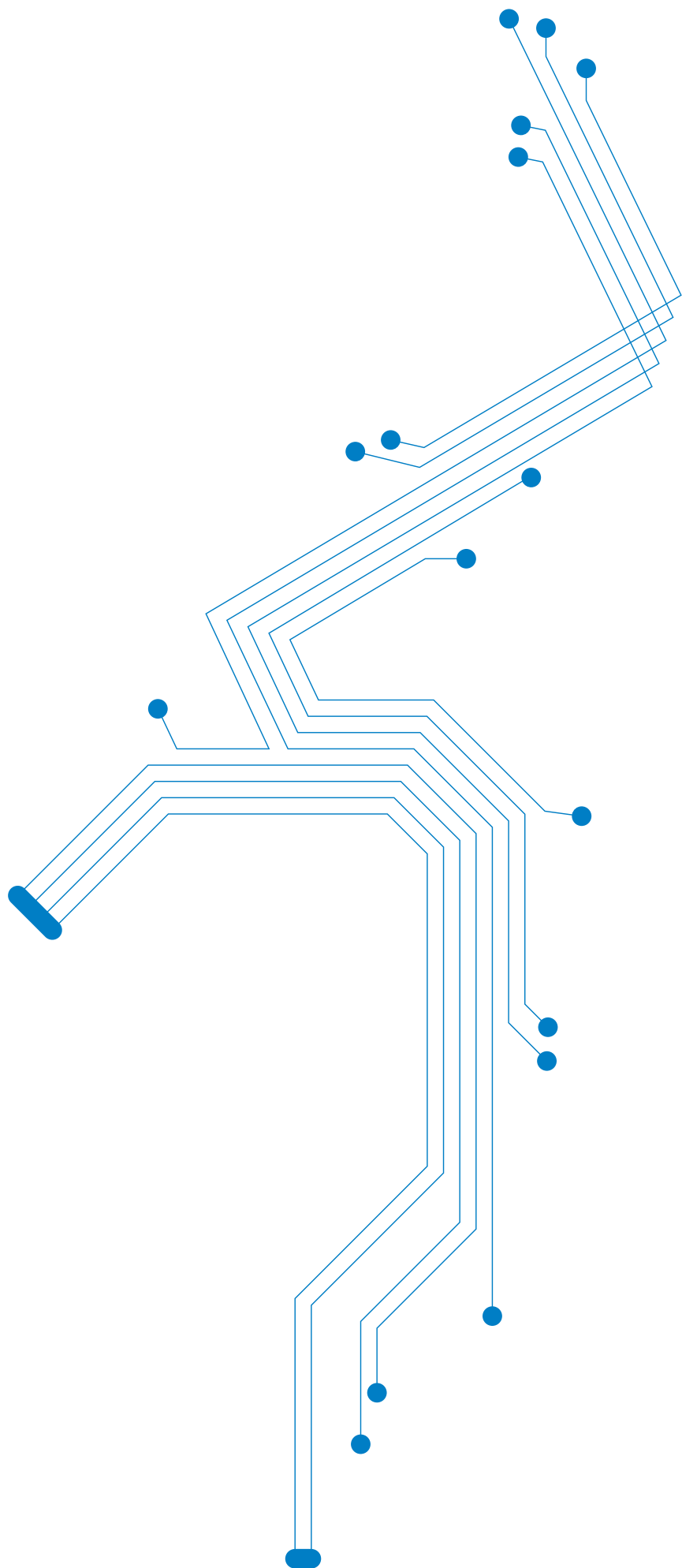


January 1 – December 31, 2012

Financial Statement





FINANCIAL STATEMENTS OF TELESTE CORPORATION 1 JANUARY TO 31 DECEMBER 2012**PROFITABLE GROWTH CONTINUED IN 2012, LAST QUARTER FELL SHORT OF THE COMPARATIVE PERIOD****Q4/2012**

- Net sales amounted to EUR 47.5 (53.4) million, a decrease of 11.2%
- Operating profit stood at EUR 2.7 (4.1) million, a decrease of 34.5%
- Undiluted result per share were EUR 0.09 (0.17) per share, a decrease of 44.5%
- Orders received totaled EUR 50.8 (53.5) million, a decrease of 4.9%
- Cash flow from operations was EUR 5.1 (4.5) million, an increase of 14.0%.

