

January 1 – December 31, 2011

Financial Statement



TELESTE CORPORATION FINANCIAL STATEMENT RELEASE 1 JANUARY TO 31 DECEMBER 2011

Q4/2011

- Net sales increased 14.6% to EUR 53.4 (46.6) million
- Operating profit grew by 39.2% equaling EUR 4.1 (3.0) million
- Undiluted result per share stood at EUR 0.17 (EUR 0.12)
- Orders received increased by 5.2% and were EUR 53.5 (50.8) million
- Orders received by Video and Broadband Solution increased by 5.9% and totaled EUR 28.7 (27.1) million
- Orders received by Network Services increased by 4.4% and totaled EUR 24.8 (23.8) million
- Net cash flow from operating activities stood at EUR 4.5 (0.9) million
- The Board of Directors proposes that a dividend of EUR 0.14 (0.12) per outstanding share will be paid.

Outlook for 2012

Net sales and operating profit will grow over the 2011 level.

Comments by CEO Jukka Rinnevaara on Q4/2011

Net sales, operating profit and orders received increased in both business areas in the last quarter of 2011. In the fourth quarter we achieved the highest net sales in our history. Year-on-year improvement in the operating profit and relative profitability of Video and Broadband Solutions was particularly positive. This development is explained by the good level in deliveries of optical devices and the Luminato headend. In addition, the delivery for the Paris urban area video surveillance project succeeded as planned.

Operating profit and relative profitability of Network Services improved clearly over the comparative period. The development program for the German services operations started to have a positive impact on the operating profit in Q4, yet the desired result for the entire year was not achieved. This development program will be continued determinedly with its aim set at clear improvement in profitability.

Good news for Q4 also includes the Group's operating cash flow, which was clearly positive and showed an improvement from the period of comparison.

Group Operations in Q4/2011

Net sales grew by 14.6% amounting to EUR 53.4 (46.6) million. Operating profit increased 39.2% to EUR 4.1 (3.0) million, or 7.7% (6.4%) of net sales. Undiluted result per share was EUR 0.17 (0.12). Operating cash flow stood at EUR 4.5 (0.9) million.

Orders received improved by 5.2% standing at EUR 53.5 (50.8) million. Orders in the comparative period included the Paris urban area video surveillance project of EUR 6.9 million. The Group's order backlog totaled EUR 21.2 (17.0) million.

Group Operations in January-December 2011

- Net sales increased 9.4% to EUR 183.6 (167.8) million
- Operating profit grew by 26.2% equaling EUR 9.4 (7.4) million
- Undiluted result per share stood at EUR 0.36 (0.27)
- Year-on-year orders received increased by 12.5% amounting to EUR 188.1 (167.2) million
- Orders received by Video and Broadband Solutions increased by 7.8% and amounted to EUR 93.3 (86.5) million

- Orders received by Network Services increased by 17.5% and totaled EUR 94.8 (80.7) million
- Net cash flow from operating activities was EUR 2.1 (5.4) million
- The Board of Directors proposes that a dividend of EUR 0.14 (0.12) per outstanding share will be paid.

Video and Broadband Solutions in Q4

Net sales grew by 21.0% amounting to EUR 27.7 (22.9) million. Net sales increased, especially in France and Russia. Operating profit increased 29.5% to EUR 3.1 (2.4) million, or 11.1% (10.3%) of net sales. Orders received improved by 5.9% standing at EUR 28.7 (27.1) million. Order backlog totaled EUR 20.3 (17.0) million.

Video and Broadband Solutions in January-December 2011

Year-on-year net sales grew by 9.4% amounting to EUR 89.7 (82.0) million. This increase in net sales was mainly due to higher delivery volumes in video surveillance and integration projects as well as optical product solutions. Operating profit increased 29.6% to EUR 8.2 (6.3) million, or 9.2% (7.7%) of net sales. This improvement in operating profit over the reference year was brought about by growth in net sales and successful project deliveries. Orders received increased by 7.8% and amounted to EUR 93.3 (86.5) million with the order backlog of EUR 20.3 (17.0) million.

The R&D efforts by the business area focused on the IP-based video processing system (the Luminato product range) and the video surveillance transmission system based on H.264 standard. R&D efforts were continued on amplifier technology (the Access product range), optical transmission system for HFC network (the HDO product range) as well as video surveillance management system (VMX).

