

An abstract graphic featuring a blue and green wavy line at the top, a blue and green grid pattern in the middle, and a green and yellow circular shape at the bottom right.

# Annual Report 2013

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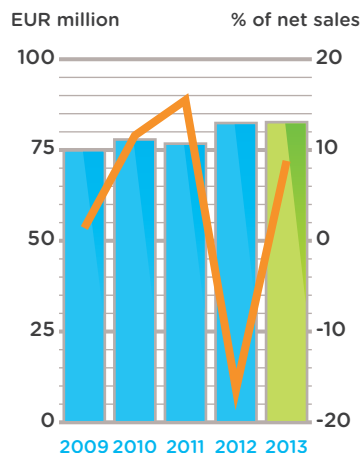
## Making data beautiful

Comptel is Telecom Software Company that has high quality products and services. We help Communications Service Providers to monetize their data and transform their business towards 4G and Fiber networks.

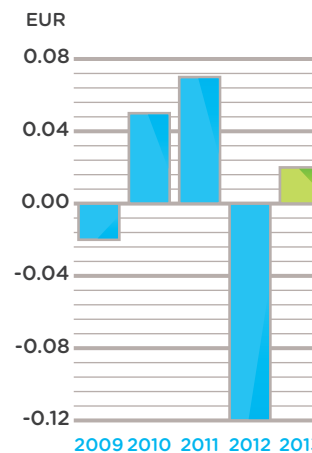
# Key figures

	2013	2012
Net sales, EUR million	82.7	82.4
Net sales, change %	0.3	7.4
Operating profit/loss, EUR million	7.3	-13.5
Operating profit/loss, as % of net sales	8.8	-16.4
Equity ratio, %	50.5	46.8
Order backlog, EUR million	40.8	48.4
Average number of employees	684	700

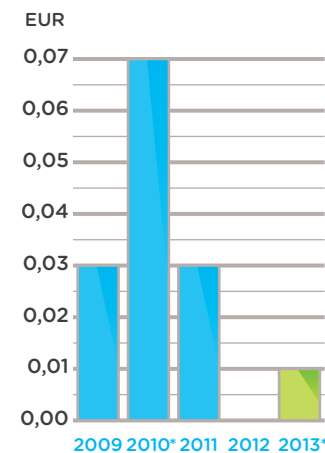
NET SALES AND OPERATING PROFIT



EARNINGS PER SHARE

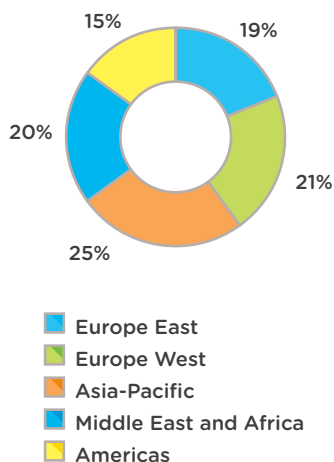


DIVIDEND PER SHARE

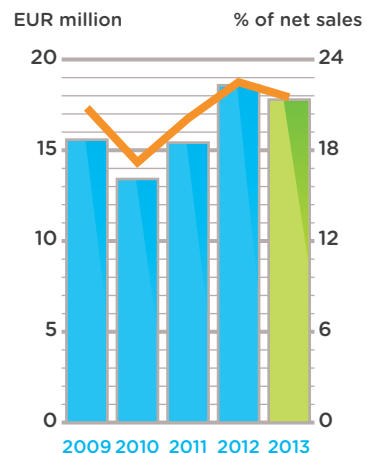


\* Divident EUR 0.04  
Additional dividend EUR 0.04  
\*\* Board of Directors' proposal

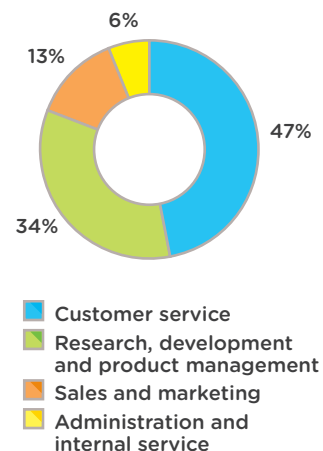
GEOGRAPHICAL NET SALES BREAKDOWN 2013



R&D EXPENDITURE



PERSONNEL BREAKDOWN BY FUNCTION 2013



# Comptel in brief

Since 1986, Comptel has helped more than 290 Communications Service Providers (CSP) across 87 countries meet the communications and infotainment needs of over one billion customers and create value from 20 per cent of the world’s mobile billing information that is captured and processed by Comptel Software.

Today we help service providers collect staggering amounts of data and turn it into meaningful information, which our advanced analytics translates into intelligence and together with our fulfillment to automated, relevant and timely actions.

Comptel wants to help CSPs change their entire perception of the ever-growing volume of network and market information. It is not an unwelcome technical threat but an elegant, exciting and rewarding way of understanding and serving their customers.

Comptel allow CSPs to tap into the pool of customer information to run a successful business. We develop our solutions to automate customer interaction that is based on our Event-Analysis-Action strategic framework.

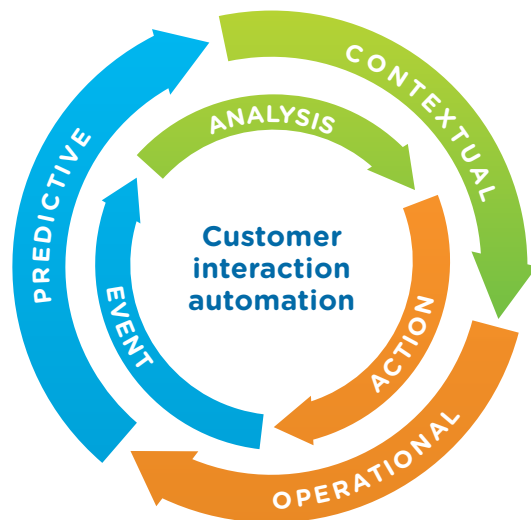
Whether through solution delivery, service and maintenance, managed services, consultancy or training, Comptel has completed around 1,400 successful projects to help CSPs understand their customers better and deliver a superior customer experience. We have acquired in-depth expertise and insight into the business of telecommunications, specifically on how CSPs can most effectively engage their customers and most efficiently use their valuable resources.

We collaborate in sales and delivery services with our partners such as Alcatel-Lucent, IBM, NSN and Tech Mahindra.

Our customers are leading global CSPs, including América Móvil, Bharti Airtel, Orascom, Ooredoo, Saudi Telecom, T-Mobile, Telefónica O2, NBN Co, Zain and Robi Axiata.

## Improving customer experience

**PREDICTIVE**  
Understanding uniqueness of individuals and circumstances...



**CONTEXTUAL**  
...turning that understanding into an opportunity

**OPERATIONAL**  
...and ensuring the timely and accurate delivery of that opportunity

# Comptel's strategy

“Comptel is Telecom Software Company that offers high quality products and services. We help operators to monetize their data and transform their business to fully utilize the capabilities of 4G and Fiber networks.”

The business environment of Communications Service Providers (CSPs) is in transition in terms of technology evolution and new business models.

- With the huge growth in data traffic, the exponential growth of network events and transactions challenges CSPs' capability to use their infrastructure efficiently and leverage the data for competitive advantage.
- Need for investments in new technologies and enhanced capacity require constantly improved cost efficiency and monitoring of the efficiency of the systems.
- Competition gets fierce with new global service providers and market maturity. Need for partnerships, new services and business models is growing.

Comptel helps their Communications Service Provider (CSP) customers to build business models that meet the demands in the world where services offered on top of the data networks form the basis of their success.

Comptel's prime instrument is the **Event-Analysis-Action -strategy** that we formulated and launched in 2012.

During 2013, we succeeded in verifying this strategy in multiple occasions and the feedback has been really encouraging. It has been seen as the game changer in our space and we have been seen as a thought leader in bringing out new ways of automating customer interaction in order processing, service quality management and subscriber charging.

According to this strategy we have built and acquired capabilities in all of these three areas (Event-Analysis-Action) and worked to integrate these into solutions that help our customers to **automate their customer interaction operations**.

We are working to enhance the integration of analytics capability with our vast experience within telecom operation systems. As a result, we are emphasizing Comptel Analytics more as an integrated component in systems rather than a separate analytics solution.

We are emphasizing the power of Analytics with deeper integration with our key revenue sources (Comptel Mediation, Comptel Fulfilment and Comptel Policy and Charging Control), increasing their value and application area.

**Comptel offers one of the leading software platforms** to collect and efficiently process large amount of data. Our analytics software, integrated with this platform, analyses the data and turns it into intelligence and predictions, which we can be translated into decisions and automated actions towards the network or subscribers. We help both technology and business organisations to build seamless processes for automated customer interactions and improved customer experience.

**Comptel's use of innovative information extraction** from the exponentially growing customer and network data is what **differentiates** them from the traditional network and service management providers. Predictive, real-time analytics software helps operators understand fast changing customer needs and issues in their services. Analytics can enrich the existing mediation and fulfillment systems into an integrated Event-Analysis-Action -based, automated customer interaction solution.

**Comptel grows by executing our strategy in analytics and delivery services, and by further development of our services business.** We will enhance sales channels through collaborative sales and marketing activities with leading companies or innovative challengers, and by providing our technology for cloud service charging and customer management systems. Furthermore, we will enhance our customer base by providing selected solutions as a service (Software as a Service, SaaS) model, in addition to the traditional systems.

In addition to license sales, we will grow through systematic development of our services business. Operators are increasingly interested in acquiring our specialist software competences when looking for automated work processes in order to deliver seamless customer experience. Growing demand for managed services brings new growth potential for Comptel.

# Message from the CEO



“ In 2013, we significantly improved our profitability and increased the net sales of new solutions. We delivered the largest analytics solution in our history, entered into production with the first Comptel Fulfillment 8 solution and announced our first innovative collaboration with Salesforce.com.”