January-December 2012

- Net sales amounted to EUR 193.9 (183.6) million, an increase of 5.6%
- Operating profit amounted to EUR 10.9 (9.4) million, an increase of 16.6%
- Undiluted result per share were EUR 0.38 per share, an increase of 5.6%
- Orders received totaled EUR 189.7 (188.1) million, an increase of 0.8%
- Cash flow from operations was EUR 15.3 (2.1) million, an increase of 641.6%
- The Board of Directors proposes that a dividend of EUR 0.17 (0.14) per outstanding share will be paid.

Outlook for 2013

We expect net sales and operating profit for 2013 to reach the 2012 level. In our assessment, net sales and operating profit for the first half of 2013 will remain below the comparative period.

Comments on the last quarter of 2012 by CEO Jukka Rinnevaara:

"Orders received stood at a satisfactory level due to the good order intake for video surveillance solutions, but the cable operators' demand fell below the comparable period. Teleste's net sales fell below the reference period, as deliveries of equipment for cable operators decreased and the year-on-year deliveries in German fiber projects declined. In spite of the implemented cost management, the drop in net sales resulted in a reduced operating profit. Temporary personnel layoffs were launched in the Finnish operations of Video and Broadband Solutions designed to prepare for a quieter market early in the year.

Video and Broadband Solutions' net sales fell below the comparative period, mainly due to a lower demand for the Luminato headend. Deliveries related to video surveillance were at par with the comparative period. In the fourth quarter, an onboard video management and recording solution order of four million euro was received from Chicago Transit Authority (CTA). The delivery is scheduled for 2013. A two-year frame agreement worth about two million euro for intelligent network products was signed with the Danish Stofa A/S.

The year-on-year net sales and operating profit of Network Services fell. This decline in net sales and operating profit was mainly due to a reduction in deliveries of fiber-optic projects. The start of new frame agreements also called for an increase in resources. At the end of the period under review, a three-year frame agreement was signed with a German telecom operator for upgrading of networks and technical maintenance."

Group Operations in October-December 2012

Key figures (EUR million)			
	10-12/2012	10-12/2011	Change, %
Orders received	50,8	53,5	-4,9%
Net sales	47,5	53,4	-11,2%
Operating profit	2,7	4,1	-34,5%
Operating profit, %	5,7%	7,7%	
Net profit	1,6	2,9	-43,6%
Other important key figures			
Earnings per share, EUR	0,09	0,17	-44,5%
Cash flow from operations, EUR million	5,1	4,5	14,0%

In the fourth quarter, orders received by the Group totaled EUR 50.8 (53.5) million, which is 4.9% below the reference period. Order backlog totaled EUR 17.0 (21.2) million.

Net sales decreased by 11.2% to EUR 47.5 (53.4) million. Year-on-year operating profit fell by 34.5% standing at EUR 2.7 (4.1) million, which is 5.7% (7.7%) of the net sales. Operating profit includes 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. Personnel costs amounted to EUR 14.8 (15.5) million. Taxes stood at EUR 1.0 (1.1) million. Tax rate rose to 37.8% (27.9%), because a greater part of the profit was made in higher-tax countries. Moreover, specification of the tax deferral for the financial period affected the tax cost. Undiluted result per share was EUR 0.09 (0.17). Operating cash flow amounting to EUR 5.1 (4.5) million was good.

Group Operations in January-December 2012

Key figures (EUR million)			
	1-12/2012	1-12/2011	Change, %
Orders received	189,7	188,1	0,8%
Net sales	193,9	183,6	5,6%
Operating profit	10,9	9,4	16,6%
Operating profit, %	5,6%	5,1%	
Net profit	6,7	6,3	6,4%
Other important key figures			
Earnings per share, EUR	0,38	0,36	5,6%
Cash flow from operations, EUR million	15,3	2,1	641,6%
Net gearing, %	13,7%	32,2%	-57,6%
Equity ratio, %	50,5%	41,6%	21,3%
Personnel at period-end	1 325	1 319	0,5%

Orders received totaled EUR 189.7 (188.1) million. Net sales increased by 5.6% to EUR 193.9 (183.6) million, mainly due to an increase in deliveries involving smart network equipment. Operating profit grew by 16.6% equaling EUR 10.9 (9.4) million. Taxes amounted to EUR 3.4 (2.5) million with the tax rate of 33.7% (28.7%). Undiluted result per share was EUR 0.38 (0.36). Operating cash flow was good, i.e. EUR 15.3 (2.1) million, due to release of working capital and growth in profitability.