Network Services in Q4

Net sales grew by 8.3% amounting to EUR 25.7 (23.8) million. Operating profit increased 77.4% to EUR 1.1 (0.6) million, or 4.2% (2.5%) of net sales. Development program of the services operations was continued in Germany.

Orders received increased by 4.4% standing at EUR 24.8 (23.8) million. Deliveries by the business area are mainly based on framework agreements. At the year-end, order backlog stood at EUR 0.9 million, and it involves the fiber project received in June of EUR 3.7 million.

Network Services in January-December 2011

Net sales grew by 9.4% amounting to EUR 93.9 (85.8) million. Operating profit equaled EUR 1.2 (1.1) million. Operating profit remained at par with the comparative period, which was partly due to increased personnel resources for fiber projects in Germany. Moreover, expenses were increased and operating profit was reduced by limited sub-contracting resources and severe weather in the beginning of the year. Orders received increased by 17.5% and totaled EUR 94.8 (80.7) million with the order backlog standing at EUR 0.9 (0.0) million. The German development program fell short of the set goal.

Investments and Financing in January-December 2011

Net investments by the Group amounted to EUR 5.2 (3.8) million, or 2.9% (2.2%) of net sales. The largest product development investments involved Luminato video processing system (EUR 1.9 million) and video surveillance management system (EUR 0.6 million). Investment for the Littoinen extension project totaled EUR 1.1 million. Investments in tools and measuring equipment amounted to EUR 1.3 million while those in information systems equaled EUR 0.5 million. Investments of EUR 0.3 (0.1) million were carried out under financial lease arrangements. In Finland, pieces of real estate were sold for EUR 0.7 million.

The Group's liquidity was good throughout the financial year. Operating cash flow stood at EUR 2.1 (5.4) million. Accounts receivable did not result in substantial credit losses. The need for working capital bound by growth was financed by credit facilities of EUR 6 million in interest-bearing loan. At the end of the period, the amount of unused binding stand-by credits amounted to EUR 7.5 (13.5) million. The current binding stand-by credit facilities of EUR 40.0 million are valid till November 2013. The Group's equity ratio equaled 41.6% (43.6%) while net gearing was 32.2% (25.5%). On 31 December 2011, the Group's interest-bearing debt stood at EUR 33.2 (28.0) million.

R&D expenditure for the financial period totaled EUR 11.6 (10.3) million making 6.3% (6.1%) of net sales. Teleste's product development expenses focused on Video and Broadband Solutions, the R&D expenditure of which amounted to 12.9% (12.6%) of net sales.

Personnel and Organization in January-December 2011

In 2011, the Group employed an average of 1,297 people (1,215/2010, 1,103/2009). At the year-end, the figure totaled 1,319 (1,231/2010, 1,260/2009) of which 72% (70%/2010, 68%/2009) were stationed overseas. At the end of the accounting period, rented workforce involved 26 people. This figure is not included in the number of personnel. Employees stationed outside Europe accounted for less than 5% of the Group's personnel.

Expenditure on employee benefits amounted to EUR 54.6 (50.8/2010, 44.6/2009) million. The year-on-year growth in employee benefits was brought about by re-establishment of full employment in the Finnish operations, and due to increase in staffing levels of Network Services in Germany and the UK.

Key Risks faced by the Business Areas

Founded in 1954, Teleste is a technology and service provider consisting of two business areas: Video and Broadband Solutions and Network Services. The main market is Europe and the main customers are the European cable operators as well as specified organizations in the public sector.

Concerning Video and Broadband Solutions, integrated deliveries of solutions create favorable conditions for growth, even if the involved resource allocation and technical implementation pose a challenge involving reasonable risks. Network investments carried out by the clients vary based on their need for upgrading and their capital structure. Much of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. Also the exchange rate development of the Chinese renminbi to euro affects our material costs. The company hedges against short-term currency risk by means of forward contracts. The tight financial market in Europe may slow down the customers' investment plans. Natural phenomena, such as floods and earthquakes, may reduce the availability of components. The right technology choices and their timing are crucial to 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 services by any one of them is reflected in the actual deliveries. 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, requires continuous and determined development of skill levels in Teleste's own personnel as well as those of our subcontractors. Besides, availability of subcontractor network capacity may restrict our ability to deliver.