Within the last three years, we have renewed our company values, strategy, image, sales channel and product portfolio. In 2013, our focus was to increase our profitability, develop new solutions and bring them to the market. The operating profit increased to 8.8 per cent of net sales. The growth was lower than expected but the net sales from new solutions grew by 22 per cent from 2012.

We delivered the largest analytics solution in our history in a demanding Bangladesh market as well as the first comprehensive Comptel Fulfillment 8 solution which was taken into production as a part of the customer's business process. The innovative fulfilment co-operation with Salesforce.com, a cloud-computing specialist, extends our product offering in service automation with service activation.

## **New customers in new markets**

During 2013, Comptel secured 17 significant orders, over EUR 0.5 million each, and four new customers, including a Vietnamese operator with which Comptel broke into a new market. For new solutions, Comptel received two new analytics customers and seven new fulfilment customers.

Geographically Comptel grew positively in the Middle East and the Americas region. In Asia, we mainly invested in potential new markets but with no desired return yet. In Europe, operators postponed their investments, which shows especially in our order backlog.

Partner sales totalled 18.5 per cent of net sales. We will strengthen the strategic partnerships to facilitate the entry to new markets and customer acquisition.

## Developing products and strategic product offering

We continued to invest in research and development, which totalled 21.5 per cent of net sales. We developed nine new software products in the area of advanced analytics and fulfillment.

New solutions, real-time analytics, fulfillment and policy strengthen the Event-Analysis-Action strategic framework that helps our customers to automate and enrich their service delivery and customer interaction. The new solutions give the possibility to enhance customer loyalty and create customised campaigns and product offering. Additionally, the solutions help to proactively prevent network issues affecting customer satisfaction and to differentiate through quality of service, for example.

We are aiming at a market leading and though leadership position in the customer interaction automation area.

## Maintenance business continued strong

Maintenance business continued to grow strong by 9.2 per cent increase from previous year. The share of new services increased as expected, although the services sales decreased compared to previous year.

License sales went down from previous year.

## Increased profitability lays a foundation for new growth

Year 2013 was milestone for our profitability. The cost saving measures started in the previous financial year yearned positive operative result in every quarter of the year. The growth enabled the investments in the development of new solutions which help our customers to develop their business using new technologies, such as 4G and fibre, and new business models.

We believe that our new competitive solutions have strengthened our position in the market, which does not yet reflect in the net sales for 2013. We believe that consolidations in the operator networks will continue and technology changes will create new opportunities for our fulfillment solutions. Advanced analytics and Big Data projects will offer Comptel new growth potential within our current customership, and new business models.

The most important target for 2014 is to continue to increase our profitability and net sales through new solutions.

I want to express my gratitude to our shareholders for the trust they have shown towards our company during this transformation. I also warmly thank our personnel for the exemplary and strong commitment to the change process by committing to our company values. Finally, I wish to thank our customers and partners for the close cooperation, which I trust to only increase in 2014.

Helsinki, February 2014



Juhani Hintikka  
President and CEO

# Board of Directors' report 2013

## Market development

Comptel operates globally in the software markets for mobile and fixed telecommunications operators.

Telecommunications operators' net sales and investments continued moderate growth of a couple of per cent as in the previous year. The global growth for both the net sales and investments was above the inflation rate, approximately four per cent. This is noteworthy since in spite of the economic outlook the growth was still higher than the overall increase in GDP. Data services and the growth of transmitted data were the most important trends in Telecommunications and continued to drive the development of the telecommunications sector. Mobile data growth was in practice the sole growth contributor in the developed markets. Developing markets experienced also a steep transition from subscriber growth to data services growth. Growth in mobile broadband was globally over 40% but there is still a lot of growth potential since only one third of the global subscribers had mobile broadband service in the end of 2013.

Operator's investment focus is now in bringing fiber technology to fixed broadband and building fourth generation mobile networks. These investments will continue through the coming years, for example only 3 per cent of subscribers were using 4G technology at the end of 2013.

The explosion in the usage of smart phones has driven the need to build new, fast broadband networks and improve the usability of the services as well as to develop software systems supporting the new business models. This requires investments to software that enables flexible packaging of services, pricing and delivery chain. At the same time the operators need to invest in harmonization of existing systems.

Operators' competition over customers has intensified and resulted in consolidation of the market. In addition companies like Google, Amazon, Facebook and Apple have been challenging the operators both in the traditional business and particularly in the new services. The cost of customer acquisition and taking the benefit of additional sales opportunities requires operators to have a better understanding of customer needs and level of service experience. This has increased software investments in systems analysing customer experience and facilitating targeted campaign management. With the help of these

products operators have better tools for customer retention and ability to sell them new products and services.

## Net sales and Profitability

In 2013, the net sales of Comptel group increased by 0.3 per cent (7.4) compared to previous year and were EUR 82.7 million (2012: 82.4; 2011: 76.8). The sales of new products grew 22 per cent year-over-year. The new solutions comprise of Fulfillment, Analytics and Policy Control solutions.

Operating result was EUR 7.3 million (2012: -13.5; 2011: 11.9), which amounts to 8.8 per cent (-16.4) of net sales. The operating result of 2012 includes onetime impairment loss of EUR 10.2 million as well as restructuring charges of EUR 2.5 million. The operating costs, without one time charges, were EUR 7.7 million lower on an annual basis due to cost savings measures.

Result before taxes was EUR 5.6 million (14.0), which corresponds to 6.7 per cent (-16.9) of net sales. Net profit was EUR 2.6 million (-12.8). Earnings per share for the financial year were EUR 0.02 (2012: -0.12; 2011: 0.07).

Tax expense for the financial year was EUR 3.0 million (-1.2). The tax expense included EUR 1.3 million (1.7) of withholding taxes due to double taxation. The cumulative amount of outstanding, non-credited and expensed withholding taxes payment since 2004 is EUR 10.5 million.

Return on equity was 9.3 per cent (2012: -37.2; 2011: 16.7).

The Group's order backlog decreased from the previous year and was EUR 40.8 million (2012: 48.4; 2011: 47.2) at the end of the financial year. Maintenance agreements represented EUR 22.3 million (27.2) and other order backlog EUR 18.5 million (21.2) of the total.

## Business areas

Business areas are defined by geography. Comptel has five business segments: Europe East, Europe West, Asia-Pacific, Middle East and Africa, and the Americas. The operating profit of the segments includes cost of sales and customer services. Group R&D and general and administration costs are not allocated to the segments.



During the financial year, Comptel received 17 significant orders (15). Out of these 17 orders, 4 were Fulfillment, 9 Policy Control & Charging and 4 were Managed Services. As significant orders Comptel reports sold projects and licenses with a value of EUR 500 000 at the minimum.

Europe East net sales were EUR 15.3 million (16.3). Net sales decreased from previous year due to customers, especially in North Europe, being careful with new investments. The Group's operating profit for the segment was EUR 7.7 million (6.3), representing 50.0 per cent of net sales (38.6). Comptel won one new customer in this region. Some of the most significant customers were Elisa, Telenor, TDC and operators belonging to the TeliaSonera Group.

The net sales of Europe West were EUR 17.8 million (21.0). The decrease in net sales was attributable to the general economic conditions in Europe. The Group's operating profit for the segment was EUR 8.0 million (9.7), representing 44.9 per cent of net sales (46.3). Some of the most significant customers were operators belonging to the Vodafone, Telefonica O2, and Cosmote groups.

The net sales of Asia-Pacific were EUR 20.9 million (21.7). The Group's operating profit for the segment was EUR 10.1 million (9.5), representing 48.0 per cent of net sales (43.9). Comptel won three new customers in this region. Some of the most significant customers were Bharti, IBM, NBN Co and operators belonging to the Vodafone group.

The net sales of Middle East and Africa were 16.3 million (14.5). The Group's operating profit for the segment was EUR 6.7 million (3.0), representing 40.8 per cent of net sales (20.4). Many of the biggest operators in the Middle East are Comptel's customers, among them operators belonging to the Etisalat, Orascom, Ooredoo and Zain groups and Saudi Telecom.

The net sales of Americas were EUR 12.3 million (8.9). The Group's operating profit for the segment was EUR 7.0 million (3.8), representing 56.9 per cent of net sales (42.3). The most significant customers in the Americas were operators belonging to the América Móvil and Telefónica groups and T-Mobile in the US.

Comptel's net sales are comprised of selling software licenses and license upgrades, and selling the services and maintenance supporting its products. License sales decreased from the previous year and were

EUR 14.4 million (16.6). Services sales were on same level as in previous year and were EUR 32.7 million (33.2). Support and maintenance sales represented EUR 35.6 million (32.6) of net sales.

Comptel sells and delivers its products and solutions both directly through its own sales organization and through its partners. The most significant partners are system integrators such as IBM and Tech Mahindra and network equipment vendors like Alcatel-Lucent and NSN. Comptel co-operates with a number of local partners that are significant in their own region. Direct sales were EUR 64.1 million (62.1) and sales through partners and resellers were EUR 18.5 million (20.3).

## Investments

During 2013 gross investments in intangible and tangible assets amounted to EUR 0.6 million (4.5) and comprised of investments in devices, software and furnishings. The investments are funded through cash flow from operations. Previous year's numbers include acquisition of the Xtract company.

## Research and development

Comptel's direct R&D expenditures and investments were EUR 17.8 million (2012: 18.6; 2011: 15.4). This corresponds to 21.5 per cent (2012: 22.5; 2011: 20.1) of net sales.

Comptel's R&D expenditure was mainly targeted at the service fulfillment automation of telecom operators and to the management of real-time analysis of rapidly increasing data traffic. Comptel seeks global market leadership in these areas where key business challenges of operators and service providers will be solved. In addition, the company is developing an integrated software platform which will enable a cost efficient and solution based R&D.

In 2013 company focused on developing its offering within the fulfillment and advanced analytics products. In terms of analytics, integrating the acquired Xtract product into the Comptel software platform is a priority. With a combined offering including real-time analytics, Comptel can help operators to improve customer loyalty as well as enable individually targeted marketing. Twelve major software releases were launched in these respective product areas during 2013.

