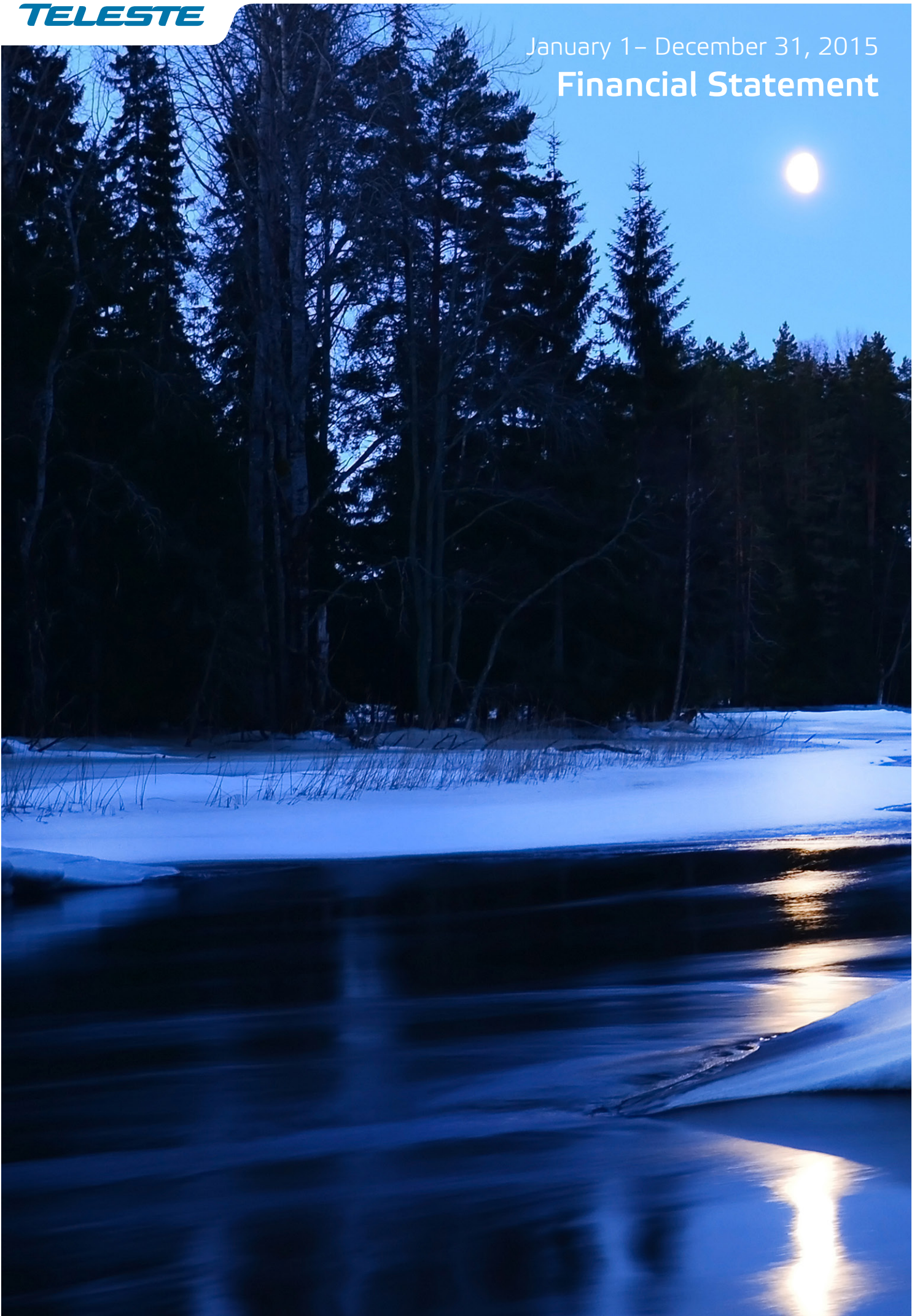
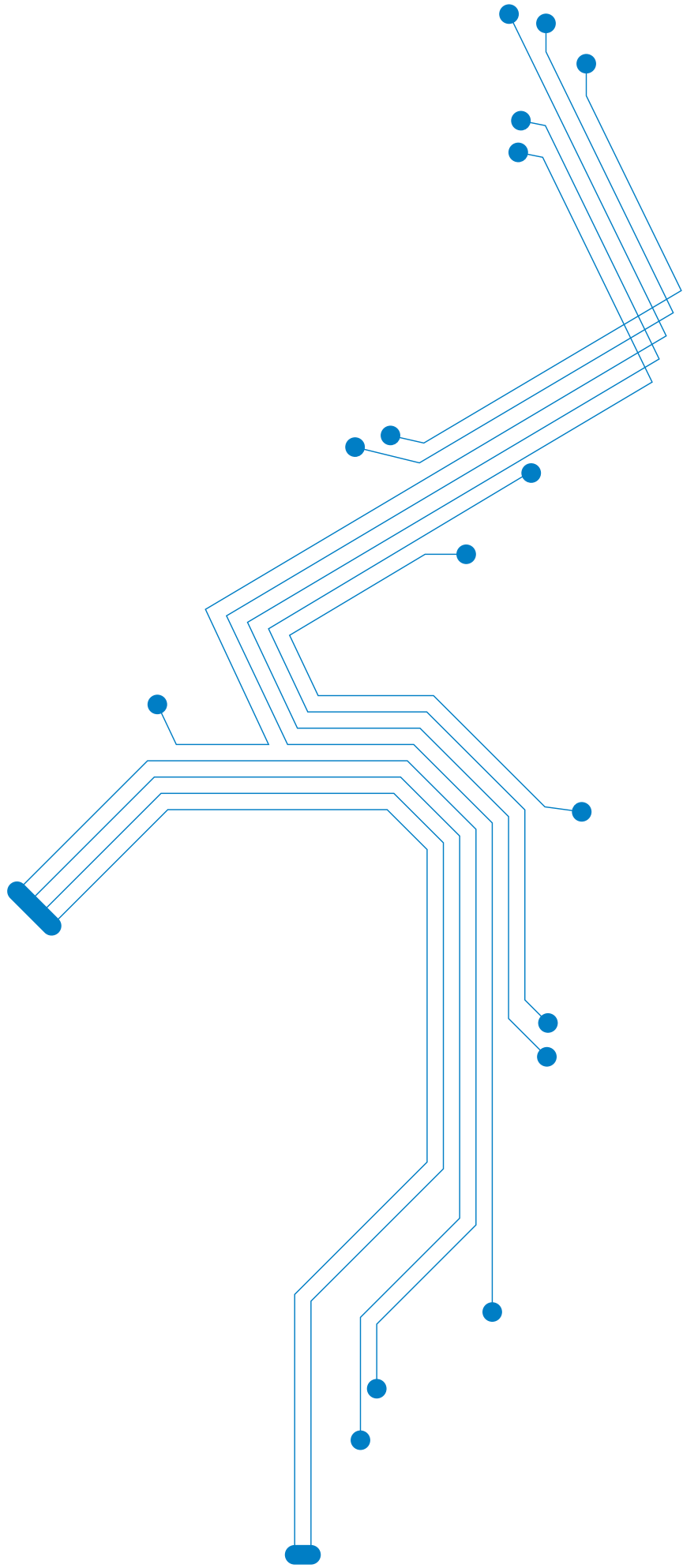