The business areas will have to keep an eye on market movements, such as consolidations among the customers and competitors. Severe weather conditions have an impact on the business areas' ability to deliver products and services.

The Board of Directors annually reviews any essential risks related to the company operation and the management thereof. Risk management is an integral part of the strategic and operational activities of the business areas. Risks and their probability are reported to the Board in conjunction with regular monthly reports.

The Company has covered the most significant operational hazard risks of the Business areas by insurance. Insurance does not cover credit loss risks. In the period under review, no such risks materialized, nor was there any pending litigation or legal proceedings, which would have had any relevance to the Group's operations.

Group Structure

Teleste Kaurakatu Oy was sold in October 2011. Cableway Nord GmbH was merged with Cableway Mitte GmbH, whose name was changed to Cableway Nord GmbH. Cableway Nord Mitte GmbH&KG and Cableway North West GmbH&KG were merged into Teleste Services GmbH.

The parent company has branch offices in Australia, the Netherlands, China and Denmark, with subsidiaries in 12 countries outside Finland.

Due to financial arrangements, Teleste Management Oy and Teleste Management II Oy, owned by the members of the Management Group, have been merged with the Teleste Corporation figures.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 8 April 2011 confirmed the financial statements for 2010 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.12 per share as proposed by the Board. The dividend was paid out on 20 April 2011.

Marjo Miettinen, Pertti Ervi, Tero Laaksonen, Pertti Raatikainen, Kai Telanne and Peter Walldén were elected members of the Board by the Annual General Meeting. Marjo Miettinen was elected chairperson in the organizing meeting of the Board held immediately after the AGM.

Authorized Public Accountants KPMG Oy Ab continue as the auditor until the next AGM. Esa Kailiala, accountant authorized by the Central Chamber of Commerce of Finland, was chosen auditor-in-charge.

The AGM authorized the Board to acquire the maximum of 1,400,000 of the Company's own shares and to convey the maximum of 1,779,985 Company's own shares. The AGM also authorized the Company Board to issue 5,000,000 new shares. Pursuant to the special rights provided by the Company, the maximum number of significant shares is 2,500,000; these special rights are included in the authorization to issue 5,000,000 new shares.

Shares and Changes in Share Capital

On 31 December 2011, EM Group Oy was the largest single shareholder with the holding of 21.08%.

In the period under review, the lowest Company share price was EUR 2.50 (3.64) while the highest was EUR 4.82 (5.33). Closing price on 31 December 2011 stood at EUR 3.00 (4.41). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,054 (5,184). Foreign ownership accounted for 7.76% (8.38%). From 1 January to 31 December 2011, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 6.2 (14.2) million. In the period under review, 1.7 (3.2) million Teleste shares were traded on the stock exchange.

In December 2011, the Board decided on a directed share issue of 542,000 shares to Teleste Management II Oy, founded by the Management Group members of Teleste Corporation. This directed share issue was authorized by the AGM on 8 April 2011.

On 31 December 2011, the Group held a total of 1,302,985 own shares (760,985), of which the parent company Teleste Corporation had none (0) while other Group companies or controlled companies had 1,302,985 shares. At the end of the period, the Group's holding of the total amount of shares amounted to 6.96% (4.18%). Based on the rights of options, the Company's holding of shares may increase by 840,000 shares equaling to 4.29% of all shares and votes.

On 31 December 2011, Teleste's registered share capital stood at EUR 6,966,932.80 divided in 18,728,590 shares.

Teleste Corporation complies with the Corporate Governance Code, effective as of 1 October 2010 and issued by the Securities Market Association for the Finnish listed companies. Since 1 March 2000, Teleste complies with the insider guidelines issued by the NASDAQ OMX Helsinki Oy in their valid form at any given time.

Outlook for 2012

In our estimation, deliveries of equipment and solutions in 2012 for the operator clientele by Video and Broadband Solutions will reach at least the 2011 level. European telecom operators have launched TV distribution infrastructure investments, and in our view, Teleste's optical products and IP network solutions are competitive in this new emerging market.

In our estimate, demand on the annual level for services by Network Services continues relatively stable. We believe that in the main market area of Germany the operating profit will improve from the 2011 level due to more efficient resource management.

Net sales and operating profit will grow over the 2011 level.