The company filed two new patent applications in 2013 (1). During the year Comptel was granted four new patents (5) related to real-time mediation of usage data and charging of subscribers in an online mediation environment, and managing data traffic in telecom network. At the end of the year, Comptel had 29 (25) granted patents and 51 (54) pending patent applications to protect its main products and solutions.

The Comptel® trademark is registered trademark of Comptel Corporation in several countries.

### Financial position

Statement of financial position on 31 December 2013 was EUR 67.9 million (68.5) of which liquid assets amounted to 6.5 (4.8).

During the financial year net operating cash flow was EUR 8.8 million (1.1).

The trade receivables were EUR 22.7 million (22.8) at the end of the period. The accrued income was EUR 9.4 million (12.6).

Comptel has an 18 million credit facility arrangement consisting of 5 million term-loan and a revolving credit facility of 13 million. Out of this arrangement Comptel had 5 million of the term-loan and 3 million of the revolving credit facility outstanding at year end. The loan facility is valid until January 2016.

The equity ratio was 50.5 per cent (46.8) and the gearing ratio was 7.7 per cent (13.1).

### Company structure

At the end of 2013, Comptel group comprised of parent company Comptel Oyj and the wholly owned subsidiaries Comptel Communications Oy, Comptel Communications AS, Comptel Communications EOOD, Comptel Communications Sdn Bhd, Comptel Communications Brasil Ltda, Comptel Communications Inc., Comptel Ltd., Comptel Communications India Private Limited, Comptel Communications S.r.l., Xtract Oy, Comptel Passage Oy and Business Tools Oy. In addition the Group included the wholly owned subsidiary of Comptel Communications Holdings and its wholly owned subsidiaries Comptel communications Ltd and Viewgate Networks Limited. The group also included and Irish associated company Tango Telecom Ltd (share of ownership 20.0 per cent).

Comptel Group has registered representative and branch offices in Australia, Egypt, India, Italy, China, Russia, United Arab Emirates, The Netherlands, Sweden, Germany, Singapore, New Zealand and Turkey.

### Personnel

At the beginning of the year Comptel had 679 employees and at the end of the year 690. The Group employed an average of 684 persons in 2013 (2012: 700; 2011: 623).

At the end of the year, 29.6 per cent (31.7) of the personnel were located in Finland, 28.1 per cent (26.1) in Malaysia, 10.9 per cent (9.7) in Bulgaria, 7.5 per cent (7.7) in the United Arab Emirates, 5.9 per cent (6.8) in the United Kingdom, 2.8 per cent (3.2) in Norway, and 15.2 per cent (14.8) in other countries where Comptel operates.

Of the group personnel, 47.2 per cent (46.8) worked in customer services, 34.1 per cent (31.7) in research, product development and product management, 12.9 per cent (13.8) in sales and marketing and 5.8 per cent (7.7) in administration and internal support services at the end of the financial year.

At the end of the year the Group had 679 (657) regular workers and 11 (22) non-permanent employees. Of the employees, 669 (642) were full-time and 21 (37) part-time.

Average personnel attrition in 2013 was 20.5 (33.1). The average years of service was 4.5 (4.5). The average age of employees at the end of the year was 36 (36). At the end of the year 74 per cent (72) of the employees were men and 26 per cent (28) women.

Wages and salaries totalled EUR 34.3 million (2012: 37.5; 2011: 30.4).

Salaries and compensation paid to the management are described in the note 30 to the consolidated financial statements.

Of the personnel, 79 per cent had a university degree, 10 per cent had a polytechnic diploma, 5 per cent a vocational college diploma and 6 per cent other education.

The group continued the Comptel University programme for personnel competence development. An average of EUR 567 per person was spent on training (691). The number of training days per person was 3.8 (4.4).

In the financial year, the amount of sick leave from active working hours was 1.3 per cent (1.4).

### Corporate Governance

The Annual General Meeting (AGM), held on 20 March 2013, elected the following members to the Board of Directors: Mr Pertti Ervi, Mrs Eriikka Söderström, Mr Hannu Vaaajoensuu, Mr Antti Vasara and Mr Petteri Walldén. In its meeting held after the AGM, the Board of Directors elected Mr Pertti Ervi as chairman and Mr Hannu Vaaajoensuu as vice chairman. The board did not have any committees.

At the end of the financial year guarantees given on behalf of the related parties amounted to EUR 33 thousand. Related party transactions are described in more detail in the note 30 to the consolidated financial statements.

A separate Corporate Governance Statement has been given as part of the annual report.

## Auditors

Comptel's auditors was Ernst&Young Oy.

## Comptel's share and shareholders' equity

Comptel has one share type. Each share constitutes one (1) vote. The company's capital stock on 31 December 2013 was EUR 2,141,096.20 and the total number of votes was 107,421,270.

The total exchange of Comptel's shares in 2013 was 18.4 million shares (26.7) which is 17.1 per cent (25.0) of the total number of shares. The closing price was EUR 0.48 (0.40). Comptel's market value at the end of the year was EUR 51.5 million (42.8).

During the year, Comptel Corporation allotted 164,203 shares to the members of the Board of Directors as part of their annual compensation and 50,000 shares to the President and CEO as per 2011 share-based incentive scheme.

The President and CEO of Comptel Corporation have a share-based incentive plan. The aim of the plan is to combine the objectives of the shareholders and the CEO of Comptel Corporation in order to increase the value of the company and to commit the CEO to the company. The prerequisite for the participation in the plan and receipt of reward from the performance periods is that the CEO owns company's shares or acquires them up to the number predetermined by the Board of Directors which is 230,000 shares. The ownership requirement is valid until 31 December 2015. Furthermore, the potential reward from the plan is tied to the validity of the CEO's employment contract. The maximum amount of rewards to be paid on the basis of the plan is 650,000 Comptel Corporation shares and cash payment corresponding to the value of the shares.

The reward for 2012 was paid to the CEO in 2013 by disposing gratuitously 50,000 shares and in cash, EUR 24,087. The potential reward from the plan for the performance period 2012–2013 will be based on the turnover growth rate and operating profit margin of the Comptel Group.

Members of the Board of Directors and the CEO held at 31 December 2013 a total of 1.545 per cent of the company's outstanding shares and

share options, 0.770 per cent of the votes and share capital and the share options can provide them with a 0.776 per cent of the votes and share capital.

The company held 161,219 of its own shares at the end of the financial year, which is 0.15 per cent of the total number of its shares. The total counter-book value of the shares held by the company was EUR 3,213.

The Annual General Meeting, held on 20 March 2013, approved the proposal of the Board of Directors that no dividend was paid.

The AGM authorised the Board of Directors to decide on share issues amounting to a maximum of 21,400,000 new shares and on repurchase or conveying of the company's own shares up to a maximum number of 10,700,000 shares. The authorisations are valid until 30 June 2014. However, the authorisation to implement the company's share-based incentive programs is valid until five years from the AGM resolution. A separate stock exchange release about the authorisations given and other decisions made by the Annual General Meeting was published on 20 March 2013.

## Business Risks

Comptel's business risks are regularly estimated as part of the annual operative planning and strategy process, of the process of preparing and deciding on commercial offers and agreements and investments and other resources allocations, and of other operative actions. Strategic risks are considered the most significant. Strategic risks are further divided into market risks and risks related to the Comptel's business strategy.

Below is a description of the most important factors outside of the Group or generated by its operation, which may be of significance of the Comptel's business, operating result and share price in the future.

The demand in the operation support system may vary significantly by region.

Comptel develops dynamic end-to-end solutions for leading operators globally in the telecom field. This requires that Comptel understands correctly the changing trends in its business environment and the needs of its customers and resellers in each region. Failure to identify market conditions, address customers' needs and develop products in a timely fashion may significantly undermine Comptel's growth business and profitability.

Comptel has invested significantly into new product area's in analytics and automation of customers delivery processes. Failure in

these product area's development or launch can have a significant impact on the company's growth and profitability.

The timing of a single major deal and variations in the customer purchase behaviour cause significant quarterly variations in sales and profit, and are typical of Comptel's field of industry.

The OSS market is highly competitive. The sector is undergoing consolidation between the market players, which is reflected in the duration and pricing agreements. If Comptel does not manage to adapt its operations and address the changes taking place in its competitive environment, the market development may greatly impair the company's business and operating results.

Comptel has initiated the execution of customer and partner intimate business model which requires getting competent resources closer to key customers and partners in certain growth markets.

The Middle East, Africa and Asia are increasingly important market areas for Comptel. The company is operating in several countries where the political situation is unstable. Deterioration of the situation in these areas may hinder Comptel's business and undermine its profitability.

Comptel's business consists of delivering large productised IT systems, and the value of a single project may be several million euros. Therefore, the financial loss or credit risk associated with a single project or an individual customer may be significant. There are also risks, associated to the deliveries, that projects are not completed timely or in agreed time schedule, quality and cost risk. To projects is also associated liquidate damage risk. Furthermore, some of Comptel's customers operate in countries where the political or financial climate can be unstable which in part may increase credit risk.

Comptel operates globally and is exposed to risks arising from currency fluctuations. The exchange rate changes between the Euro, which is the company's reporting currency, and the US Dollar, UK Pound Sterling and Malaysian Ringgit affect the company's net sales, expenses and net profit.

The application process where Comptel seeks to avoid double taxation is still pending with the Ministry of Finance in Finland. However, the legal process between the states is very slow and the results are difficult to foresee. The interpretation of tax treaties may result in different views between the countries in question. This could mean that the double taxation will persist.

Comptel's risks and uncertainties are described more in detail in the company's financial statements and the Board of Directors' report for 2013.

## Events after the Reporting Period

The Board of Directors of Comptel Corporation has resolved on a new stock option incentive plan for the Group key personnel as part of the Company's incentive and commitment program. The target group of the Plan consists of approximately 30 people. The aim of the new plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on long-term shareholding in the Company. A separate stock exchange release was published on 5 February 2014.