January 1 – December 31, 2015

Financial Statement





FINANCIAL STATEMENTS OF TELESTE CORPORATION 1 JANUARY TO 31 DECEMBER 2015**RECORD LEVEL NET SALES AND OPERATING PROFIT IN 2015****Fourth quarter of 2015**

- Net sales amounted to EUR 68.4 (53.9) million, an increase of 27.0%
- Operating profit stood at EUR 3.3 (3.5) million, a decrease of 7.1%
- Undiluted result per share equalled EUR 0.16 (0.17), a decrease of 8.0%
- Orders received totalled EUR 68.2 (53.0) million, an increase of 28.7%
- Cash flow from operations was EUR 3.5 (7.5) million, a decrease of 53.7%

January-December 2015

- Net sales amounted to EUR 247.8 (197.2) million, an increase of 25.7%
- Operating profit stood at EUR 14.3 (11.1) million, an increase of 28.4%
- Undiluted earnings per share stood at EUR 0.61 (0.48), an increase of 27.6%
- Orders received totalled EUR 251.3 (199.3) million, an increase of 26.1%
- Cash flow from operations was EUR 4.9 (9.2) million, a decrease of 46.7%

The Board of Directors proposes that a dividend of EUR 0.23 (0.20) per outstanding share will be paid.

Outlook for 2016

We estimate that net sales and operating profit for 2016 will exceed the 2015 level.

Comments on the last quarter of 2015 by CEO Jukka Rinnevaara:

"Orders received and net sales from the fourth quarter were the best in Teleste's history. Also, the order backlog surpassed the previous year, particularly in access network products, whereas the operating profit fell from the comparative period. Operating profit was impacted negatively by the weaker-than-expected profitability of the services business and the fact that the main part of deliveries in access network products fell on lower-margin products subject to competition. Moreover, fixed costs were exceptionally at a higher level than those of the previous quarters. Management of working capital called for special attention as the business continued to grow rapidly.

Orders received by Video and Broadband Solutions grew, especially in the access network products and in the information solutions by Mitron. Net sales, too, increased in the said product groups. For the access network products, the most significant increase in the orders received and the deliveries took place in the UK, Belgium and Holland. We estimate that Teleste's position remained strong in the new products complying with the Docsis 3.1 standard. In the fourth quarter, deliveries and profitability in the Video Security and Information solutions remained at a good level.

Net sales of Network Services reached the level of the comparative period, whereas the operating profit remained below that of the comparative period. Operating profit decreased in the UK, where the launch of new customer projects and the expansion of business continued to cause losses. In Germany, operating profit fell slightly short of the comparative period."

Group Operations in October-December 2015

Key figures (M€)	10-12/2015	10-12/2014	Change
Orders received	68.2	53.0	+28.7%
Net sales	68.4	53.9	+27.0%
EBIT	3.3	3.5	-7.1%
EBIT %	4.8%	6.5%	
Profit for the period	2.9	3.1	-6.3%
Other important key figures			
Earnings per share, EUR	0.16	0.17	-8.0%
Cash flow from operations, M€	3.5	7.5	-53.7%

The fourth-quarter orders received by Teleste Group increased by 28.7% and stood at EUR 68.2 (53.0) million. Order backlog totalled EUR 42.2 (15.2) million.