The Board's proposal for the distribution of dividends

Parent company Teleste Corporation's distributable equity on the balance sheet date is EUR 36,775,101.54.

The Board of Directors proposes to the Annual General Meeting to be held on 3 April 2012 that a dividend be paid for 2011 of EUR 0.14 (EUR 0.12) per share for the outstanding shares.

31 January 2012

Teleste Corporation
The Board of Directors

Jukka Rinnevaara
CEO

Teleste's Annual Report for 2011, which includes the audited financial statements, will be published no later than 23 March 2012. 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 Group has adopted revised IFRS 3 Business Combinations from 1.1.2010. The data stated in this report is audited.

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros

	10-12/2011	10-12/2010	Change %
Net sales	53,433	46,643	14.6 %
Other operating income	729	489	48.9 %
Raw material and consumables used	-25,806	-22,074	16.9 %
Employee benefits expense	-15,480	-14,140	9.5 %
Depreciations	-1,426	-1,353	5.4 %
Other operating expenses	-7,318	-6,598	10.9 %
Operating profit	4,132	2,968	39.2 %
Financial income	60	40	50.0 %
Financial expenses	-202	-233	-13.3 %
Profit before taxes	3,990	2,775	43.8 %
Taxes	-1,114	-671	66.0 %
Profit for the period	2,876	2,104	36.7 %
Attributable to:			
Equity holders of the parent	2,876	2,104	36.7 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.17	0.12	33.0 %
Diluted (expressed in euro per share)	0.17	0.12	33.0 %
Total comprehensive income for the period, 1000 euros			
Net profit	2,876	2,104	36.7 %
Translation differences	435	402	8.2 %
Fair value reserve	-76	10	n/a
Total comprehensive income for the period	3,235	2,516	28.6 %
Attributable to:			
Equity holders of the parent	3,235	2,516	28.6 %

STATEMENT OF COMPREHENSIVE INCOME, 1000 euros

	1-12/2011	1-12/2010	Change %
Net sales	183,616	167,836	9.4 %
Other operating income	2,112	1,460	44.7 %
Raw material and consumables used	-90,990	-82,054	10.9 %
Employee benefits expense	-54,560	-50,824	7.4 %
Depreciation	-5,372	-5,896	-8.9 %
Other operating expenses	-25,426	-23,090	10.1 %
Operating profit	9,380	7,432	26.2 %

Financial income	189	84	125.0 %
Financial expenses	-730	-773	-5.6 %
Profit before taxes	8,839	6,743	31.1 %
Taxes	-2,540	-1,959	29.7 %
Profit for the period	6,299	4,784	31.7 %
Attributable to:			
Equity holders of the parent	6,299	4,784	31.7 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.36	0.27	31.7 %
Diluted (expressed in euro per share)	0.36	0.27	31.7 %
Total comprehensive income for the period (tEUR)			
Net profit	6,299	4,784	31.7 %
Translation differences	149	277	-46,2 %
Fair value reserve	20	-70	n/a
Total comprehensive income for the period	6,468	4,991	29.6 %
Attributable to:			
Equity holders of the parent	6,468	4,991	29.6 %

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros

	31.12.2011	31.12.2010	Change %
Non-current assets			
Property, plant and equipment	9,364	8,836	6.0 %
Goodwill	31,277	30,959	1.0 %
Other intangible assets	6,338	6,709	-5.5 %
Available-for-sale investments	713	713	0.0 %
Deferred tax asset	1,714		n/a
Total	49,406	47,217	4.6 %
Current assets			
Inventories	24,075	21,000	14.6 %
Trade and other receivables	44,326	32,819	35.1 %
Cash	15,404	15,203	1.3 %
Total	83,805	69,022	21.4 %
Total assets	133,211	116,239	14.6 %
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	54	-95	-156.8 %
Invested non restricted equity	2,737	2,737	0.0 %
Other reserves	-166	-186	-10.8 %
Retained profits	43,559	39,183	11.2 %