## Outlook

We expect the 2014 operating result to be EUR 5–10 million. The 2014 revenue is expected to remain at 2013 level while the new solutions are expected to grow from Q2 onwards.

Characteristically a significant part of Comptel's operating profit and net sales is generated in the second half of the year.

## Board of Directors' Proposal for the Disposal of Profits

The Group parent company's distributable equity on 31 December 2013 was EUR 4,107,351.91 (1,840,001.68).

Board of Directors proposes to the Annual General Meeting that dividend of EUR 0.01 per share will be paid for 2013.

Helsinki, 12 February 2014

Comptel Corporation  
Board of Directors

# Consolidated Statement of Comprehensive Income

EUR 1,000	Notes	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
Net sales	2	82,668	82,428
Other operating income	5	8	9
Materials and services	6	-3,418	-5,477
Employee benefits	7	-40,678	-44,108
Depreciation, amortisation and impairment charges	8	-5,682	-14,619
Other operating expenses	9	-25,591	-31,749
		<b>-75,369</b>	<b>-95,954</b>
<b>Operating profit/loss</b>		<b>7,308</b>	<b>-13,517</b>
Financial income	11	367	1,042
Financial expenses	11	-1,706	-1,739
Share of result of associated companies		-415	259
<b>Profit/loss before income taxes</b>		<b>5,554</b>	<b>-13,955</b>
Income taxes	12	-2,962	1,152
<b>Profit/loss for the period</b>		<b>2,592</b>	<b>-12,804</b>

EUR 1,000	Notes	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Cash flow hedges		-	781
Translation differences		-582	46
Income tax relating to components of other comprehensive income	12	-	-191
<b>Total comprehensive income for the period</b>		<b>2,009</b>	<b>-12,168</b>
Profit/loss attributable to:			
Equity holders of the parent company		2,592	-12,804
Non-controlling interest		-	-
Total comprehensive income attributable to:			
Equity holders of the parent company		2,009	-12,168
Non-controlling interest		-	-
<b>Shareholders of the parent company</b>	13		
Earnings per share, EUR		0.02	-0.12
Earnings per share, diluted, EUR		0.02	-0.12

# Consolidated Statement of Financial Position

EUR 1,000	Notes	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	15	2,646	2,646
Other intangible assets	15	14,174	13,350
Tangible assets	14	1,629	1,518
Investments in associates	16	661	1,076
Available-for-sale financial assets		87	87
Deferred tax assets	17	4,358	3,804
Other non-current receivables		500	493
		24,055	22,974
<b>Current assets</b>			
Trade and other receivables	18	37,144	40,617
Current tax assets		202	43
Cash and cash equivalents	19	6,542	4,817
		43,889	45,476
<b>TOTAL ASSETS</b>		<b>67,944</b>	<b>68,451</b>

EUR 1,000	Notes	31 Dec 2013	31 Dec 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	20	2,141	2,141
Fund of invested non-restricted equity	20	401	243
Translation difference	20	-1,219	-636
Retained earnings		27,600	25,208
		28,924	26,956
<b>Total equity</b>		<b>28,924</b>	<b>26,956</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	2,983	3,302
Provisions	23	-	787
Non-current liabilities financial liabilities	24	3,483	5,275
		6,466	9,364
<b>Current liabilities</b>			
Provisions	23	1,939	1,511
Current financial liabilities	24	5,287	3,082
Trade and other current liabilities	25	25,078	27,230
Current tax liabilities		250	307
		32,554	32,130
<b>Total liabilities</b>		<b>39,020</b>	<b>41,494</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>67,944</b>	<b>68,451</b>

# Consolidated Statement of Cash Flows

EUR 1,000	Notes	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
<b>Cash flows from operating activities</b>			
Profit/loss for the period		2,592	-12,804
Adjustments:			
Non-cash transactions or items that are not part of cash flows from operating activities	28	7,330	15,815
Interest and other financial expenses		434	228
Interest income		-71	-412
Income taxes		2,962	-1,152
Change in working capital:			
Change in trade and other receivables		3,074	-592
Change in trade and other current liabilities		-2,997	4,307
Change in provisions		-359	-452
Interest paid		-355	-312
Interest received		63	17
Income taxes paid and tax returns received		-3,849	-3,551
<b>Net cash from operating activities</b>		<b>8,825</b>	<b>1,092</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		-	-1,812
Investments in intangible assets		-466	-1,044
Investments in development projects		-85	-417
Proceeds from sale of tangible and intangible assets		-5,510	-6,101
Change in other non-current receivables		5	-
Net cash used in investing activities		-7	-32
<b>Investointien nettorahavirta</b>		<b>-6,063</b>	<b>-9,406</b>

EUR 1,000	Notes	1 Jan– 31 Dec 2013	1 Jan– 31 Dec 2012
<b>Cash flows from financing activities</b>			
Dividends paid		-	-3,207
Capital repayment		-88	-
Proceeds from borrowings		16,702	29,000
Repayment of borrowings		-17,073	-22,020
Lease payments		-191	-38
<b>Net cash used in financing activities</b>		<b>-650</b>	<b>3,735</b>
<b>Net change in cash and cash equivalents</b>			
		<b>2,112</b>	<b>-4,579</b>
Cash and cash equivalents at the beginning of the period	20	4,817	9,401
Cash and cash equivalents at the end of the period	20	6,542	4,817
<b>Change</b>		<b>1,726</b>	<b>-4,585</b>
Effects of changes in foreign exchange rates		-386	-5

# Consolidated Statement of Changes in Equity

## Equity attributable to equity holders of the parent company

EUR 1,000	Share capital	Other reserves	Translation differences	Fair value reserve	Retained earnings	Total
<b>Equity at 31 Dec 2011</b>	<b>2,141</b>	<b>178</b>	<b>-682</b>	<b>-589</b>	<b>40,758</b>	<b>41,805</b>
Dividends					-3,207	-3,207
Transfer of treasury shares		66			-	66
Share-based compensation					460	460
Total comprehensive income for the period			46	590	-12,804	-12,168
<b>Equity at 31 Dec 2012</b>	<b>2,141</b>	<b>243</b>	<b>-636</b>	<b>-</b>	<b>25,208</b>	<b>26,956</b>
Acquisition of Corporation's own shares					-88	-88
Transfer of treasury shares		158			66	223
Share-based compensation					-50	-50
Prior year corrections *					-127	-127
Total comprehensive income for the period			-582		2,592	2,009
<b>Equity at 31 Dec 2013</b>	<b>2,141</b>	<b>401</b>	<b>-1,219</b>	<b>-</b>	<b>27,600</b>	<b>28,924</b>

\* Difference in the tangible and intangible assets, as well as in the other receivables, caused by the system conversion in prior years, was corrected directly to Retained Earnings during the years 2013.



# Notes to the Consolidated Financial Statements

## 1. Accounting principles for the consolidated financial statements

### Company profile

Comptel Corporation is a Finnish public limited liability company organised under the laws of Finland. Founded in 1986, Comptel Corporation is one of the leading providers of telecom software and services in convergent mediation and charging, predictive analytics and service fulfillment. Comptel Corporation is listed on NASDAQ OMX Helsinki (CTL1V). The parent company of the Comptel Group, Comptel Corporation, is domiciled in Helsinki and its registered address is Salmisaarenaukio 1, 00180 Helsinki.

A copy of the consolidated financial statements can be obtained either from Comptel's website ([www.comptel.com](http://www.comptel.com)) or from the parent company's head office, the address of which is mentioned above.

On 12 February 2013 the Board of Directors of Comptel Corporation has authorised the publication of the consolidated financial statements of Comptel Corporation for the year 2012. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statements after the publication. The Annual General Meeting may decide to change the financial statements.

### Basis of preparation

Comptel's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force as at 31 December 2012 including the IAS and IFRS standards as well as the SIC and IFRIC interpretations. IFRSs referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The notes to the consolidated financial statements also conform to the Finnish accounting and company legislation.

The consolidated financial statements are prepared under the historical cost convention except for available-for-sale assets, derivative financial instruments and hedged items under fair value hedging. Share-based payments are recognised at fair value at the grant date.

All financial information presented in euros has been rounded to the nearest thousand and consequently the sum of the individual figures can deviate from the sum figure.

Comptel first adopted the IFRS in 2005 and applied IFRS 1 *First-time adoption of IFRS* in the transition. The transition date was 1 January 2004.

On 1 January 2012 the Group adopted the following new and amended standards and interpretations endorsed by the EU and that are applicable to Comptel:

Amendments to IAS 1. *Presentation of items of Other Comprehensive Income*. The major amendment introduced is the requirement to classify items of other comprehensive income as to whether or not they will be reclassified subsequently through profit and loss when specific conditions are met.

Amendments impact only presentation of other comprehensive income in Comptel's consolidated financial statements.

Amendment to IAS 19. *Employee benefits*. The revised standard includes several amendments to harmonize the recognition of defined benefit pension plans and to improve comparability. In addition, the amendments to presentation will improve the comparability of financial statements and provide a clearer view of the financial commitments related to defined benefit plans. The amendment did not have an effect on Comptel's consolidated financial statements.

IFRS 13 *Fair Value Measurement*. The standard sets out a single definition of fair value applicable to all IFRS standards and a single approach to measuring fair value. Furthermore, the standard significantly increases the disclosures on the use of fair value. The standard does not have substantial effect on Comptel's consolidated financial statements.

Amendment to IFRS 7 *Financial Instruments*. Disclosures and IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment specified further the guidelines on when financial assets and liabilities can be disclosed on the balance sheet in net terms. The amendment has not had an effect on Comptel's consolidated statements.

The preparation of financial statements in conformity with IFRS requires management to make estimates as well as use judgement when applying accounting principles. Actual results may differ from these estimates. The chapter "Accounting policies requiring management's judgement and key sources of estimation uncertainty" discusses judgements made by management when applying the accounting principles adopted by the Group and those financial statement items on which judgements have the most significant effect.

### Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent company Comptel Corporation and all those subsidiaries in which it has, directly or indirectly, control (together referred to as "Group" or "Comptel"). Associates included in the consolidated financial statements are those entities in which the parent company Comptel Corporation has, directly or indirectly, significant influence, but not control, over the financial and operating policies.

## Subsidiaries

Subsidiaries are entities controlled by Comptel. Control means that the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control exists, among other, when the voting rights attached to the shares owned by Comptel amount to 50 per cent or more of the total voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The consideration transferred and the identifiable assets acquired and the liabilities assumed have been recognised at fair value at the acquisition date. The acquisition costs, excluding the costs to issue debt or equity securities, have been recognised as a cost. The consideration transferred exclude business operations treated separately from the acquisition. The impact is recognised in profit or loss when the acquisition takes place. Possible contingent consideration has been recognised at fair value at the acquisition date and has been classified as liability or equity. Contingent consideration classified as liability is recognised at fair value at the end of each reporting period and the resulting gain or loss is recognised in profit or loss or other comprehensive income. Contingent consideration classified as equity shall not be remeasured.

The subsidiaries acquired have been consolidated from the date of acquisition, when control commenced. The subsidiaries disposed of are included in the consolidated financial statements until the control ceases. All inter-company income and expenses, receivables, liabilities and unrealised profits arising from inter-company transactions, as well as distribution of profits within the Group are eliminated as part of the consolidation process. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

The allocation of the profit or loss and the distribution of the comprehensive income for the period attributable to equity holders of the parent company and non-controlling interest are presented in connection with the consolidated statement of comprehensive income. Possible non-controlling interest is recognised at fair value or amount corresponding to its proportional share of the net identifiable assets acquired and liabilities assumed. Valuation method is defined separately for each acquisition. Comprehensive income is attributed to equity holders of the parent company and non-controlling interest even if share of non-controlling interest was negative. The share of equity attributable to non-controlling interest is presented separately as part of equity in the statement of financial position. If parent company ownership change in a subsidiary and does not result in loss of controlling interest it is recognised in equity.

If a business combination is achieved in stages the previously held equity interest is recognised at fair value and the resulting gain or loss is reflected in profit or loss. If the Group no longer has a controlling stake in a subsidiary, the remaining asset is recognised at fair value at such date when the transaction takes place and the resulting gain or loss is recognised in profit or loss.

Accounting treatment for acquisitions prior to 1 January 2010 has followed the prevailing standards at the end of the reporting period.

## Associates

Associates are those entities in which Comptel has significant influence. Significant influence generally arises when Comptel holds voting rights less than 50 per cent but over 20 per cent or when the Group otherwise has significant influence over the financial and operating policies, but not control. Holdings in associates are incorporated in these financial statements using the equity method from the date that significant influence commences until the date that significant influence ceases. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. When Comptel's share in an associate's losses exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or made payments on behalf of the associate. The Group's proportionate share of associates' profit for the period is presented as a separate line item in the consolidated statement of comprehensive income.

## Foreign currency transactions

The result and financial position of a Group entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company.

Transactions in foreign currencies are translated at the exchange rates prevailing on the dates of the transactions. Foreign currency monetary balances are translated at the exchange rate at the end of reporting period. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the end of reporting period. Gains and losses resulting from transactions in foreign currencies and translation of monetary items are recognised in profit or loss.

## Financial statements of foreign subsidiaries

Statements of comprehensive income and cash flows of foreign subsidiaries are translated into euros at the average exchange rate during the financial period. Their statements of financial position are translated using the exchange rate at the end of reporting period. The translation differences arising from the translation of the profit for the period by using the average and closing rates are recognised in other comprehensive income and presented as a separate item in equity. The translation differences arising from the use of the purchase method and after the date of acquisition as well as the result of the hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented within equity. If a subsidiary is disposed of, related cumulative translation differences deferred in equity are recognised in profit or loss as part of the gain or loss on

sale. From the transition date onwards translation differences arising on the consolidation are presented as a separate component of equity.

Goodwill and fair value adjustments to assets and liabilities that arose on an acquisition of a foreign entity occurred prior to 1 January 2004 are translated into euros using the rate that prevailed on the date of the acquisition. Goodwill and fair value adjustments arisen on an acquisition after 1 January 2004 are treated as part of the assets and liabilities of the acquired entity and are translated at the closing rate.

## Tangible assets

Tangible assets are measured at historical cost less cumulative depreciation and any impairment losses. Where parts of an item of tangible assets have different economic useful lives, they are accounted for as separate items of tangible assets. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. The depreciation period for machinery and equipment is four years.

Maintenance, repairs and renewals are generally expensed during the period in which they are incurred except for substantial renovation expenditure relating to leased premises that are capitalised under tangible assets. Such costs are depreciated over the shorter of five years and the lease term.

Residual values of tangible assets and expected useful lives are reassessed at each reporting date and where necessary are adjusted to reflect the changes in the expected future economic benefits.

Tangible assets classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are not depreciated after the classification as held for sale.

Gains and losses on sales and disposals of tangible assets are included in operating income and in operating expenses, respectively.

According to IAS 23 borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are to be capitalised.

## Intangible assets

### Goodwill

Goodwill resulting from business combinations subsequent to 1 January 2010 is recognised at the value at which the consideration transferred the amount of non-controlling interest and previously held assets together exceed the Group's share of the amount of the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed.

Acquisitions that have taken place between 1 January 2004 and 31 December 2009 have been recognised based on the previous IFRS standards. Goodwill arisen from the business combinations occurred prior to the IFRS transition date has been accounted for in accordance with FAS and has been taken as a deemed cost.

In accordance with IAS 36 *Impairment of Assets* goodwill is not amortised but tested for impairment annually. Goodwill is stated at cost less any cumulative impairment losses.

### Research and development costs

In accordance with IAS 38 *Intangible Assets* expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs that arise from design of new or improved products are capitalised as intangible assets in the statement of financial position when the product is technically and commercially feasible and it will generate future economic benefits. Amortisation of such an asset is commenced when it is available for use. Unfinished assets are tested annually for impairment.

Comptel capitalises development costs and costs related to internal system projects meeting the requirements under IAS 38. Capitalised development costs are amortised on a straight-line basis over three years and the costs related to internal system projects over four years.

Government grants that compensate the Group for the development costs are either deducted from the carrying amount of the asset or from the related expenses in profit or loss.

### Other intangible assets

Patents and licenses acquired as well as costs incurred from patent applications with a finite useful life are capitalised and amortised on a straight-line basis over their useful lives. Amortisation is calculated based on the original cost and allocated over the useful life.

The capitalised patent costs are generally amortised over ten years and licenses over four years.

The expected amortisation periods are reviewed at each reporting date and if they differ from previous estimates, the amortisation period is changed accordingly.

Identifiable intangible assets acquired on a business combination are measured at fair value. Such intangible assets relate for example to client relationships and technologies received in an asset acquisition and they are amortised over three to five years.

## Leases

### Comptel as lessee

IAS 17 *Leases* divides leases into finance and operating leases. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the typical risks and rewards of ownership to the lessee.

At the commencement of the lease term an asset acquired under a finance lease is recognised in the statement of financial position at an amount equal to the lower of its fair value and the present value of the minimum lease payments. An asset acquired under a finance lease is depreciated over the shorter of the lease term and its useful life. Lease payments are apportioned between the finance charge and the reduction of

the outstanding lease liability so as to achieve a constant periodic rate of interest on the liability balance outstanding. Lease liabilities are included in financial liabilities.

If the lease does not meet the requirements of a finance lease, it is always classified as an operating lease. In such a case the lessee has the right to use the asset for a limited time and the risks and rewards incidental to ownership are not transferred to the lessee.

The leases of Comptel are mainly treated as operating leases. Payments made thereunder are recognised in profit or loss as rental expenses on a straight-line basis over the lease term.

## Impairment

### Tangible and intangible assets

Comptel assesses at each reporting date whether there is any indication of impairment of assets. If there are such indications, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually for the following assets regardless of there being any indications of impairment: goodwill and unfinished intangible assets. The need for impairment is reviewed at the level of cash-generating units which is the lowest level for which there are separately identifiable, mainly independent cash flows.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use represents the discounted future net cash flows expected to be derived from an asset or a cash-generating unit. The discount rate used is the pre-tax rate that reflects the market's view on the time value of money and the specific risks related to the asset.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit is higher than the recoverable amount. Impairment losses are recognised in profit or loss. If an impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the goodwill allocated to this cash-generating unit and subsequently to decrease pro-rata other assets of the cash-generating unit. An impairment loss is reversed if there are any indications that the conditions and the recoverable amount have changed since the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. An impairment loss recognised for goodwill is never reversed.

### Pension obligations

Under IAS 19 *Employee Benefits* pension plans are classified as either defined contribution plans or defined benefit plans based on the company's obligations. In a defined contribution plan the company pays fixed contributions to a separate entity and has no further obligations. The pension plans of Comptel are arranged in accordance with the local legislation. Contributions of the defined contribution plans based on the regularly reviewed actuarial calculations prepared by the local pension insurance companies are recognised

as an expense in profit or loss in the year to which they relate. Other plans are classified as defined benefit plans.

In a defined benefit plan the liability to be recognised in the statement of financial position is the net amount of the net present value of the pension obligation and the plan assets measured at fair value at the year-end. The calculation for pension obligations is carried out by qualified actuaries. The amount of the obligation is based on the projected unit credit method.

The revised standard includes several amendments to harmonize the recognition of defined benefit pension plans and to improve comparability. In addition, the amendments to presentation will improve the comparability of financial statements and provide a clearer view of the financial commitments related to defined benefit plans.

### Share-based payments

Comptel has several option schemes and they are paid out as equity instruments. Equity-settled share-based schemes are measured at fair value at the grant date and expensed in profit or loss on a straight-line basis over the vesting period. The expense determined at the grant date is based on the Group's estimate on the number of those options that eventually vest at the end of the vesting period. The fair value is determined using the Black-Scholes option pricing model.