Net sales grew by 27.0% to EUR 68.4 (53.9) million, which is the highest quarterly net sales in Teleste's history. Net sales increased influenced by the Mitron acquisition and organically in the Video and Broadband Solutions business area.

Expenses for material and production services increased and amounted to 54.5% (50.0%) of the net sales. Personnel expenses totalled EUR 18.1 (16.4) million, an increase of 10.2%. These expenses were pushed up by the number of personnel, which increase by 12.1%. Depreciation, amortisation, and other fixed operating expenses increased by 23.2% to EUR 10.8 (8.8) million. This increase in expenses was particularly affected by the Mitron acquisition. Operating profit decreased by 7.1% to EUR 3.3 (3.5) million, representing 4.8% (6.5%) of the net sales. Other income includes reversed provision of EUR 0.7 million, which relates to the supplementary contract price of the Mitron acquisition. Taxes stood at EUR 0.2 (0.3) million. Undiluted result per share was EUR 0.16 (0.17). Cash flow from operations equalled EUR 3.5 (7.5) million, a decrease of 53.7% due to an increase in net working capital. The single most significant reason behind this growth in net working capital was the expansion of business of Video and Broadband Solutions.

Group Operations in January-December 2015

Key figures (M€)	1-12/2015	1-12/2014	Change
Orders received	251.3	199.3	+26.1%
Net sales	247.8	197.2	+25.7%
EBIT	14.3	11.1	+28.4%
EBIT %	5.8%	5.6%	
Profit for the financial period	11.0	8.5	+29.8%
Other important key figures			
Earnings per share, EUR	0.61	0.48	+27.6%
Cash flow from operations, M€	4.9	9.2	-46.7%
Net gearing, %	26.3%	9.5%	
Equity ratio, %	48.3%	53.4%	
Personnel at period-end	1,506	1,343	+12.1%

Orders received by the Group improved by 26.1 % standing at EUR 251.3 (199.3) million. Net sales increased 25.7 % equalling EUR 247.8 (197.2) million.

Expenses for material and production services increased and amounted to 51.8% (49.5%) of the net sales. Personnel expenses totalled EUR 70.5 (59.5) million, an increase of 18.5%. Personnel expenses were increased by the number of personnel and exchange rate changes. Depreciation, amortisation, and other fixed operating expenses increased by 18.9% to EUR 37.5 (31.5) million. This increase in the fixed

expenses was particularly affected by the Mitron acquisition. Operating profit grew by 28.4 % standing at EUR 14.3 (11.1) million. Taxes for the Group amounted to EUR 2.9 (2.4) million while the tax rate equalled 21.0% (21.7%). Undiluted earnings per share increased by 27.6% to EUR 0.61 (0.48). Cash flow from operations decreased by 46.7% to EUR 4.9 (9.2) million. The cash flow was negatively affected, in particular, by the working capital tied to the growth of Video and Broadband Solutions.

Video and Broadband Solutions October-December 2015

1,000 euros	10-12/2015	10-12/2014	Change
Orders received	43,419	28,642	+51.6%
Net sales	43,584	29,500	+47.7%
EBIT	2,666	2,616	+1.9%
EBIT, %	6.1%	8.9%	

Year-on-year orders received improved by 51.6% standing at EUR 43.4 (28.6) million. Order backlog totalled EUR 42.2 (15.2) million. Net sales grew by 47.7% amounting to EUR 43.6 (29.5) million. Net sales were increased by the Mitron information solutions and increased deliveries of access network products. Operating profit increased by 1.9% standing at EUR 2.7 (2.6) million and making 6.1% (8.9%) of the net sales. Operating profit from Video Security and Information solutions increased while the profitability of the access network products was weaker than in the comparative period.

R&D expenses amounted to EUR 3.2 (2.6) million, i.e. 7.4% (8.8%) of the business area's net sales. Product development projects focused on network products complying with the Docsis 3.1 standard, video security and information solutions, as well as customer-specific projects. Capitalized R&D expenses amounted to EUR 0.8 (0.4) million. Depreciation on activated R&D expenses amounted to EUR 0.4 (0.3) million.

Video and Broadband Solutions in January-December 2015

1,000 euros	1-12/2015	1-12/2014	Change
Orders received	157,951	109,007	+44.9%
Net sales	154,396	106,901	+44.4%
EBIT	12,781	9,673	+32.1%
EBIT %	8.3%	9.0%	

Year-on-year orders received improved by 44.9% standing at EUR 158.0 (109.0) million. Net sales grew by 44.4% amounting to EUR 154.4 (106.9) million. Orders and net sales were increased by the Mitron information solutions and access network products. Operating profit increased by 32.1% standing at EUR 12.8 (9.7) million and making 8.3% (9.0%) of the net sales. The operating profit was improved by the information solutions and an improvement in profitability of the IP headend business.

Product development expenses equalled EUR 11.0 (10.3), i.e. 7.1% (9.6%) of the net sales. Product development projects focused on network products complying with the Docsis 3.1 standard, a network management system, distributed access architecture, video security and information solutions, as well as customer-specific projects. Capitalized R&D expenses amounted to EUR 1.7 (1.1) million. Depreciation on activated R&D expenses amounted to EUR 1.1 (1.2) million.