Video and Broadband Solutions October-December 2012

Economic Development of Video and Broadband Solutions

	10-12/2012	10-12/2011	Change, %
Orders received	27 830	28 674	-2,9%
Net sales	24 659	27 698	-11,0%
Operating profit	2 002	3 062	-34,6%
Operating profit, %	8,1%	11,1%	

Year-on-year orders received decreased by 2.9% standing at EUR 27.8 (28.7) million. Order backlog totaled EUR 17.0 (20.3) million. In the fourth quarter, an onboard video recording and management software solution order of four million euro was received from the USA. Net sales decreased by 11.0% to EUR 24.7 (27.7) million. The decline in net sales was due to a decrease in deliveries of headends and certain network projects. Operating profit stood at EUR 2.0 (3.1) million making 8.1% (11.1%) of the net sales. This weakening in the operating profit was mainly caused by diminished net sales.

Research and development expenses stood at 3.0 (3.0) million, or 12.3% (10.8%) of the business area's net sales. Activated R&D expenses amounted to EUR 0.3 (0.7) million. The projects involved future product platforms mainly at a research stage and some short-term customer-specific development projects. Depreciation on R&D expenses amounted to EUR 0.5 (0.5) million.

Video and Broadband Solutions for January-December 2012

	1-12/2012	1-12/2011	Change, %
Orders received	97 730	93 274	4,8%
Net sales	101 230	89 716	12,8%
Operating profit	8 497	8 220	3,4%
Operating profit, %	8,4%	9,2%	

Orders received improved by 4.8% standing at EUR 97.7 (93.3) million.

Net sales grew by 12.8% amounting to EUR 101.2 (89.7) million. Operating profit increased by 3.4% standing at EUR 8.5 (8.2) million making 8.4% (9.2%) of the net sales. Product development expenses equaled EUR 11.2 (11.6), in other words 11.2% (12.9%) of the net sales. Activated R&D expenses stood at EUR 0.8 (2.5) million while depreciation on product development expenses equaled EUR 2.0 (2.1) million.

Network Services October-December 2012

Economic Development of Network Services

	10-12/2012	10-12/2011	Change, %
Orders received	22 995	24 797	-7,3%
Net sales	22 809	25 735	-11,4%
Operating profit	706	1 070	-34,0%
Operating profit, %	3,1%	4,2%	

In Q4, the year-on-year orders received decreased by 7.3% standing at EUR 23.0 (24.8) million. Net sales decreased by 11.4% to EUR 22.8 (25.7) million. This decrease in net sales mainly involved German fiber projects. Operating profit stood at EUR 0.7 (1.1) million making 3.1% (4.2%) of the net sales. This decline in the operating profit over the comparative period was caused by decreased net sales and additional investments required for the new German frame agreements.

Network Services in January-December 2012

	1-12/2012	1-12/2011	Change, %
Orders received	91 931	94 800	-3,0%
Net sales	92 645	93 900	-1,3%
Operating profit	2 439	1 160	110,3%
Operating profit, %	2,6%	1,2%	

Orders received decreased by 3.0% and stood at EUR 91.9 (94.8) million. Net sales amounted to EUR 92.6 (93.9) million. Operating profit stood at EUR 2.4 (1.2) million making 2.6% (1.2%) of the net sales. Operating profit increased in step with improved productivity.

Personnel and Organization in January-December 2012

In the period under review, the Group had an annual average of 1,326 people (1,297/2011 1,215/2010), of whom 567 (564) were employed by Video and Broadband Solutions, and 759 (733) by Network Services. At the end of the review period, the figure totaled 1,325 (1,319/2011, 1,231/2010) of whom 73% (72%/2011, 70%/2010) were stationed overseas. Employees stationed outside Europe accounted for less than 5% of the Group's personnel.

In the fourth quarter of 2012, the parent company Teleste Corporation launched cooperation procedures together with the personnel. Adjustments in the number of employees in Finland were initiated in December 2012 by introducing a flexible and rotating temporary layoff. In addition, three persons were made redundant. The rotating temporary layoff agreed in the cooperation procedures can be extended until March 2014.