Non-controlling interest	623	292	113.4 %
Total	55,278	50,402	9.7 %
Non-current liabilities			
Interest-bearing liabilities	11,940	11,847	0.8 %
Other liabilities	4,140	3,865	7.1 %
Deferred tax liabilities	1,946	511	280.8 %
Provisions	605	657	-7.8 %
Total	18,631	16,880	10.4 %
Current liabilities			
Trade and other liabilities	35,223	30,161	16.8 %
Current tax payable	1,595	1,240	28.6 %
Provisions	1,211	1,313	-7.8 %
Interest-bearing liabilities	21,273	16,243	31.0 %
Total	59,302	48,957	21.1 %
Total liabilities	77,933	65,837	18.4 %
Equity and liabilities total	133,211	116,239	14.6 %

CONSOLIDATED CASH FLOW STATEMENT, 1000 EUROS

	1.1-31.12. 2011	1.1-31.12. 2010	Change %
Cash flows from operating activities			
Profit for the period	6,299	4,784	31.7 %
Adjustments for:			
Non-cash transactions	5,552	6,143	-9.6 %
Interest and other financial expenses	730	773	-5.6 %
Interest income and other financial income	-138	-72	91.7 %
Dividends	-51	-12	325.0 %
Taxes	2,540	1,959	29.7 %
Change in working capital			
Increase in trade and other receivables	-11,407	-4,650	145.3 %
Increase in inventories	-3,075	1,265	n/a
Increase in trade and other payables	4,809	-3,942	n/a
Decrease in provisions	-154	431	n/a
Paid interests and other financial expenses	-760	-565	34.5 %
Received interests and dividends	189	84	125.0 %
Paid taxes	-2,471	-786	214.4 %
Cash flow from operating activities	2,063	5,412	-61.9 %
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired	0	-3,643	-100.0 %
Purchases of property, plant and equipment (PPE)	-3,346	-1,022	227.4 %
Proceeds from sales of PPE	714	306	133.3 %
Purchases of intangible assets	-2,822	-1,499	88.3 %
Proceeds from sales of shares	93	0	n/a
Net cash used in investing activities	-5,361	-5,858	-8.5 %
Cash flow from financing activities			
Proceeds from borrowings	6,000	5,520	8.7 %
Payments of borrowings	-222	-966	-77.0 %

Payment of finance lease liabilities	-655	-596	9.9 %
Dividends paid	-2,091	-1,394	50.0 %
Proceeds from issuance of ordinary shares	319	289	10.4 %
Net cash used in financing activities	3,351	2,853	17.5 %
Change in cash			
Cash and cash equivalents 1.1.	15,203	12,518	21.4 %
Effect of currency changes	149	277	-46.2 %
Cash and cash equivalents 31.12.	15,404	15,203	1.3 %

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 1000 EUROS

Attributable to equity holders of the parent Equity 31.12.	Share capital	Share premium	Translation differences	Retained earnings	Invested non-restricted equity	Other reserves	Total	Share of non controlling interest	Total equity
2010	6,967	1,504	-95	39,183	2,737	-186	50,110	292	50,402
Total comprehensive income for the period	0	0	149	6,299	0	20	6,468	0	6,468
Share issue							0	319	319
Dividends	0	0	0	-2,137	0	0	-2,137	46	-2,091
Changes in subsidiary interest				34			34	-34	0
Equity-settled share-based payments	0	0	0	180	0	0	180	0	180
Equity 31.12.									
2011	6,967	1,504	54	43,559	2,737	-166	54,631	623	55,278

BUSINESS SEGMENTS 2011, 1000 EUROS

	Video and Broadband Solutions	Network Services	Group
External sales			
Services	4,305	93,900	98,205
Goods	85,411	0	85,411
External sales total	89,716	93,900	183,616
Operating profit of segments	8,220	1,160	9,380
Financial items			-541
Shares of associates			0
Profit for the period			8,839

Business segments 2010, 1000 euros	Video and Broadband Solutions	Network Services	Group
External sales			
Services	3,379	85,829	89,208
Goods	78,628	0	78,628
External sales total	82,007	85,829	167,836
Operating profit of the segments	6,345	1,087	7,432
Financial items			-689
Share of associates			0
Profit before taxes			6,743

GEOGRAPHICAL DIVISION 2011, 1000 EUROS	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	11,059	154,979	10,830	6,748	183,616
Assets	9,280	83,634	38,576	1,721	133,211
Capital expenditure for the period	15	1,576	3,631	18	5,240