Network Services in October-December 2015

1,000 euros	10-12/2015	10-12/2014	Change
Orders received	24,809	24,367	+1.8%
Net sales	24,809	24,367	+1.8%
EBIT	607	909	-33.2%
EBIT %	2.4%	3.7%	

Year-on-year orders received and net sales increased by 1.8% amounting to EUR 24.8 (24.4) million. Operating profit decreased by 33.2% standing at EUR 0.6 (0.9) million, which is 2.4% (3.7%) of the net sales. Operating profit decreased in the UK, where the launch of new customer projects and the expansion of business caused losses. Operating profit was below the comparative period also in Germany but improved in other markets.

Network Services in January-December 2015

1,000 euros	1-12/2015	1-12/2014	Change
Orders received	93,362	90,275	+3.4%
Net sales	93,362	90,275	+3.4%
EBIT	1,520	1,463	+3.9%
EBIT %	1.6%	1.6%	

Year-on-year orders received and net sales increased by 3.4% amounting to EUR 93.4 (90.3) million. Net sales increased in Switzerland and the UK. Operating profit increased by 3.9% standing at EUR 1.5 (1.5) million and making 1.6% (1.6%) of the net sales. Operating profit weakened in the UK and was a loss. Operating profit was below the comparative period also in Germany but improved in other markets.

Personnel and Organisation in January-December 2015

In the period under review, the average number of people employed by the Group was 1,485 (1,302/2014, 1,306/2013); of these 697 (560) were employed by Video and Broadband Solutions, and 788 (741) by Network Services. At the end of the review period, the Group employed 1,506 people (1,343/2014, 1,261/2013) of whom 68% (72%/2014, 71%/2013) were stationed abroad. About 3% of the Group's employees were working outside Europe.

Personnel expenses increased from the previous year by 18.5% to EUR 70.5 (59.5/2014 and 56.9/2013) million. This growth in personnel expenses was due to the Mitron acquisition, increased number of personnel abroad and exchange rate changes. From the beginning of the reporting period, the number of employees increased by more than 160 people. The average number of employees increased by 14.2%. Most of this growth resulted from the Mitron acquisition, but also the number of personnel employed by Network Services increased.

Investments in January-December 2015

Investments by the Group in the period under review totalled EUR 16.9 (3.7) million accounting for 6.8% (1.9%) of the net sales. EUR 11.5 million of these investments involved the acquisition of Mitron. Investments in product development equalled EUR 1.7 (1.1) million. Other investments involved information systems and machines as well as equipment. Investments of EUR 1.7 (0.3) million were carried out under financial lease arrangements.

Product development projects focused on network products complying with the Docsis 3.1 standard, a network management system, distributed access architecture, video security and information solutions, as well as customer-specific projects.

Financing and Capital Structure in January to December 2015

Cash flow from operations stood at EUR 4.9 (9.2) million. This year-on-year decline in the operating cash flow was due to a growth in net working capital. The single most significant reason behind this growth in net working capital was the expansion of business of Video and Broadband Solutions.

In January, Teleste Corporation signed new overdraft and revolving credit facilities with a total value of EUR 45.0 million. These new agreements replaced the corresponding previous funding agreements. These credit limits are valid until the end of March 2018. At the end of the period under review, the amount of unused binding stand-by credits amounted to EUR 17.7 (17.0) million.

The Group's equity ratio equalled 48.3% (53.4%) while net gearing was 26.3% (9.5%). On 31 December 2015, the Group's interest-bearing debt stood at EUR 33.0 (24.4) 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 organisations in the public sector.

As to Video and Broadband Solutions, client-specific and integrated deliveries of solutions create favourable conditions for growth, even if the concerned resource allocation and technical implementation pose a challenge involving, therefore, also reasonable risks. In particular, deliveries of integrated safety and information systems for the passenger transport may be large in size, setting high demands for the project quotation calculation and management and, consequently, there are risks involved. Our customers' network investments vary based on the relevant need for upgrading and their financial structure.

A significant part of Teleste's competition comes from the USA so the exchange rate of euro up against the US dollar affects our competitiveness. The exchange rate development of the US dollar and the Chinese renminbi to the euro affects our product costs. The company hedges against short-term currency exposure by means of forward exchange contracts. The modest development in economic growth and the financial challenges faced by the European public sector may slow down the implementation of our customers' investment plans. Furthermore, a weakening in the consumer purchasing power in Europe could slow down the network investments by the cable operators. Competition increased by the new service providers (OTT) may undermine the cable operators' ability to invest. Availability of components is subject to natural phenomena, such as floods and earthquakes. Correct technological choices and their timing are vital to our success. Regardless of careful planning and quality assurance, complex products may fail in the customer's network and lead to expensive repair obligations.

Net sales of Network Services comes, for the most part, from a small number of large European customers, so a significant change in the demand for our services by any one of them is reflected in the actual deliveries and profitability. Improvements in customer satisfaction and productivity require efficient control of service process management as well as innovative solutions in processes, products and logistics to ensure the quality of services and cost effectiveness. Smooth operation of cable networks necessitates efficient technical management of the networks and functional solutions for devices in accordance with contractual obligations. This, in turn, demands continuous and determined development of skills and competencies in Teleste's own personnel as well as those of our subcontractors. In addition, adequacy and utilization rates of our own personnel and subcontractor network capacity affect the Company's delivery capacity and profitability. Tender calculation and management of larger projects with overall responsibility are complex and risky. Severe weather conditions may affect the supply conditions of our products and services.