Comptel has also share-based incentive programs. The share-based incentive programs provide the key personnel of the Comptel Group with a possibility to receive shares of the company as compensation. The compensation paid based on the share-based incentive programs is paid as a combination of company shares and cash after the vesting period has expired. Costs incurred from the share-based incentive programs are recognised as employee benefit expenses over the commitment period.

### Provisions

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* prescribes the recognition criteria for a provision. A provision is based on an existing obligation and it is recognised in the statement of financial position when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions shall be the best estimate at the end of the reporting period and if the best estimates change the provisions are adjusted. Changes in the provision are recognised similarly in profit or loss as the original provision.

A warranty provision is recognised when a product that embodies a warranty is sold or delivered. The amount of the warranty provision is based on experience-based information about the materialisation of warranty costs.

A restructuring provision is recognised when Comptel has prepared a detailed plan for restructuring, commenced the implementation of the plan and announced about the plan. A

restructuring plan includes at least the following information: the business concerned, the principal locations affected, the location, function and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented. No provision is recognised for the expenditure arising from the Group's continuing operations.

A provision is recognised when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### Income taxes

The income taxes in the consolidated statement of comprehensive income consist of current tax and the change in the deferred tax assets and liabilities. Current tax is calculated on the taxable profit for the period determined in accordance with local tax rules and is adjusted with the tax for previous years. The deferred tax amount attributable to other comprehensive income or equity is reflected in other comprehensive income or equity, accordingly.

Deferred tax assets and liabilities are provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The enacted or substantially enacted tax rate at the reporting date is used as the tax rate. In Comptel the main temporary differences arise from the depreciation of tangible assets not deducted in taxation, the fair value measurement of derivatives, capitalisation of development costs and the reversal of goodwill amortisation on Group level.

Deferred tax liabilities are recognised at their full amounts in the statement of financial position, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

### Revenue recognition and net sales

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised when the service has been performed. License revenue that includes no work performance is recognised when the license is delivered. The number of subscribers at a client is reviewed continuously. If their number exceeds the number agreed on in the terms of the license, the client can be charged for the increased number of subscribers. This license upgrade revenue is recognised upon invoicing. Maintenance revenue is recognised as income on a straight-line basis over the maintenance term.

### Long-term projects

Revenue and expenses from long-term projects are recognised using the percentage-of-completion method, when the outcome of a long-term project can be estimated reliably.

The revenue from a long-term project comprises license income and work. The outcome of a long-term project can be estimated reliably when the revenue and expenses expected as well as the progress made towards completing a particular project can be measured reliably and when it is probable that the economic benefits associated with the project will flow to the Group. In Comptel the degree of completion of a long-term project is determined by the relation of accrued work hours to estimated overall work hours. If it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

Net sales is adjusted for discounts granted, sales-related indirect taxes and effects of the translation differences arisen on the translation of the trade receivables denominated in foreign currencies.

A separate warranty provision is recognised to cover costs under warranty periods following the completion of the projects. The total estimated margin of onerous projects is recognised as an expense and a provision.

### Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary shareholders that is divided by the weighted average number of ordinary shares outstanding during the year. Treasury shares owned by the Group are excluded when calculating the weighted average number of ordinary shares. For the purpose of calculating diluted earnings per share using the treasury stock method, the Group assumes the following: the exercise of dilutive warrants and options occurred at the beginning of the financial period, the exercise of dilutive warrants and options granted during the period followed at their grant date and the proceeds from their exercise was spent by acquiring treasury shares at the average market price during the period. The denominator includes the weighted average number of ordinary shares and the shares to be issued following the exercise of warrants and options.

The assumptions of the exercise of options is excluded when calculating diluted earnings per share if the exercise price of the warrants and options exceeds the average share market price during the period. The options and warrants have a dilutive effect only if the average share market price during the period is higher than the subscription price of an option and a warrant.

### Financial assets and liabilities

#### Financial assets

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* the financial assets of the Group are classified to following groups: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Classification is based on the nature of the item and it is made at initial recognition.

An item is classified as financial asset at fair value through profit or loss when it is held for trading or classified at initial recognition as financial asset at fair value through profit or loss. The latter group comprises such investments that are managed based on their fair value or an investment which contains one or more embedded derivative which changes the cash flows of the contract significantly in which case the entire compound instrument is measured at fair value. Financial assets held for trading have been mainly acquired to generate profits from short-term changes in market prices. Derivative instruments which do not meet the criteria for hedge accounting defined in IAS 39 have been classified as held for trading. Derivatives held for trading as well as financial assets maturing within 12 months are included in current assets. These assets have been measured at fair value. Unrealised and realised gains and losses arisen from fair value measurement are recognised in profit or loss in the period in which they occur.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost and they are included in non-current assets. Comptel had no such financial assets during the financial year ended 31 December 2009.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group does not hold them for trading purposes either. They are included in current assets, except for maturities greater than 12 months after the reporting date. Trade receivables are recognised based on the original amount charged from a client less any impairment losses.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date, in which case they are classified as current. Available-for-sale financial assets may include shares (equity securities) and interest-bearing investments. They are measured at fair value, or when the fair value can not be reliably determined, at cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Any bank overdrafts are included within current liabilities.

### Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are both non-current and current. A financial liability is classified as current when the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs

are recognised in profit or loss as incurred. Fees paid on the establishment of loan facilities are recorded as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. When the draw-down occurs, the fees paid on the establishment of loan facilities are recognised as part of transaction costs. To the extent it is probable that some or all of the facility will not be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### Derivative financial instruments and hedge accounting

Derivatives are initially recognised in the statement of financial position at cost, equivalent to their fair value and are subsequently measured to fair value.

As of 1 October 2012, Comptel did not apply hedge accounting in accordance with IAS 39. The changes in the fair values of the derivatives hedging trade receivables are booked against sales revenues. The changes in the fair values of derivatives hedging expected sales and loans are booked in financial income and expenses.

### Dividends

The dividend proposed by the board of directors is not recognised until approved by a general meeting of shareholders.

### Accounting policies requiring management's judgment and key sources of estimation uncertainty

The preparation of financial statements calls for the management to make future-related estimates and assumptions which may differ from the actual results. In addition, judgment is required when applying accounting principles. The estimates are based on management's best view at the reporting date. Possible changes in estimates and assumptions are recognised in that period when an assumption or estimate is corrected as well as in all subsequent periods.

In Comptel those key assumptions concerning the future and those key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the following:

#### Impairment testing

Goodwill, patenting costs and development costs capitalised under unfinished intangible assets are tested annually for impairment. Assets are reviewed for impairment in accordance with the principles set out above. Estimates are required in preparing these calculations.

Additional information about the sensitivity of the recoverable amount to changes in the assumptions used is presented in note 15. Intangible assets.

## Revenue recognition

As described above under the heading Revenue recognition principles revenue and expenses from long-term projects are recognised using the percentage of completion method when the outcome of a long-term project can be estimated reliably. The percentage of completion method is based on estimates of total expected project revenue and costs, as well as on reliable measurement of the progress made towards completing a particular project. The recognition of project revenue and project costs in profit or loss is changed if the estimate of the outcome of a project deviates from the plan, in the period in which the change is identified for the first time and it can be estimated reliably. An expected loss on a long-term project is recognised in profit or loss immediately when it is identified and can be estimated reliably. Additional information about the long-term contracts is presented in note 4. Revenue recognition using percentage of completion method.

## Taxes

Management needs to assess the treatment of withholding taxes as well as the possibility to utilise deferred tax assets. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

## Application of new or amended standards and interpretations

The below described standards, interpretations or their amendments have been published but are not yet effective and Comptel has not adopted them prior to the mandatory application date. Comptel will adopt the following amended or new standards and interpretations issued by the IASB as soon as they are effective if the effective date is the same as the beginning of the financial year, or if the effective date is different, they will be adopted as from the beginning of the following financial year:

IFRS 9 *Financial Instruments* and subsequent amendments (effective for financial years beginning on or after 1 January 2015): IFRS 9 is the first step of the IASB's three-phase project to replace the current IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments resulting from the first phase address the classification, measurement and recognition of financial assets and financial liabilities. Different ways of measurement for financial assets have been retained, but simplified. Based on measurement, financial assets are classified into two main groups: financial assets at amortised cost and financial assets at fair value. Classification depends on a company's business model and the characteristics of contractual cash flows. For financial liabilities, the standard retains most of the IAS 39 requirements. Comptel Group is yet to assess the full impact of the amendments. The standard has not been endorsed for use in the EU yet.

IFRS 10 *Consolidated Financial Statements* (effective for financial years beginning on or after 1 January 2013): IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides

additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not expected to have an impact on Comptel's consolidated financial statements.

IFRS 11 *Joint Arrangements* (effective for financial years beginning on or after 1 January 2013): In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. In future jointly controlled entities are to be accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. Comptel does not have joint arrangements as defined in the standard. Thus, the standard will not have an impact on Comptel's consolidated financial statements.

IFRS 12 *Disclosures of Interests in Other Entities* (effective for financial years beginning on or after 1 January 2013): IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The information disclosed on these entities will be extended by the standard.

IAS 27 (revised 2011) *Separate Financial Statements* (effective for financial years beginning on or after 1 January 2013): The revised standard includes the provisions on separate financial statements that are left after the control provisions have been included in the new IFRS 10. The revised standard will not have an impact on Comptel's consolidated financial statements.

IAS 28 (revised 2011) *Investments in Associates and Joint Ventures\** (effective for financial years beginning on or after 1 January 2013): Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted. The revised standard is not expected to have an impact on Comptel's consolidated financial statements.

Amendment to IAS 32 *Offsetting Financial Assets and Financial Liabilities* (effective for financial years beginning on or after 1 January 2014). The amendment further defines the rules pertaining to the presentation of net financial assets and liabilities and sets forth additional guidelines relating to the topic. The amendment will not have an impact on the consolidated financial statements.

Amendment IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* According to the amendment, hedge accounting need not be discontinued if a novation to counterparty to the hedging instruments happens as a consequence of law or regulations and the other terms and conditions of the instrument remain unchanged in other respects. The standard is not estimated to have an effect on Comptel's consolidated statements.

