %
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	126	685	-81.6 %
Invested non restricted equity	3,451	2,715	27.1 %

Retained profits	53,079	48,008	10.6 %
Non-controlling interest	425	678	-37.3 %
Total	65,552	60,557	8.2 %
Non-current liabilities			
Interest-bearing liabilities	470	788	-40.3 %
Other liabilities	2,414	22	10870.5 %
Deferred tax liabilities	1,293	1,297	-0.3 %
Provisions	634	503	26.1 %
Total	4,810	2,610	84.3 %
Current liabilities			
Trade and other liabilities	28,130	32,612	-13.7 %
Current tax payable	1,206	2,075	-41.9 %
Provisions	832	1,004	-17.1 %
Interest-bearing liabilities	23,799	21,360	11.4 %
Total	53,967	57,050	-5.4 %
Total liabilities	58,777	59,660	-1.5 %
Equity and liabilities total	124,329	120,217	3.4 %

CONSOLIDATED CASH FLOW STATEMENT, 1000 euros

	1.1.-31.12. 2013	1.1.-31.12. 2012	Change %
Cash flows from operating activities			
Profit for the period	8,147	6,703	21.5 %
Adjustments for:			
Non-cash transactions	4,711	4,877	-3.4 %
Interest and other financial expenses	548	1,150	-52.3 %
Interest income and other financial income	-162	-326	-50.4 %
Dividends	-2	-2	0.0 %
Taxes	2,513	3,412	-26.3 %
Change in working capital			
Increase in trade and other receivables	1,113	5,802	-80.8 %
Increase in inventories	600	4,580	-86.9 %
Increase in trade and other payables	-3,660	-5,901	-38.0 %
Decrease in provisions	-41	-309	-86.8 %
Paid interests and other financial expenses	-565	-726	-22.1 %
Received interests and dividends	162	328	-50.7 %
Paid taxes	-3,402	-4,290	-20.7 %
Cash flow from operating activities	9,961	15,297	-34.9 %
Cash flow from investing activities			
A conditional supplementary contract price for prior subsidiary acquisitions	-2,585	-828	212.2 %
Purchases of property, plant and equipment (PPE)	-1,180	-1,609	-26.7 %
Proceeds from sales of PPE	0	499	n/a
Purchases of intangible assets	-1,442	-844	70.9 %
Acquisition of subsidiary, net of cash acquired	-965	0	n/a
Net cash used in investing activities	-6,172	-2,782	121.9 %
Cash flow from financing activities			
Proceeds from borrowings	5,000	0	n/a
Payments of borrowings	-3,809	-11,500	-66.9 %

Payment of finance lease liabilities	-369	-321	15.0 %
Dividends paid	-2,962	-2,440	21.4 %
Proceeds from issuance of ordinary shares	270	0	n/a
Net cash used in financing activities	-1,870	-14,261	-86.9 %
Change in cash			
Cash and cash equivalents 1.1.	13,880	15,404	-9.9 %
Effect of currency changes	-571	221	n/a
Cash and cash equivalents 31.12.	15,229	13,880	9.7 %

Consolidated statement of changes in equity, 1000 euros
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	E	F	G	I
Equity										
31.12.2012		6,967	1,504	685	48,007	2,737	-22	59,878	678	60,557
Total										
comprehensive										
income for the										
period		0	0	-559	8,147	0	16	7,604	0	7,604
Dividends		0	0	0	-3,119	0	0	-3,119	157	-2,962
Changes in										
subsidiary interest					43			43	-43	0
Equity-settled										
share-based										
payments		0	0	0	0	450	0	450	-367	83
Used share										
options		0	0	0	0	270		270	0	270
Equity										
31.12.2013		6,967	1,504	126	53,079	3,457	-6	65,127	425	65,552

		Video and Broadband Solutions	Network Services	Group
Business segments 2013, 1000 euros				
External sales				
Services		4,017	91,060	95,077
Goods		97,698	0	97,698
External sales total		101,715	91,060	192,775
Operating profit of segments		9,460	1,587	11,047
Financial items				-386
Profit before taxes				10,660

Business segments 2012, 1000 euros	Video and Broadband Solutions	Network Services	Group
External sales			
Services	5,862	92,645	98,507
Goods	95,368	0	95,368
External sales total	101,230	92,645	193,875
Operating profits of the segments	8,497	2,439	10,936
Financial items			-821
Profit before taxes			10,115