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

The Board of Directors annually reviews any essential risks related to the company operation and the management thereof. Risk management constitutes an integral part of the strategic and operative practices of our business areas. Risks are reported to the Board on a regular basis.

The company has covered any major risks of loss related to the business areas through insurance policies. Insurance will also cover credit loss risks related to sales receivables. In the period under review, no such legal proceedings or judicial procedures were pending that would have had any essential significance for the Group operation.

Group Structure

Parent company Teleste has branch offices in Australia, the Netherlands, and Denmark with subsidiaries in 14 countries outside Finland. On 7 January 2015, the parent company acquired the entire share capital of Mitron Group Oy Ltd. On 15 May 2015, the parent company bought the entire share capital of Teleste Management II Oy to acquire its holding of Teleste Corporation's shares.

Shares and Changes in Share Capital

On 31 December 2015, EM Group Oy was the largest single shareholder with a holding of 23.2%.

In the period under review, the lowest company share price was EUR 5.32 (4.25) while the highest was EUR 9.88 (5.29). Closing price on 31 December 2015 stood at EUR 9.80 (5.27). According to Euroclear Finland Ltd, the number of shareholders at the end of the period under review was 5,355 (4,962). Foreign ownership accounted for 5.0% (5.0%). The value of shares traded on the Nasdaq Helsinki on 1 January to 31 December 2015 was EUR 24.6 (10.9) million. In the period under review, 3.3 (2.3) million Teleste shares were traded on the stock exchange.

On 31 December 2015, the Group held 863,953 of its own shares, of which the parent company Teleste Corporation had 321,953 shares and the Group companies had 542,000 shares, respectively. At the end of the period, the Group's holding of the total amount of shares amounted to 4.6% (6.3%).

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

On 31 December 2015, the registered share capital of Teleste stood at EUR 6,966,932.80 divided into 18,985,588 shares.

Valid authorizations at the end of the review period:

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

Decisions by the Annual General Meeting

The Annual General Meeting (AGM) of Teleste Corporation on 09 April 2015 confirmed the financial statements for 2014 and discharged the Board of Directors and the CEO from liability for the financial period. The AGM confirmed the dividend of EUR 0.20 per share as proposed by the Board. The dividend was paid out on 20 April 2015.

The AGM decided that the Board of Directors consists of six members. Mr. Pertti Ervi, Ms. Jannica Fagerholm, Mr. Esa Harju, Ms. Marjo Miettinen, Mr. Kai Telanne and Mr. Petteri Walldén were re-elected as members of Teleste Corporation's Board of Directors. Ms. Marjo Miettinen was elected Chair of the Board in the organising meeting held immediately after the AGM.

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

The Annual General Meeting decided to authorize the Board of Directors to decide on repurchasing the Company's own shares as proposed by the Board. Based on this authorization, the Board of Directors may repurchase a maximum of 1,200,000 own shares of the Company otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through the regulated market on NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. This authorization of purchasing is valid for 18 months from the date of the decision.

Outlook for 2016

The business objective of Video and Broadband Solutions is to maintain its strong market position in Europe and to strengthen this market position in selected new markets outside Europe. Network capacity will continue to increase driven by the new broadband and video services provided by the operators. Our new products in line with the Docsis 3.1 communication standard allow the cable operators to increase their network capacity competitively. Price erosion in the market continues. Changes in the value of the euro, particularly against the US dollar and the Chinese renminbi, affect Teleste's competitiveness, on the one hand, and product manufacturing costs, on the other. The positive trend in the markets for video security and passenger information solutions will continue whereas the public sector decisions concerning initiation of projects may be delayed by the current economic situation. The security solution for public areas introduced in Paris provides new opportunities for other major cities of the world. Train manufacturers and public transport operators benefit from Teleste's video security and passenger information solutions.

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

We estimate that net sales and operating profit for 2016 will exceed the 2015 level.

3 February 2016

Teleste Corporation
Board of Directors

Jukka Rinnevaara
President and CEO

Teleste's Annual Report for 2015, which includes the audited financial statements, will be published no later than 18th of March 2016. 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	10-12/2015	10-12/2014	Change %
Net sales	68,393	53,867	27.0 %
Other operating income	1,001	1,752	-42.9 %
Raw material and consumables used	-37,248	-26,930	38.3 %
Employee benefits expense	-18,083	-16,407	10.2 %
Depreciations	-1,313	-1,097	19.7 %
Other operating expenses	-9,478	-7,661	23.7 %
Operating profit	3,273	3,525	-7.1 %
Financial income	5	5	2.7 %
Financial expenses	-169	-178	-4.9 %
Profit before taxes	3,109	3,352	-7.3 %
Taxes	-211	-258	-18.4 %
Profit for the period	2,898	3,093	-6.3 %
Attributable to:			
Equity holders of the parent	2,898	3,093	-6.3 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.16	0.17	-8.0 %
Diluted (expressed in euro per share)	0.16	0.17	-8.0 %
Total comprehensive income for the period, 1000 euros			
Net profit	2,898	3,093	-6.3 %
Items that may be reclassified to profit or loss:			
Translation differences	273	-290	n/a
Fair value reserve	11	8	37.5 %
Total comprehensive income for the period	3,181	2,811	13.1 %
Attributable to:			
Equity holders of the parent	3,181	2,811	13.1 %
STATEMENT OF COMPREHENSIVE INCOME, 1000 euros	1-12/2015	1-12/2014	Change %
Net sales	247,758	197,176	25.7 %
Other operating income	2,854	2,536	12.5 %
Raw material and consumables used	-128,300	-97,561	31.5 %
Employee benefits expense	-70,532	-59,497	18.5 %
Depreciation	-4,874	-4,211	15.8 %
Other operating expenses	-32,604	-27,309	19.4 %
Operating profit	14,302	11,135	28.4 %