Annual Improvements to IFRSs 2010–2012 and Annual Improvements to IFRSs 2011–2013. Minor and less urgent amendments to the standards are collected and implemented once a year. The project resulted in 11 amendments to 9 standards. The effects of the amendments vary by standard, but the amendments are not estimated to have a significant effect on Comptel's consolidated statements.

## 2. Segment reporting

Comptel Group has five reportable segments which are based on geographical areas. Comptel operates globally in all geographical market areas. Market areas differ from each other in terms of price level, competitive position and Comptel's own resource allocation. The segment division is based on the geographical location of customers. Geographical segments are Europe East, Europe West, Asia-Pacific, Middle East and Africa and Americas. All segments generate revenue from sales of software licenses, services and support and maintenance associated with the software licenses.

Comptel Group's operating segment reporting is conforming to IFRS standards.

The assessment of the operating results and resource allocation is based on the operating result of the segment in Comptel Group. The President and CEO of Comptel Group is ultimately responsible for these decisions.

Total net sales from the operating segments consolidate to Group external net sales. Segment expenses include sales and customer service expenses. Unallocated expenses relate to product management, research and development as well as administration units. Segment assets include trade receivables.

2013, EUR 1,000	Europe East	Europe West	Asia-Pacific	Middle East and Africa	Americas	Segments total
Net sales	15,320	17,753	20,946	16,312	12,337	82,668
Segment share of operating result	7,661	7,974	10,056	6,652	7,023	39,367
Depreciation and amortisation	-	23	43	1	29	95
Trade receivables	3,410	5,174	4,115	5,214	4,791	22,704

2012, EUR 1,000	Europe East	Europe West	Asia-Pacific	Middle East and Africa	Americas	Segments total
Net sales	16,312	20,975	21,665	14,541	8,934	82,428
Segment share of operating result	6,304	9,712	9,504	2,967	3,782	32,269
Depreciation and amortisation	-	11	230	1	12	254
Trade receivables	2,915	5,035	4,783	5,269	4,822	22,825



## Reconciliations

### Result

EUR 1,000	2013	2012
Segment share of operating result	39,367	32,269
Unallocated expenses	-32,059	-45,786
Financial income and expenses	-1,339	-697
Share of result of associated companies	-415	259
<b>Group profit/loss before income taxes</b>	<b>5,554</b>	<b>-13,955</b>

### Depreciation, amortisation and impairment charges

EUR 1,000	2013	2012
Segment depreciation and amortisation	95	254
Unallocated depreciation, amortisation and impairment charges	5,586	14,365
<b>Total depreciation, amortisation and impairment charges</b>	<b>5,682</b>	<b>14,619</b>

### Assets

EUR 1,000	2013	2012
Segment assets	22,704	22,825
Unallocated assets	45,240	45,626
<b>Total assets</b>	<b>67,944</b>	<b>68,451</b>

## Information about products and services

### Revenues from external customers

EUR 1,000	2013	2012
Licenses	14,356	16,614
Services	32,739	33,229
Maintenance agreements	35,573	32,585
<b>Total</b>	<b>82,668</b>	<b>82,428</b>

## Geographical information

### Revenues from external customers

The geographical split of net sales is based on the customer domicile.

EUR 1,000	2013	2012
Finland	7,141	6,192
India	7,045	7,549
Argentina	5,307	3,054
Germany	4,575	5,626
Saudi Arabia	4,431	4,320
Australia	3,542	4,167
Other countries	50,627	51,519
<b>Total</b>	<b>82,668</b>	<b>82,428</b>

### Non-current assets

The geographical split of non-current assets is based on the location of such assets. Non-current assets are presented without deferred tax assets and post-employment benefit assets.

EUR 1,000	2013	2012
Finland	14,577	13,629
Other countries	1,641	1,643
Investments in associates	661	1,076
Unallocated assets	2,818	2,821
<b>Total</b>	<b>19,697</b>	<b>19,170</b>

## Information about major customers

In 2013 and 2012 revenues from a single customer did not exceed 10% of the total Comptel group net sales.

### 3. Business combinations

In 2013 no new business combinations were acquired.

On 9 February 2012, Comptel Corporation acquired all shares of Xtract Oy, a Finnish software company specialising in analytics.

By acquiring Xtract the company creates a unique offering by combining world class analytics capabilities with its existing assets. This offering enables operators to react quickly to events from the network and transform them automatically into relevant and timely actions that improve the customer experience.

The total consideration (enterprise value) was EUR 3,100 thousand. The actual purchase price EUR 2,075 thousand was paid in cash.

The goodwill according to IFRS 3 is EUR 1,993 thousand after the fair value allocations reflected in net assets. EUR 215 thousand was recognised in intangible assets which are amortised over five years.

The goodwill is attributable to the skilled workforce of Xtract and the utilisation potential of Comptel's existing sales channel to promote Xtract products.

The values of the assets and liabilities arising from the acquisition were as follows:

EUR 1,000	Recognised fair values on acquisition
Technology (incl. in other intangible assets)	840
Other intangible assets	1
Machinery and equipment	6
Trade receivables and other receivables	842
Cash and cash equivalents	263
<b>Total assets</b>	<b>1,952</b>
Deferred tax liabilities	53
Other non-interest bearing liabilities	597
Interest bearing liabilities	1,220
<b>Total liabilities</b>	<b>1,870</b>
<b>Net assets</b>	<b>82</b>
Acquisition cost	2,075
Goodwill	1,993

Recognised  
fair values on  
acquisition

EUR 1,000

Purchase price paid in cash	2,075
Cash and cash equivalents in acquired subsidiary	-263
<b>Total net cash outflow on the acquisition</b>	<b>1,812</b>

Comptel has expensed acquisition-related consultation fees of EUR 145 thousand. The fees are included in other operating expenses.

Xtract's net sales EUR 1,145 thousand and loss EUR 1,523 thousand for the period 10 February to 31 December 2012 are included in the comprehensive statement of income. Comptel Group net sales for 1 January–31 December 2012 would have been EUR 82,793 thousand and loss EUR 13,457 thousand if Xtract had been consolidated from the beginning of the year 2012.

### 4. Revenue recognition using percentage of completion method

EUR 1,000

	2013	2012
Net sales recognised as revenue according to percentage of completion	18,636	17,864
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	22,707	27,814
Total costs of incomplete long-term projects	10,655	14,246
Backlog of orders of long-term projects according to percentage of completion	11,728	13,229
Prepayments and accrued income recognised on the basis of percentage of completion	5,182	9,339
Deferred income and accruals recognised on the basis of percentage of completion	1,905	2,826

### 5. Other operating income

EUR 1,000

	2013	2012
Gains on disposal of tangible assets	5	6
Other income items	4	2
<b>Total</b>	<b>8</b>	<b>9</b>

### 6. Materials and services

EUR 1,000

	2013	2012
Purchases	18	325
External services	3,399	5,152
<b>Total</b>	<b>3,418</b>	<b>5,477</b>

## 7. Employee benefits

EUR 1,000	2013	2012
Wages and salaries	34,218	36,903
Pension expenses – defined contribution plans	3,893	3,736
Pension expenses – defined benefit plans	–	–
Share options granted	–108	339
Expenses related to share-based incentive program	190	224
Other social security costs	2,485	2,907
<b>Total</b>	<b>40,678</b>	<b>44,108</b>

The average number of employees in the Group during the financial year	2013	2012
Europe East	314	344
Europe West	62	76
Asia-Pacific	249	214
Middle East and Africa	52	49
Americas	7	17
<b>Total</b>	<b>684</b>	<b>700</b>

Information on the remuneration of the Group management is presented in note 30. Related party transactions.

Information on the options granted and on the management's share in the share-based incentive plan is presented in note 21. Share-based payments.

## 8. Depreciation, amortisation and impairment charges

EUR 1,000	2013	2012
<b>Depreciation and amortisation by asset type</b>		
Intangible assets		
Patents and trademarks	77	76
Capitalised development costs	4,106	2,766
Other intangible assets	603	674
<b>Total</b>	<b>4,786</b>	<b>3,515</b>
Tangible assets		
Machinery and equipment	890	767
<b>Total</b>	<b>890</b>	<b>767</b>
<b>Impairment charges by asset type</b>		
Goodwill	–	10,179
Other intangible assets	–	1
Machinery and equipment	6	157
<b>Total</b>	<b>6</b>	<b>10,337</b>
<b>Total depreciation, amortisation and impairment charges</b>	<b>5,682</b>	<b>14,619</b>

## 9. Other operating expenses

EUR 1,000	2013	2012
Lease payments	3,889	4,870
Travel expenses	4,995	6,315
Marketing expenses	1,267	1,769
Other operating expenses	15,441	18,796
<b>Total</b>	<b>25,591</b>	<b>31,749</b>

### The auditors' fees

EUR 1,000	2013	2012
<b>Ernst &amp; Young</b>		
Audit	129	99
Tax consultation	–	6
Other services	15	66
<b>Total</b>	<b>144</b>	<b>171</b>
<b>KPMG</b>		
Audit	–	8
Tax consultation	–	21
Other services	–	39
<b>Total</b>	<b>–</b>	<b>68</b>
<b>Pricewaterhouse Coopers</b>		
Audit	–	6
<b>Total</b>	<b>–</b>	<b>6</b>
<b>Total auditors' fees</b>	<b>144</b>	<b>245</b>

Audit fees include the fees of the statutory auditors of each Group company.

## 10. Research and development costs

The research and development costs recognised as expenses in the statement of comprehensive income amounted to EUR 12,280 thousand in 2013 (EUR 12,411 thousand in 2012).

The capitalised development expenditure totalled EUR 5,510 thousand (EUR 6,170 thousand in 2012). The amortisation of the capitalised development costs amounted to EUR 4,183 thousand (EUR 2,841 thousand in 2012).