Geographical division 2010, 1000 euros	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	17,932	129,512	11,272	9,120	167,836
Assets	7,922	77,272	29,877	1,168	116,239
Capital expenditure for the period	25	1,511	2,190	25	3,751

Information per quarter, 1000 euros

	10-12/11	7-9/11	4-6/11	1-3/11	10-12/10	1-12/2011
Video and Broadband Solutions						
Order intake	28,674	22,300	24,827	17,473	27,080	93,274
Net sales	27,698	23,947	19,517	18,554	22,882	89,716
EBIT	3,062	3,420	1,332	406	2,365	8,220
EBIT %	11.1 %	14.3 %	6.8 %	2.2 %	10.3 %	9.2 %
Network Services						
Order intake	24,797	21,503	25,744	22,756	23,761	94,800
Net sales	25,735	23,013	22,396	22,756	23,761	93,900
EBIT	1,070	376	-422	136	603	1,160
EBIT %	4.2 %	1.6 %	-1.9 %	0.6 %	2.5 %	1.2 %
Total						
Order intake	53,471	43,803	50,571	40,229	50,841	188,074
Net sales	53,433	46,960	41,913	41,310	46,643	183,616
EBIT	4,132	3,796	910	542	2,968	9,380
EBIT %	7.7 %	8.1 %	2.2 %	1.3 %	6.4 %	5.1 %

Commitments and contingencies, 1000 euros	2011	2010	Change %
Other securities	0	640	-100.0 %
Rental liabilities	3,026	2,254	34.3 %
Lease liabilities	5,098	4,227	20.6 %
Value of underlying forward contracts	7,434	8,283	-10.2 %
Market value of forward contracts	-99	-293	-66.2 %
Interest rate swap	11,500	11,500	0.0 %
Market value of interest swap	-167	-256	-34.8 %

The number of employees broken down by following categories 31.12.

	2011	2010	Change %
Research and development	122	119	2.5 %
Production and material management	1,020	944	8.1 %
Sales and marketing	125	123	1.6 %
Finance, quality and IT	52	45	15.6 %
Total	1,319	1,231	7.1 %

KEY FIGURES	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Profit and loss account, balance sheet					
Net sales, Meur	183.6	167.8	141.7	108.7	125.1
Change %	8.6 %	18.5 %	30.3 %	-13.1 %	22.9 %
Sales outside Finland, %	94.1 %	93.3 %	91.8 %	90.2 %	91.2 %
Operating profit, Meur	9.4	7.4	2.5	5.6	13.2
% of net sales	5.1 %	4.4 %	1.8 %	5.2 %	10.5 %
Profit after financial items, Meur	8.8	6.7	1.4	5.1	12.7
% of net sales	4.8 %	4.0 %	1.0 %	4.7 %	10.1 %
Profit before taxes, Meur	8.8	6.7	1.4	5.1	12.7
% of net sales	4.8 %	4.0 %	1.0 %	4.7 %	10.1 %
Profit for the financial period, Meur	6.3	4.8	0.4	5.5	9.4
% of net sales	3.4 %	2.9 %	0.3 %	5.1 %	7.5 %
R&D expenditure, Meur	11.6	10.3	10.8	13.5	13.1
% of net sales	6.3 %	6.1 %	7.6 %	12.4 %	10.5 %
Gross investments, Meur	5.2	3.8	25.2	3.9	12.3
% of net sales	2.9 %	2.2 %	17.8 %	3.6 %	9.8 %
Interest bearing liabilities, Meur	33.2	28.1	22.8	11.0	9.5
Shareholder's equity, Meur	55.3	50.4	46.7	46.6	46.7
Total assets, Meur	133.2	116.2	110.1	75.5	77.9
Personnel and orders					
Average personnel	1,297	1,215	1,103	702	681
Order backlog at year end, Meur	21.2	17.0	33.1	24.0	21.5
Orders received, Meur	188.1	167.2	151.0	118.6	118.5
Key metrics					
Return on equity, %	11.9 %	9.9 %	0.9 %	11.8 %	22.2 %
Return on capital employed, %	11.5 %	10.2 %	3.3 %	10.4 %	27.1 %
Equity ratio, %	41.6 %	43.6 %	43.6 %	61.7 %	60.2 %
Net gearing, %	32.2 %	25.5 %	22.0 %	3.6 %	3.8 %