Financial income	582	225	158.1 %
Financial expenses	-945	-526	79.6 %
Profit before taxes	13,939	10,835	28.7 %
Taxes	-2,928	-2,353	24.4 %
Profit for the period	11,011	8,482	29.8 %
Attributable to:			
Equity holders of the parent	11,011	8,482	29.8 %
Earnings per share for profit of the year attributable to the equity holders of the parent			
Basic (expressed in euro per share)	0.61	0.48	27.6 %
Diluted (expressed in euro per share)	0.61	0.48	28.3 %
Total comprehensive income for the period (tEUR)			
Net profit	11,011	8,482	29.8 %
Items that may be reclassified to profit or loss:			
Translation differences	240	-465	n/a
Fair value reserve	31	-25	n/a
Total comprehensive income for the period	11,282	7,992	41.2 %
Attributable to:			
Equity holders of the parent	11,282	7,992	41.2 %

STATEMENT OF FINANCIAL POSITION, 1000 euros

Assets 1000 euros			
	31.12.2015	31.12.2014	Change %
Non-current assets			
Property, plant and equipment	11,648	9,627	21.0 %
Goodwill	37,849	33,121	14.3 %
Other intangible assets	6,653	3,891	71.0 %
Available-for-sale investments	704	701	0.5 %
Deferred tax assets	1,843	1,698	8.5 %
Total	58,698	49,037	19.7 %
Current assets			
Inventories	32,661	20,483	59.5 %
Trade and other receivables	60,159	44,694	34.6 %
Income tax receivables	263	582	-54.9 %
Cash	12,677	17,672	-28.3 %
Total	105,759	83,430	26.8 %
Total assets	164,458	132,467	24.1 %
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	-99	-339	-70.7 %
Invested non restricted equity	3,140	3,923	-19.9 %
Retained profits	66,033	58,139	13.6 %
Non-controlling interest	0	487	n/a
Total	77,545	70,682	9.7 %

Non-current liabilities			
Interest-bearing liabilities	30,723	595	5060.9 %
Other liabilities	2,730	31	8681.3 %
Deferred tax liabilities	1,662	1,327	25.2 %
Provisions	1,026	1,238	-17.1 %
Total	36,141	3,192	1032.3 %
Current liabilities			
Trade and other liabilities	46,505	33,536	38.7 %
Current tax payable	1,062	793	33.9 %
Provisions	889	480	85.2 %
Interest-bearing liabilities	2,315	23,784	-90.3 %
Total	50,771	58,593	-13.3 %
Total liabilities	86,912	61,785	40.7 %
Equity and liabilities total	164,458	132,467	24.1 %
CONSOLIDATED CASH FLOW STATEMENT, 1000 euros	1.1.-31.12. 2015	1.1.-31.12. 2014	Change %
Cash flows from operating activities			
Profit for the period	11,011	8,482	29.8 %
Adjustments for:			
Non-cash transactions	3,856	4,211	-8.4 %
Interest and other financial expenses	961	542	77.3 %
Interest income and other financial income	-582	-225	158.1 %
Dividends	-3	-2	50.0 %
Taxes	2,928	2,353	24.4 %
Change in working capital			
Increase/decrease in trade and other receivables	-5,096	-6,157	-17.2 %
Increase/decrease in inventories	-6,950	-721	863.9 %
Increase/decrease in trade and other payables	1,361	3,510	-61.2 %
Increase/decrease in provisions	197	252	-21.8 %
Paid interests and other financial expenses	-945	-526	79.6 %
Received interests and dividends	582	225	158.1 %
Paid taxes	-2,400	-2,717	-11.7 %
Cash flow from operating activities	4,920	9,227	-46.7 %
Cash flow from investing activities			
A conditional supplementary contract price for prior subsidiary acquisition	-1,147	0	n/a
Purchases of property, plant and equipment (PPE)	-1,258	-1,782	-29.4 %
Proceeds from sales of PPE	17	64	-73.4 %
Purchases of intangible assets	-1,644	-1,077	52.6 %
Proceeds from available-for-sale investments	0	-407	n/a
Acquisition of subsidiary, net of cash acquired	-6,826	0	n/a
Net cash used in investing activities	-10,858	-3,202	239.1 %
Cash flow from financing activities			
Proceeds from borrowings	44,300	1,000	4330.0 %
Payments of borrowings	-38,130	-888	4193.9 %
Payment of finance lease liabilities	-391	-367	6.5 %
Dividends paid	-3,694	-3,360	9.9 %
Proceeds from issuance of ordinary shares	-1,382	497	n/a

Net cash used in financing activities	703	-3,118	n/a
Change in cash			
Cash and cash equivalents 1.1.	17,672	15,229	16.0 %
Effect of currency changes	240	-465	n/a
Cash and cash equivalents 31.12.	12,677	17,672	-28.3 %