Wages and salaries increased by 7.2% over the previous year and amounted to EUR 58.5 (54.6/ 2011, 50.8 /2010) million. This increase was mainly due to a rise in the number of personnel of Network Services, decrease in the activation of wage costs involving R&D, as well as union-specific contract increases.

The number of temporary labor in the Finnish production averaged 22 (10) people. At the end of the review period, there were no temporary employees in Finland. Costs involving temporary labor have been entered under the material costs.

Investments in January-December 2012

Investments by the Group for the period under review totaled EUR 3.3 (5.2) million accounting for 1.7% (2.9%) of the net sales. Investments in product development equaled EUR 0.8 (2.5) million. The projects involved future product platforms at the research stage, further development of the existing product families, as well as short-term customer projects. Other investments involved information systems, as well as machinery and equipment for production and services. Investments of EUR 0.8 (0.3) million were made under financial lease arrangements. In Finland, a piece of real property was sold with the capital gain amounting to EUR 0.6 million.

Financing and Capital Structure in January to December 2012

Operating cash flow stood at EUR 15.3 (2.1) million. This improved cash flow from operations was due to a growth in profitability, a reduction in inventories, as well as a decrease in accounts receivable. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 19.0 (7.5) million. Credit limits are valid until August 2015.

The Group's equity ratio equaled 50.5% (41.6%) and net gearing 13.7% (32.2%). On 31 December 2012, the Group's interest bearing debt stood at EUR 22.1 (33.2) million.

Key Risks Faced by the Business Areas

Founded in 1954, Teleste is a technology and services company consisting of two business areas: Video and Broadband Solutions and Network Services.

With Europe as the main market area, our clients include European cable operators and specified organizations in the public sector.

As to Video and Broadband Solutions, client-specific and integrated deliveries of solutions create favorable conditions for growth, even if the involved resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. Our customers' network investments vary based on the relevant need for upgrading and their financial structure. Significant part of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. The exchange rate development of the Chinese renminbi to euro affects our material costs. The company hedges against short-term currency exposure by means of forward contracts. The tight financial market in Europe may slow down our customers' investment plans. Furthermore, a weakening in the consumer purchasing power in Europe could slow down the network investments by the cable operators. Availability of components is subject to natural phenomena, such as floods and earthquakes. Severe weather conditions have an impact on the business areas' ability to deliver 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 services by any one of them is reflected in the actual deliveries. To ensure quality of services and cost-efficiency along with efficient service process management, customer satisfaction and improvements in productivity require innovative solutions in terms of processes, products and logistics. Smooth operation of cable networks requires effective technical management and functional hardware solutions in accordance with contractual obligations. This, in turn, demands continuous and determined development of skill levels in Teleste's own personnel as well as those of our subcontractors. In addition, our ability to deliver and compete may be constrained by the adequacy of our sub-contractor network capacity. Tender calculation and management of larger projects with overall responsibility are complex and risky.

It is important for our business areas to take into account any market developments such as consolidations taking place among the clientele and competition. The threats to information systems must be minimized to ensure business continuity. The Board of Directors annually reviews any essential risks related to the company operation and 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 any major risks of loss related to the business areas through insurance policies. Insurance will also cover credit loss risks related to sales receivables. In the period under review, no such risks materialized,

and 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 12 countries outside Finland. On account of financial arrangements, Teleste Management Oy, established in March 2010, and Teleste Management II Oy, established in December 2011, have been consolidated into Teleste Corporation's figures. Teleste Incentive Oy has been merged with Teleste Corporation. In Belgium, the company structure was streamlined.

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation held on 3 April 2012 confirmed the financial statements for 2011 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.14 per share proposed by the Board. The dividend was paid out on 17 April 2012.

Ms. Marjo Miettinen, Mr. Pertti Ervi, Mr. Pertti Raatikainen, Mr. Kai Telanne and Mr. Petteri Walldén continue in Teleste's Board of Directors. Mr. Esa Harju was elected a new member while the membership of Mr. Tero Laaksonen ended. Ms. Marjo Miettinen was elected Chair of the Board in the organizational meeting held immediately after the AGM.