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	8,528	88,980	24,265	2,556	124,329
Capital expenditure for the period	4	4,227	2,059	24	6,314

Geographical segments 2012, 1000 euros	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	17,358	150,936	12,776	12,805	193,875
Assets	8,800	83,634	26,162	1,621	120,217
Capital expenditure for the period	15	1,350	1,940	20	3,325

Information per quarter, 1000 euros	10-12/13	7-9/13	4-6/13	1-3/13	10-12/12	1-12/2013
Video and Broadband Solutions						
Order intake	24,127	28,919	23,350	21,419	27,830	97,815
Net sales	28,020	24,258	25,625	23,813	24,659	101,716
EBIT	2,354	2,362	2,308	2,436	2,002	9,460
EBIT %	8.4 %	9.7 %	9.0 %	10.2 %	8.1 %	9.3 %
Network Services						
Order intake	26,024	22,220	20,870	21,946	22,995	91,060
Net sales	26,024	22,220	20,870	21,946	22,809	91,060
EBIT	1,168	823	-570	166	706	1,587
EBIT %	4.5 %	3.7 %	-2.7 %	0.8 %	3.1 %	1.7 %
Total						
Order intake	50,151	51,139	44,220	43,365	50,825	188,875
Net sales	54,043	46,478	46,495	45,759	47,468	192,775
EBIT	3,521	3,185	1,738	2,602	2,708	11,047
EBIT %	6.5 %	6.9 %	3.7 %	5.7 %	5.7 %	5.7 %

Commitments and contingencies, 1000 euros	2013	2012	Change %
Rental liabilities	2,626	2,656	-1.1 %
Lease liabilities	4,122	5,872	-29.8 %
Value of underlying forward contracts	7,633	5,936	28.6 %
Market value of forward contracts	-209	-109	91.9 %
Interest rate swap	11,000	9,000	22.2 %
Market value of interest swap	-6	-22	-72.7 %

The number of employees broken down by following categories 31.12.

	2013	2012	Change %
Research and development	109	117	-6.8 %
Production and material management	928	1,003	-7.5 %
Sales and marketing	170	150	13.3 %
Administration	54	55	-1.8 %
Total	1,261	1,325	-4.8 %

Key figures	IFRS 2013	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009
Profit and loss account, balance sheet					
Net sales, Meur	192.8	193.9	183.6	167.8	141.7
Change %	-0.6 %	5.6 %	8.6 %	18.5 %	30.3 %
Sales outside Finland, %	93.2 %	93.4 %	94.1 %	93.3 %	91.8 %
Operating profit, Meur	11.0	10.9	9.4	7.4	2.5
% of net sales	5.7 %	5.6 %	5.1 %	4.4 %	1.8 %
Profit after financial items, Meur	10.7	10.1	8.8	6.7	1.4
% of net sales	5.5 %	5.2 %	4.8 %	4.0 %	1.0 %
Profit before taxes, Meur	10.7	10.1	8.8	6.7	1.4
% of net sales	5.5 %	5.2 %	4.8 %	4.0 %	1.0 %
Profit for the financial period, Meur	8.1	6.7	6.3	4.8	0.4
% of net sales	4.2 %	3.5 %	3.4 %	2.9 %	0.3 %
R&D expenditure, Meur	10.0	11.2	11.6	10.3	10.8
% of net sales	5.2 %	5.8 %	6.3 %	6.1 %	7.6 %
Gross investments, Meur	6.3	3.3	5.2	3.8	25.2
% of net sales	3.3 %	1.7 %	2.9 %	2.2 %	17.8 %
Interest bearing liabilities, Meur	24.3	22.1	33.2	28.1	22.8
Shareholder's equity, Meur	65.6	60.6	55.3	50.4	46.7
Total assets, Meur	124.3	120.2	133.2	116.2	110.1
Personnel and orders					
Average personnel	1,306	1,326	1,297	1,215	1,103
Order backlog at year end, Meur	13.1	17.0	21.2	17.0	33.1
Orders received, Meur	188.9	189.7	188.1	167.2	151.0
Key metrics					
Return on equity, %	12.9 %	11.6 %	11.9 %	9.9 %	0.9 %
Return on capital employed, %	13.0 %	13.0 %	11.5 %	10.2 %	3.3 %
Equity ratio, %	52.7 %	50.5 %	41.6 %	43.6 %	43.6 %
Net gearing, %	13.8 %	13.7 %	32.2 %	25.5 %	22.0 %
Earnings per share, euro	0.47	0.38	0.36	0.27	0.02
Earnings per share fully diluted, euro	0.46	0.38	0.36	0.27	0.02
Shareholders' equity per share, euro	3.73	3.48	3.17	2.90	2.68
Teleste share					
Highest price, euro	4.47	4.44	4.82	5.33	4.30
Lowest price, euro	3.78	3.04	2.50	3.64	2.25
Closing price, euro	4.25	4.17	3.00	4.41	3.72
Average price, euro	4.17	3.98	3.64	4.49	3.62
Price per earnings	9.1	10.8	8.3	16.3	154.1
Market capitalization, Meur	79.6	78.1	56.2	80.2	66.2
Stock turnover, Meur	9.2	10.8	6.2	14.2	28.5
Turnover, number in millions	2.2	2.7	1.7	3.2	7.8