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	F	G	H	I
Equity										
31.12.2014		6,967	1,504	-339	58,139	3,954	-31	70,194	487	70,682
Total										
comprehensive										
income for the										
period		0	0	240	11,011	0	31	11,282	0	11,282
Share issue						-814		-814	0	-814
Dividends		0	0	0	-3,802	0	0	-3,802	108	-3,694
Changes in										
subsidiary										
interest					10			10	-10	0
Equity-settled										
share-based										
payments		0	0	0	676	0	0	676	-585	91
Equity										
31.12.2015		6,967	1,504	-99	66,034	3,140	0	77,545	0	77,545

BUSINESS SEGMENTS 2015, 1000 EUROS	Video and Broadband Solutios	Network Services	Group
External sales			
Services	7,860	93,362	101,222
Goods	146,536	0	146,536
External sales total	154,396	93,362	247,758
Operating profit of segments	12,781	1,520	14,302
Financial items			-363
Profit before taxes			13,939

Business segments 2014, 1000 euros	Video and Broadband Solutions	Network Services	Group
External sales			
Services	6,512	90,275	96,787
Goods	100,389	0	100,389
External sales total	106,901	90,275	197,176
Operating profits of the segments	9,673	1,463	11,136

Financial items	-301
Profit before taxes	10,835

GEOGRAPHICAL SEGMENTS 2015, 1000 EUROS	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	20,290	209,172	12,223	6,073	247,758
Assets	82	13,750	42,763	260	56,855
Capital expenditure for the period	0	1,843	14,982	123	16,948

Geographical segments 2014, 1000 euros	Nordic countries	Other Europe	Finland	Others	Group
Sales by origin	15,792	159,572	14,858	6,954	197,176
Assets	89	12,730	33,937	583	47,339
Capital expenditure for the period	5	1,755	1,446	470	3,676

Information per quarter, 1000 euros	10-12/15	7-9/15	4-6/15	1-3/15	10-12/14	1-12/ 2015	1-12/ 2014
Video and Broadband Solutions							
Order intake	43,419	39,616	40,926	33,990	28,642	157,951	109,007
Net sales	43,584	43,760	36,519	30,532	29,500	154,396	106,901
EBIT	2,666	5,113	2,999	2,003	2,616	12,781	9,673
EBIT %	6.1 %	11.7 %	8.2 %	6.6 %	8.9 %	8.3 %	9.0 %
Network Services							
Order intake	24,809	22,432	23,211	22,911	24,367	93,362	90,275
Net sales	24,809	22,432	23,211	22,911	24,367	93,362	90,275
EBIT	607	811	-492	595	909	1,520	1,463
EBIT %	2.4 %	3.6 %	-2.1 %	2.6 %	3.7 %	1.6 %	1.6 %
Total							
Order intake	68,228	62,048	64,137	56,901	53,009	251,313	199,282
Net sales	68,393	66,192	59,730	53,443	53,867	247,758	197,176
EBIT	3,273	5,924	2,507	2,598	3,525	14,302	11,135
EBIT %	4.8 %	8.9 %	4.2 %	4.9 %	6.5 %	5.8 %	5.6 %

Commitments and contingencies, 1000 euros	2015	2014	Change %
Rental liabilities	2,980	2,567	16.1 %
Lease liabilities	4,878	2,992	63.0 %
Value of underlying forward contracts	24,599	13,141	87.2 %
Market value of forward contracts	-27	65	n/a
Interest rate swap	10,000	11,000	-9.1 %
Market value of interest swap	0	-31	n/a
Guarantees	3,124	0	n/a

The number of employees broken down by following categories 31.12.	2015	2014	Change %
Research and development	149	113	31.9 %
Production and material management	1,089	1,003	8.5 %
Sales and marketing	197	170	15.9 %
Administration	71	57	24.6 %
Total	1,506	1,343	12.1 %