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

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. On 8 April 2011, the AGM authorized the Board of Directors to issue five million new shares; this authorization will be valid until the Annual General Meeting of 2014. 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 2012, 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 3.04 (2.50) and the highest was EUR 4.44 (4.82). Closing price on 31 December 2012 stood at EUR 4.17 (3.00). According to Euroclear Finland Ltd the number of shareholders at the end of the period under review was 5,182 (5,054). Foreign ownership accounted for 5.8% (7.76%). From 1 January to 31 December 2012, trading with Teleste share at NASDAQ OMX Helsinki amounted to EUR 10.8 (6.2) million. In the period under review, 2.7 (1.7) million Teleste shares were traded on the stock exchange.

At the end of December 2012, the Group held 1,302,985 of its own shares, of which the parent company Teleste Corporation had 379,985 shares and the 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 6.96% (6.96%).

On 31 December 2012, the registered share capital of Teleste stood at EUR 6,966,932.80 divided in 18,728,590 shares.

Trading with stock options 2007B and 2007C began on the NASDAQ OMX Helsinki Ltd on 2 April 2012. These options allow subscription for a maximum of 560,000 shares in the company.

Outlook for 2013

Given the new video services offered by the operators, there is a continuous need for increased cable network capacity, so we estimate the deliveries by Video and Broadband Solutions in our target markets to reach at least the 2012 level. In our view, investments by cable operators will fall on the second half of the year.

We estimate that Network Services' net sales in our target markets will reach at least the 2012 level and that the profitability will improve from the 2012 level with the developments in productivity.

We expect net sales and operating profit for 2013 to reach the 2012 level. In our assessment, net sales and operating profit for the first half of 2013 will remain below the comparative period.

31 January 2013

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

Teleste's Annual Report for 2012, which includes the audited financial statements, will be published no later than 15 March 2013. 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**

	10-12/2012	10-12/2011	Change %
Net sales	47,468	53,433	-11.2 %
Other operating income	362	729	-50.3 %
Raw material and consumables used	-22,482	-25,806	-12.9 %
Employee benefits expense	-14,752	-15,480	-4.7 %
Depreciations	-1,209	-1,426	-15.2 %
Other operating expenses	-6,679	-7,318	-8.7 %
Operating profit	2,708	4,132	-34.5 %
Financial income	155	60	159.0 %
Financial expenses	-259	-202	28.0 %
Profit before taxes	2,605	3,990	-34.7 %
Taxes	-984	-1,114	-11.7 %
Profit for the period	1,621	2,876	-43.6 %
Attributable to:			
Equity holders of the parent	1,621	2,876	-43.6 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.09	0.17	-44.5 %
Diluted (expressed in euro per share)	0.09	0.17	-45.3 %
Total comprehensive income for the period, 1000 euros			
Net profit	1,621	2,876	-43.6 %
Translation differences	-48	435	n/a
Fair value reserve	24	-76	n/a
Total comprehensive income for the period	1,597	3,235	-50.6 %
Attributable to:			
Equity holders of the parent	1,597	3,235	-50.6 %

**STATEMENT OF COMPREHENSIVE INCOME,
1000 euros**

	1-12/2012	1-12/2011	Change %
Net sales	193,875	183,616	5.6 %
Other operating income	1,150	2,112	-45.6 %
Raw material and consumables used	-94,747	-90,990	4.1 %
Employee benefits expense	-58,511	-54,560	7.2 %
Depreciation	-5,078	-5,372	-5.5 %
Other operating expenses	-25,753	-25,426	1.3 %
Operating profit	10,936	9,380	16.6 %

Financial income	328	189	73.5 %
Financial expenses	-1,150	-730	57.5 %
Profit before taxes	10,115	8,839	14.4 %
Taxes	-3,412	-2,540	34.3 %
Profit for the period	6,703	6,299	6.4 %
Attributable to:			
Equity holders of the parent	6,703	6,299	6.4 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.38	0.36	5.6 %
Diluted (expressed in euro per share)	0.38	0.36	4.0 %
Total comprehensive income for the period 1000 euros			
Net profit	6,703	6,299	6.4 %
Translation differences	631	149	323.5 %
Fair value reserve	144	20	620.0 %
Total comprehensive income for the period	7,478	6,468	15.6 %
Attributable to:			
Equity holders of the parent	7,478	6,468	15.6 %