Earnings per share, euro	0.36	0.27	0.02	0.32	0.55
Earnings per share fully diluted, euro	0.36	0.27	0.02	0.32	0.52
Shareholders equity per share, euro	3.17	2.90	2.68	2.74	2.69
Teleste share					
Highest price, euro	4.82	5.33	4.30	7.49	12.34
Lowest price, euro	2.50	3.64	2.25	1.90	6.47
Closing price, euro	3.00	4.41	3.72	2.24	6.71
Average price, euro	3.64	4.49	3.62	4.52	10.10
Price per earnings	8.3	16.3	154.1	7.0	12.3
Market capitalization, Meur	56.2	80.2	66.2	39.9	118.6
Stock turnover, Meur	6.2	14.2	28.5	51.1	72.4
Turnover, number in millions	1.7	3.2	7.8	11.5	7.2
Turnover, % of share capital	9.1 %	17.4 %	44.0 %	64.6 %	40.5 %
Average number of shares	18,189,560	18,093,689	17,805,590	17,708,782	17,494,435
Number of shares at the year-end	18,728,590	18,186,590	17,805,590	17,805,590	17,671,305
Average number of shares, diluted w/o own shares	17,425,605	17,693,605	17,229,154	17,372,555	17,971,752
Number of shares at the year-end, diluted w/o own shares	17,425,605	17,693,605	17,425,605	17,039,399	17,972,785
Paid dividend, Meur	*2,4	2.1	1.4	2.0	4.2
Dividend per share, euro	*0,14	0.12	0,08	0,12	0.24
Dividend per net result, %	38.9 %	43.7 %	331.3 %	37.4 %	43.9 %
Effective dividend yield, %	4.7 %	2.7 %	2.2 %	5.4 %	3.6 %
* The Board's proposal to the AGM					

	Number of shares	% of shares	% of votes
Treasury shares			
Teleste companies own shares 31.12.2011	1,302,985	6.96%	6.96%

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:	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 31.12.2011

	Shares	%
EM Group Oy	3,948,513	21.08
Mandatum Life	1,679,200	8.97
Ilmarinen Mutual Pension Insurance Company	936,776	5.00
Kaleva Mutual Pension Insurance Company	824,641	4.40
Op-Suomi Small Cap	550,000	2.94
Teleste Management II Oy	542,000	2.89
Varma Mutual Pension Insurance Company	521,150	2.78
State Pension Fund	500,000	2.67
Aktia Capital Mutual Fund	450,000	2.40
Skagen Vekst Verdipapierfond	429,000	2.29

SECTOR DISPERSION 31.12.2011

	Shareholders	%	Shares	%
Corporations	289	5.71	6,492,490	34.66
Financial and insurance corporations	11	0.21	3,655,175	19.51
Public institutions	9	0.17	2,327,976	12.43
Non-profit institutions	35	0.69	369,811	1.97
Households	4,673	92.46	4,429,463	23.65
Foreign countries and nominee registered	37	0.73	1,453,675	7.76
Total	5,054	100.00	18,728,590	100.00

HOLDING DISPERSION 31.12.2011

	Shareholders	%	Shares	%
0 - 100	1,124	22.23	77,692	0.41
101 - 1,000	2,946	58.29	1,230,317	6.56
1,001 - 10,000	887	17.55	2,519,791	13.45
10,001 - 100,000	77	1.52	1,913,233	10.21
100,001 - 1,000,000	18	0.35	7,359,844	39.29
1,000,001 -	2	0.03	5,627,713	30.04
Total	5,054	100.00	18,728,590	100.00

Final calculation of recognised fair values on acquisition of Satlan

1 000 EUR

Fair values used in consolidation	
Trade marks (inc. in intangible assets)	154
Customer relationship (inc. in intangible assets)	843
Inventories	1,314
Trade receivables	1,305
Book values used in consolidation	
Tangible assets	51
Other receivables	219
Liquid funds	333
Total assets	4,219
Book values used in consolidation	
Deferred tax liabilities	259
Other liabilities	2,363
Total liabilities	2,622
Net identifiable assets and liabilities	1,597
Total consideration	6,330
Goodwill on acquisition	4,733
Consideration paid in cash	-2,780
Cash and cash equivalents in acquired subsidiary	333
Total net cash outflow on the acquisition	-2,447



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