	IFRS 2015	IFRS 2014	IFRS 2013	IFRS 2012	IFRS 2011
Key figures					
Profit and loss account, balance sheet					
Net sales, Meur	247.8	197.2	192.8	193.9	183.6
Change %	25.7 %	2.3 %	-0.6 %	5.6 %	8.6 %
Sales outside Finland, %	95.1 %	92.5 %	93.2 %	93.4 %	94.1 %
Operating profit, Meur	14.3	11.1	11.0	10.9	9.4
% of net sales	5.8 %	5.6 %	5.7 %	5.6 %	5.1 %
Profit after financial items, Meur	13.9	10.8	10.7	10.1	8.8
% of net sales	5.6 %	5.5 %	5.5 %	5.2 %	4.8 %
Profit before taxes, Meur	13.9	10.8	10.7	10.1	8.8
% of net sales	5.6 %	5.5 %	5.5 %	5.2 %	4.8 %
Profit for the financial period, Meur	11.0	8.5	8.1	6.7	6.3
% of net sales	4.4 %	4.3 %	4.2 %	3.5 %	3.4 %
R&D expenditure, Meur	11.0	10.3	10.0	11.2	11.6
% of net sales	4.4 %	5.2 %	5.2 %	5.8 %	6.3 %
Gross investments, Meur	16.9	3.7	6.3	3.3	5.2
% of net sales	6.8 %	1.9 %	3.3 %	1.7 %	2.9 %
Interest bearing liabilities, Meur	33.0	24.4	24.3	22.1	33.2
Shareholder's equity, Meur	77.5	70.7	65.6	60.6	55.3
Total assets, Meur	164.5	132.5	124.3	120.2	133.2
Personnel and orders					
Average personnel	1,485	1,302	1,306	1,326	1,297
Order backlog at year end, Meur	42.2	15.2	13.1	17.0	21.2
Orders received, Meur	251.3	199.3	188.9	189.7	188.1
Key metrics					
Return on equity, %	14.9 %	12.5 %	12.9 %	11.6 %	11.9 %
Return on capital employed, %	14.2 %	12.2 %	13.0 %	13.0 %	11.5 %
Equity ratio, %	48.3 %	53.4 %	52.7 %	50.5 %	41.6 %
Net gearing, %	26.3 %	9.5 %	13.8 %	13.7 %	32.2 %
Earnings per share, euro	0.61	0.48	0.47	0.38	0.36
Earnings per share fully diluted, euro	0.61	0.48	0.46	0.38	0.36
Shareholders equity per share, euro	4.28	3.94	3.73	3.48	3.17
Teleste share					
Highest price, euro	9.88	5.29	4.47	4.44	4.82
Lowest price, euro	5.32	4.25	3.78	3.04	2.50
Closing price, euro	9.80	5.27	4.25	4.17	3.00
Average price, euro	7.42	4.67	4.17	3.98	3.64
Price per earnings	16.1	11.0	9.1	10.8	8.3
Market capitalization, Meur	177.6	98.7	79.6	78.1	56.2
Stock turnover, Meur	24.6	10.9	9.2	10.8	6.2
Turnover, number in millions	3.3	2.3	2.2	2.7	1.7
Turnover, % of share capital	17.5 %	12.5 %	11.7 %	14.4 %	9.1 %
Average number of shares	18985588	18918869	18743507	18728590	18189560
Number of shares at the year-end	18985588	18985588	18816691	18728590	18728590
Average number of shares, diluted w/o own shares	18036667	17729215	17513799	17688527	17425605
Number of shares at the year-end, diluted w/o own shares	18121635	17795934	17838599	17709672	17425605
Paid dividend, Meur	4.2	3.6	3.3	3.0	2.4
Dividend per share, euro	0,23*	0.20	0.19	0.17	0.14
Dividend per net result, %	37.7 %	41.7 %	40.8 %	44.5 %	38.9 %
Effective dividend yield, %	2.3 %	3.8 %	4.5 %	4.1 %	4.7 %

* The Board's proposal to the AGM

Treasury shares	Number of shares	% of shares	% of votes
Teleste companies own shares 31.12.2015	863,953	4.55%	4.55%

CALCULATION OF KEY FIGURES

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

Major shareholders 31.12.2015	Number of shares	% of share capital
EM Group Oy	4,409,712	23.23
Mandatum Life Insurance Company Limited	1,679,200	8.84
Ilmarinen Mutual Pension Insurance Company	963,860	5.08
Kaleva Mutual Insurance Company	824,641	4.34
Teleste Management II Oy	542,000	2.85
Varma Mutual Pension Insurance Company	521,150	2.74
The State Pension Fund	500,000	2.63
Teleste Oyj	321,953	1.7
Danske Invest Finnish Small Cap Fund	290,000	1.53
FIM Fenno Equity fund	277,520	1.46

Shareholders by sector	Number of shareholders	% of Owners	Number of shares	% of shares
Households	5,015	93,65	4,785,023	25,2
Public sector institutions	3	0,06	1,985,010	10,5
Financial and insurance institutions	20	0,37	3,457,533	18,2
Corporations	251	4,69	7,105,394	37,4
Non-profit institutions	29	0,54	360,531	1,9
Foreign and nominee registered owners	37	0,69	1,292,097	6,8
Total	5,355	100,00	18,985,588	100,0

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	1,300	24,3	84,146	0,4
101 - 500	2,343	43,8	634,303	3,3
501 - 1000	767	14,3	627,507	3,3
1001 - 5000	768	14,3	1,686,218	8,9
5001 - 10000	78	1,5	550,011	2,9
10001 - 50000	67	1,3	1,447,835	7,6
50001 - 100000	10	0,2	759,875	4,0
100001 - 500000	15	0,3	3,638,547	19,2
500001 -	7	0,1	9,557,146	50,3
Total	5,355	100,0	18,985,588	100,0
of which nominee registered			1,078,100	5,7

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

1 000 €	Recognised fair values on acquisition
Fair values used in consolidation	
Trade marks (inc. in intangible assets)	746
Customer relationship (inc. in intangible assets)	585
Technology (inc. in intangible assets)	1,362
Inventories	4,983
Trade receivables	8,514
Book values used in consolidation	
Tangible assets	944
Intangible assets	537
Shares and immaterial rights	29
Accrued income	1,315
Deferred tax asset	314
Other receivables	425
Cash and cash equivalents	874
Total assets	20,628
Book values used in consolidation	
Interest-bearing liabilities	1,174
Trade payables	5,672
Deferred tax liabilities	539
Advance payments	2,984
Other liabilities	3,159
Total liabilities	13,528
Net identifiable assets and liabilities	7,100

Total consideration	11,500
Goodwill on acquisition	4,400
Consideration paid in cash	-7,700
Cash and cash equivalents in acquired subsidiary	874
Total net cash outflow on the acquisition	-6,826

Notes

A series of 20 horizontal lines for writing notes, each line starting with a small blue dot on the left side.



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