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros

	31.12.2012	31.12.2011	Change %
Non-current assets			
Property, plant and equipment	10,127	9,364	8.1 %
Goodwill	31,350	31,277	0.2 %
Other intangible assets	4,174	6,338	-34.1 %
Available-for-sale investments	294	713	-58.8 %
Deferred tax assets	2,086	1,714	21.7 %
Total	48,031	49,406	-2.8 %
Current assets			
Inventories	19,495	24,075	-19.0 %
Trade receivables and other receivables	38,524	44,326	-13.1 %
Tax receivables	287	0	n/a
Cash	13,880	15,404	-9.9 %
Total	72,186	83,805	-13.9 %
Total assets	120,217	133,211	-9.8 %
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	685	54	1168.5 %
Invested non restricted equity	2,715	2,571	5.6 %
Retained profits	48,008	43,559	10.2 %
Non-controlling interest	678	623	8.8 %
Total	60,557	55,278	9.5 %

Non-current liabilities			
Interest-bearing liabilities	788	11,940	-93.4 %
Other liabilities	22	4,140	-99.5 %
Deferred tax liabilities	1,297	1,946	-33.4 %
Provisions	503	605	-16.8 %
Total	2,610	18,631	-86.0 %
Current liabilities			
Trade and other liabilities	32,612	35,223	-7.4 %
Current tax payable	2,075	1,595	30.1 %
Provisions	1,004	1,211	-17.1 %
Interest-bearing liabilities	21,360	21,273	0.4 %
Total	57,050	59,302	-3.8 %
Total liabilities	59,660	77,933	-23.4 %
Equity and liabilities total	120,217	133,211	-9.8 %

CONSOLIDATED CASH FLOW STATEMENT,1000 EUROS

	1.1.-31.12. 2012	1.1.-31.12. 2011	Change %
Cash flows from operating activities			
Profit for the period	6,703	6,299	6.4 %
Adjustments for:			
Non-cash transactions	4,877	5,552	-12.2 %
Interest and other financial expenses	1,150	730	57.5 %
Interest income and other financial income	-326	-138	136.5 %
Dividends	-2	-51	-96.1 %
Taxes	3,412	2,540	34.3 %
Change in working capital			
Increase in trade and other receivables	5,802	-11,407	n/a
Increase in inventories	4,580	-3,075	n/a
Increase in trade and other payables	-5,901	4,809	n/a
Decrease in provisions	-309	-154	100.9 %
Paid interests and other financial expenses	-726	-760	-4.5 %
Received interests and dividends	328	189	73.8 %
Paid taxes	-4,290	-2,471	73.6 %
Cash flow from operating activities	15,297	2,063	641.6 %
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired	-828	0	n/a
Purchases of property, plant and equipment (PPE)	-1,609	-3,346	-51.9 %
Proceeds from sales of PPE	499	714	-30.1 %
Purchases of intangible assets	-844	-2,822	-70.1 %
Proceeds from sales of shares	0	93	n/a
Net cash used in investing activities	-2,782	-5,361	-48.1 %
Cash flow from financing activities			
Proceeds from borrowings	0	6,000	n/a
Payments of borrowings	-11,500	-222	5080.2 %
Payment of finance lease liabilities	-321	-655	-51.0 %
Dividends paid	-2,440	-2,091	16.7 %
Proceeds from issuance of ordinary shares	0	319	n/a
Net cash used in financing activities	-14,261	3,351	n/a

Change in cash			
Cash and cash equivalents 1.1.	15,404	15,203	1.3 %
Effect of currency changes	221	149	48.3 %
Cash and cash equivalents 31.12.	13,880	15,404	-9.9 %

Consolidated statement of changes in equity, 1000 euros

Attributable to equity holders of the parent

A	Share capital								
B	Share premium								
C	Translation differences								
D	Retained earnings								
E	Invested free capital								
F	Other funds								
G	Total								
H	Share of non-controlling interest								
I	Total equity								
	A	B	C	D	E	F	G	H	I
Equity 31.12.2011	6,967	1,504	54	43,559	2,737	-166	54,655	623	55,278
Total comprehensive income for the period	0	0	631	6,703	0	144	7,478	0	7,478
Dividends	0	0	0	-2,569	0	0	-2,569	129	-2,440
Changes in subsidiary interest				74			74	-74	0
Equity-settled share-based payments	0	0	0	240	0	0	240	0	240
Equity 31.12.2012	6,967	1,504	685	48,007	2,737	-22	59,878	678	60,557