Turnover, % of share capital	11.7 %	14.4 %	9.1 %	17.4 %	44.0 %
Average number of shares	18,743,507	18,728,590	18,189,560	18,093,689	17,805,590
Number of shares at the year-end	18,816,691	18,728,590	18,728,590	18,186,590	17,805,590
Average number of shares, diluted w/o own shares	17,513,799	17,688,527	17,425,605	17,693,605	17,229,154
Number of shares at the year-end, diluted w/o own shares	17,838,599	17,709,672	17,425,605	17,693,605	17,425,605
Paid dividend, Meur	3.3 *	3.0	2.4	2.1	1.4
Dividend per share, euro	0,19 *	0.17	0.14	0.12	0,08
Dividend per net result, %	40.8 %	44.5 %	38.9 %	43.7 %	331.3 %
Effective dividend yield, %	4.5 %	4.1 %	4.7 %	2.7 %	2.2 %

* The Board's proposal to the AGM

Treasury shares	Number of shares	% of shares	% of votes
Teleste companies own shares 31.12.2013	1,189,654	6.32%	6.32%

CALCULATION OF KEY FIGURES

Return on equity:	$\frac{\text{Profit/loss for the financial period}}{\text{Shareholders' equity (average)}} \times 100$
Return on capital employed:	$\frac{\text{Profit/loss for the period after financial items + financing charges}}{\text{Total assets - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio:	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} \times 100$
Gearing:	$\frac{\text{Interest bearing liabilities - cash in hand and in bank - interest bearing assets}}{\text{Shareholders' equity}} \times 100$
Earnings per share:	$\frac{\text{Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$
Earnings per share, diluted:	$\frac{\text{Profit for the period attributable to equity holder of the parent (diluted)}}{\text{Average number of shares - own shares + number of options at the period-end}}$

Major shareholders 31.12.2013

	Number of shares	% of share capital
EM Group Oy	4 409 712	23.44
Mandatum Life Insurance Company Limited	1 679 200	8.92
Ilmarinen Mutual Pension Insurance Company	953 854	5.07
Kaleva Mutual Insurance Company	824 641	4.38
OP-Finland Small Firms Fund	630 712	3.35
Teleste Management II Oy	542 000	2.88
Varma Mutual Pension Insurance Company	521 150	2.77
The State Pension Fund	500 000	2.66
Teleste Management Oy	381 000	2.02
FIM Fenno Equity fund	271 242	1.44

Shareholders by sector 31.12.2013

	Number of shareholders	% of Owners	Number of shares	Number of shares %
Households	4 716	92.71	4 730 405	25.1
Public sector institutions	4	0.08	2 000 004	10.6
Financial and insurance institutions	13	0.26	3 418 717	18.2
Corporations	283	5.56	7 326 868	38.9
Non-profit institutions	32	0.63	376 067	2.0
Foreign and nominee registered owners	39	0.77	964 630	5.1
Total	5 087	100.00	18 816 691	100.0

**Number of shares
31.12.2013**

	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1 116	21.9	76 028	0.4
101 - 500	2 192	43.1	602 910	3.2
501 - 1 000	787	15.5	649 796	3.5
1 001 - 5 000	802	15.8	1 781 323	9.5
5 001 - 10 000	91	1.8	650 230	3.5
10 001 - 50 000	72	1.4	1 420 206	7.5
50 001 - 100 000	5	0.1	461 558	2.5
100 001 - 500 000	15	0.3	3 613 371	19.2
500 001 -	7	0.1	9 561 269	50.8
Total	5 087	100	18 816 691	100
of which nominee registered			798 417	4.2

The following assets and liabilities were 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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