Business segments 2012, 1000 euros

	Video and Broadband Solutios	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 profit of segments	8,497	2,439	10,936
Financial items			-821
Profit before taxes			10,115

	Video and Broadband Solutions	Network Services	Group
Business segments 2011, 1000 euros			
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 profits of the segments	8,220	1,160	9,380
Financial items			-541
Profit before taxes			8,839

**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

**Geographical segments 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

**Information per quarter, 1000
euros**

	10-12/12	7-9/12	4-6/12	1-3/12	10-12/11	1-12/2012
Video and Broadband Solutions						
Order intake	27,830	19,720	23,790	26,390	28,674	97,730
Net sales	24,659	24,794	24,278	27,499	27,698	101,230
EBIT	2,002	2,423	1,548	2,524	3,062	8,497
EBIT %	8.1 %	9.8 %	6.4 %	9.2 %	11.1 %	8.4 %
Network Services						
Order intake	22,995	20,796	25,409	22,731	24,797	91,931
Net sales	22,809	20,796	25,409	23,631	25,735	92,645
EBIT	706	448	872	413	1,070	2,439
EBIT %	3.1 %	2.2 %	3.4 %	1.7 %	4.2 %	2.6 %
Total						
Order intake	50,825	40,516	49,199	49,121	53,471	189,661
Net sales	47,468	45,590	49,687	51,130	53,433	193,875
EBIT	2,708	2,871	2,420	2,937	4,132	10,936
EBIT %	5.7 %	6.3 %	4.9 %	5.7 %	7.7 %	5.6 %

Commitments and contingencies, 1000 euros	2012	2011	Change %
Rental liabilities	2,656	3,026	-12.2 %
Lease liabilities	5,872	5,098	15.2 %
Value of underlying forward contracts	5,936	7,434	-20.1 %
Market value of forward contracts	-109	-99	10.0 %
Interest rate swap	9,000	11,500	-21.7 %
Market value of interest swap	-22	-167	-86.8 %

**The number of employees broken down by following
categories 31.12.**

	2012	2011	Change %
Research and development	117	122	-4.1 %
Production and material management	1,031	1,020	1.1 %
Sales and marketing	122	125	-2.4 %
Finance, quality and IT	55	52	5.8 %
Total	1,325	1,319	0.5 %

KEY FIGURES	IFRS 2012	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008
Profit and loss account, balance sheet					
Net sales, Meur	193.9	183.6	167.8	141.7	108.7
Change %	5.6 %	8.6 %	18.5 %	30.3 %	-13.1 %
Sales outside Finland, %	93.4 %	94.1 %	93.3 %	91.8 %	90.2 %
Operating profit, Meur	10.9	9.4	7.4	2.5	5.6
% of net sales	5.6 %	5.1 %	4.4 %	1.8 %	5.2 %
Profit after financial items, Meur	10.1	8.8	6.7	1.4	5.1
% of net sales	5.2 %	4.8 %	4.0 %	1.0 %	4.7 %
Profit before taxes, Meur	10.1	8.8	6.7	1.4	5.1
% of net sales	5.2 %	4.8 %	4.0 %	1.0 %	4.7 %
Profit for the financial period, Meur	6.7	6.3	4.8	0.4	5.5
% of net sales	3.5 %	3.4 %	2.9 %	0.3 %	5.1 %
R&D expenditure, Meur	11.2	11.6	10.3	10.8	13.5
% of net sales	5.8 %	6.3 %	6.1 %	7.6 %	12.4 %
Gross investments, Meur	3.3	5.2	3.8	25.2	3.9
% of net sales	1.7 %	2.9 %	2.2 %	17.8 %	3.6 %
Interest bearing liabilities, Meur	22.1	33.2	28.1	22.8	11.0
Shareholder's equity, Meur	60.6	55.3	50.4	46.7	46.6
Total assets, Meur	120.2	133.2	116.2	110.1	75.5
Personnel and orders					
Average personnel	1,326	1,297	1,215	1,103	702
Order backlog at year end, Meur	17.0	21.2	17.0	33.1	24.0
Orders received, Meur	189.7	188.1	167.2	151.0	118.6
Key metrics					
Return on equity, %	11.6 %	11.9 %	9.9 %	0.9 %	11.8 %
Return on capital employed, %	13.0 %	11.5 %	10.2 %	3.3 %	10.4 %
Equity ratio, %	50.5 %	41.6 %	43.6 %	43.6 %	61.7 %
Net gearing, %	13.7 %	32.2 %	25.5 %	22.0 %	3.6 %
Earnings per share, euro	0.38	0.36	0.27	0.02	0.32
Earnings per share fully diluted, euro	0.38	0.36	0.27	0.02	0.32
Shareholders' equity per share, euro	3.48	3.17	2.90	2.68	2.74
Teleste share					
Highest price, euro	4.44	4.82	5.33	4.30	7.49
Lowest price, euro	3.04	2.50	3.64	2.25	1.90
Closing price, euro	4.17	3.00	4.41	3.72	2.24
Average price, euro	3.98	3.64	4.49	3.62	4.52
Price per earnings	10.8	8.3	16.3	154.1	7.0
Market capitalization, Meur	78.1	56.2	80.2	66.2	39.9
Stock turnover, Meur	10.8	6.2	14.2	28.5	51.1
Turnover, number in millions	2.7	1.7	3.2	7.8	11.5
Turnover, % of share capital	14.4 %	9.1 %	17.4 %	44.0 %	64.6 %
Average number of shares	18728590	18189560	18093689	17805590	17708782
Number of shares at the year-end	18728590	18728590	18186590	17805590	17805590
Average number of shares, diluted w/o own shares	17688527	17425605	17693605	17229154	17372555
Number of shares at the year-end, diluted w/o own shares	17709672	17425605	17693605	17425605	17039399
Paid dividend, Meur	* 3,0	2.4	2.1	1.4	2.0
Dividend per share, euro	* 0,17	0.14	0.12	0,08	0,12
Dividend per net result, %	44.5 %	38.9 %	43.7 %	331.3 %	37.4 %
Effective dividend yield, %	4.1 %	4.7 %	2.7 %	2.2 %	5.4 %

* The Board's proposal to the AGM

	Number of shares	% of shares	% of votes
Treasury shares			
Teleste companies own shares 31.12.2012	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:	$\frac{\text{Profit for the period attributable to equity holder of the parent}}{\text{Weighted average number of ordinary shares outstanding during the period}}$
Earnings per share, diluted:	$\frac{\text{Profit for the period attributable to equity holder of the parent (diluted)}}{\text{Average number of shares - own shares + number of options at the period-end}}$

SHAREHOLDERS AT 31.12.2012

	Shares	%
EM Group Oy	4,389,712	23.44
Mandatum Life	1,679,200	8.97
Ilmarinen Mutual Pension Insurance Company	953,854	5.09
Kaleva Mutual Pension Insurance Company	824,641	4.40
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
Teleste Management Oy	381,000	2.03
Teleste Corporation	379,985	2.03
Op-Suomi Small Cap	350,000	1.87
Fim Fenno Mutual Fund	270,342	1.44

SECTOR DISPERSION AT 31.12.2012

	Shareholders	%	Shares	%
Corporations	286	5.51	7,254,749	38.73
Financial and insurance corporations	11	0.21	3,385,419	18.07
Public institutions	6	0.11	2,015,104	10.75
Non-profit institutions	37	0.71	384,929	2.05
Households	4,795	92.53	4,585,420	24.48
Foreign countries and nominee registered	47	0.90	1,102,969	5.88
Total	5,182	100.00	18,728,590	100.00

AMOUNT AT 31.12.2012

	Shareholders	%	Shares	%
0 – 100	1,157	22.32	79,419	0.42
101 – 1,000	3,016	58.20	1,268,596	6.77
1,001 – 10,000	914	17.63	2,501,777	13.35
10,001 – 100,000	74	1.42	1,796,217	9.59
100,001 – 1,000,000	19	0.36	7,013,669	37.44
1,000,001 -	2	0.03	6,068,912	32.40
Total	5,182	100.00	18,728,590	100.00



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