## 11. Financial income and expenses

EUR 1,000	2013	2012
Interest income from cash and cash equivalents	62	17
Interest income from other receivables	9	7
Financial assets/liabilities measured at fair value through profit or loss:		
Forward exchange contracts not in hedge accounting	-31	388
Foreign exchange gains from other receivables and other liabilities	310	630
Interest expenses from financial liabilities measured at amortised cost	-227	-66
Interest expenses from other liabilities	-59	-15
Foreign exchange losses from other receivables and other liabilities	-1,286	-1,511
Other financial expenses	-117	-147
<b>Total</b>	<b>-1,339</b>	<b>-697</b>

Statement of comprehensive income items include foreign exchange differences as follows:

EUR 1,000	2013	2012
Net sales		
Change in fair value of forward exchange contracts	128	-665
Foreign exchange differences, net	207	-36
Materials and services		
Foreign exchange differences, net	-	-143
Other operating expenses		
Change in fair value of forward exchange contracts	-7	-
Foreign exchange differences, net	614	-
Financial income		
Change in fair value of forward exchange contracts	-31	388
Foreign exchange profits	310	630
Financial expenses		
Change in fair value of forward exchange contracts	-	-16
Foreign exchange losses	-1,286	-1,495
<b>Total</b>	<b>-65</b>	<b>-1,337</b>

Comptel discontinued applying hedge accounting in accordance with IAS 39 in 2012. All changes in fair values have been recognised through profit or loss.

## 12. Income taxes

EUR 1,000	2013	2012
Current tax expense	781	678
Adjustments for previous years' taxes	121	-15
Deferred taxes	-871	-4,906
Withholding taxes	2,845	3,024
Other direct taxes	86	67
<b>Total</b>	<b>2,962</b>	<b>-1,152</b>

In November 2006 Comptel Corporation received a refusal from the Board of Adjustment of the Tax Office for Major Corporations concerning the crediting of taxes withheld at source in taxation of 2004. The claim for adjustment concerns the crediting of taxes withheld at source the company has paid in 2004 to avoid double taxation.

Comptel Corporation recognised and paid these taxes withheld at source for 2004 in 2005.

According to the Board of Adjustment's decision currently in force, Comptel Corporation has expensed taxes withheld at source amounting to EUR 2,845 thousand in 2013. The total withholding taxes expensed between 2004 and 2013 amount to EUR 10,558 thousand.

Comptel Corporation has received license revenue from the countries with which Finland has a tax treaty. The purpose of the tax treaties is to avoid double taxation. Taxes have been withheld from the payments made to Comptel Corporation, in accordance with the royalty article of the related tax treaty, in the source country of the revenue. If the taxes withheld at source paid by Comptel Corporation will not be credited in Finland, the revenue from the customers located in the tax treaty countries will be subject to double taxation.

The application process to prevent Comptel's double taxation is still pending with the Ministry of Finance in Finland. However, the process between the states is very slow and the timing of a change is hard to forecast. The interpretation of tax treaties may result in different views between the countries in questions. This could mean that the double taxation will prevail.

### Income tax recognised in other comprehensive income

2013 EUR 1,000	Before tax	Tax expense (-)/ benefit (+)	Net of tax
Translation differences	-582	-	-582
<b>Total</b>	<b>-582</b>	<b>-</b>	<b>-582</b>

2012 EUR 1,000	Before tax	Tax expense (-)/ benefit (+)	Net of tax
Cash flow hedges	781	-191	590
Translation differences	46	-	46
<b>Total</b>	<b>827</b>	<b>-191</b>	<b>636</b>

Reconciliation between the income tax expense recognised in the statement of comprehensive income and the taxes calculated using the Group's domestic corporate tax rate 24.5%:

EUR 1,000	2013	2012
Profit before taxes	5,554	-13,955
Income tax calculated using the domestic corporation tax rate	1,361	-3,419
Effect of tax rates in foreign jurisdictions	6	-18
Non-deductible expenses	162	272
Non-deductible depreciations, amortisations and impairment charges	132	30
Withholding taxes, net	1,315	1,680
Current year losses for which no deferred tax assets was recognised	162	373
Effect of the change in Tax Rate	-1,024	-
Taxes for previous years	112	-15
Other items	736	-54
<b>Income taxes in the consolidated statement of comprehensive income</b>	<b>2,962</b>	<b>-1,152</b>

### 13. Earnings per share

The basic earnings per share is calculated by dividing the profit/loss for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2013	2012
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	2,592	-12,804
Number of outstanding shares during the financial period, weighted average	106,893,591	106,863,518
Basic earnings per share (euro)	0.02	-0.12

In calculating the diluted earnings per share, the weighted average number of shares is adjusted by the effect of the conversion into shares of all dilutive potential ordinary shares. Comptel has share options, which have a diluting effect, when the exercise price of the share options is lower than the fair value of the share. The fair value of the share is based on the average price of the shares during the financial period. In 2013 and 2012, the options did not have a material dilutive effect on earnings per share.

	2013	2012
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	2,592	-12,804
Weighted average number of shares for calculation of diluted earnings per share	106,893,591	107,650,327
Diluted earnings per share (euro)	0.02	-0.12

### 14. Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2013	6,692
Additions	1,139
Transfers	2,353
Disposals	-165
Exchange difference	-334
Cost at 31 Dec 2013	9,685
Accumulated depreciation at 1 Jan 2013	-5,174
Depreciation	-890
Transfers	-2,285
Impairment loss	-6
Disposals	105
Exchange difference	194
Accumulated depreciation at 31 Dec 2013	-8,056
Book value at 1 Jan 2013	1,518
<b>Book value at 31 Dec 2013</b>	<b>1,629</b>

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2012	6,467
Additions	1,044
Business combinations	6
Disposals	-821
Exchange difference	-4
Cost at 31 Dec 2012	6,692
Accumulated depreciation at 1 Jan 2012	-5,086
Depreciation	-767
Impairment loss	-157
Disposals	820
Exchange difference	15
Accumulated depreciation at 31 Dec 2012	-5,174
Book value at 1 Jan 2012	1,381
<b>Book value at 31 Dec 2012</b>	<b>1,518</b>

## 15. Intangible assets

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2013	21,559	1,223	33,252	13,745	69,778
Additions		4	5,506	85	5,595
Transfers				1,716	1,716
Exchange difference				-31	-31
Cost at 31 Dec 2013	21,559	1,227	38,758	15,514	77,058
Accumulated amortisation at 1 Jan 2013	-18,913	-495	-21,993	-12,382	-53,783
Amortisation		-77	-4,106	-603	-4,786
Transfers				-1,682	-1,682
Exchange difference				12	12
Accumulated amortisation at 31 Dec 2013	-18,913	-572	-26,099	-14,654	-60,239
Book value at 1 Jan 2013	2,646	728	11,259	1,363	15,995
<b>Book value at 31 Dec 2013</b>	<b>2,646</b>	<b>654</b>	<b>12,659</b>	<b>860</b>	<b>16,819</b>

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2012	19,566	1,179	27,126	12,211	60,083
Additions	1,993	44	6,126	634	8,797
Business combinations				807	807
Disposals				-35	-35
Exchange difference				128	128
Cost at 31 Dec 2012	21,559	1,223	33,252	13,745	69,778
Accumulated amortisation at 1 Jan 2012	-8,734	-420	-19,228	-11,615	-39,995
Amortisation		-76	-2,766	-674	-3,515
Impairment loss	-10,179			-1	-10,180
Disposals				35	35
Exchange difference				-128	-128
Accumulated amortisation at 31 Dec 2012	-18,913	-495	-21,993	-12,382	-53,783
Book value at 1 Jan 2012	10,832	759	7,899	597	20,087
<b>Book value at 31 Dec 2012</b>	<b>2,646</b>	<b>728</b>	<b>11,259</b>	<b>1,363</b>	<b>15,995</b>

### Allocation of goodwill

Goodwill amounted to EUR 2,646 thousand on 31 December 2013 (EUR 2,646 in 2012). Comptel changed the allocation principles of goodwill during the first quarter of 2012. In conjunction with the change, goodwill impairment was performed at the new cash generating unit level which was lower level compared to the one used previously. As a result of the goodwill impairment test Comptel booked an impairment loss of EUR 10,179 thousand during 2012.

Goodwill has been allocated to two different product business units which form separate cash generating units. These product business units do not relate directly to geographic segments reported by Comptel. Future cash flows can be generated from all geographical market areas. Consequently, goodwill cannot be allocated to a specific geographical segment. Goodwill has been allocated to two cash generating units which are Inventory unit and Intelligent Customer Interaction unit. The latter was formed as a result of the Xtract acquisition in 2012. EUR 653 thousand (EUR 653 thousand in 2012) of goodwill has been allocated to Inventory unit and EUR 1,993 thousand (EUR 1,993 thousand in 2012) to Intelligent Customer Interaction unit.

### Impairment testing

The recoverable amount of goodwill is determined based on value in use calculations. The value in use is computed based on discounted forecast cash flows. The cash flow forecasts rely on the plans approved by the Board of Directors and management concerning in particular profitability and the growth rate of net sales. The plans cover a five-year period taking into account the recent development of the business. The used pre-tax rate discount rate is 17.9% (17.9% in 2012).

The cash flows after the five-year period for the Inventory unit have been forecasted by estimating net sales to decrease with rate of -20%. Net sales is mainly generated from existing support and maintenance contracts as well as change requests to the existing systems. Based on these facts, management view is that there is a reasonable justification to use lower growth projection than the long-term economic growth estimate. Another key factor impacting the cash flows is operating expenses. Based on the impairment tests there is no need to recognise an impairment loss.

The cash flows after the five-year period for the Intelligent Customer Interaction unit have been forecasted by estimating the future growth rate of net sales to be 1%. The global growth of communications services providers' net sales and investments was approximately 4% in 2013. In spite of somewhat weak economic outlook the growth rate was higher than the GDP growth in general. Consequently, using a 1% growth rate is justified. Analytics software is one of the fastest growing sectors in the telecommunications software space. Net sales growth is the key factor impacting the valuation of the unit due to the significant growth expectation set for the unit. Based on the impairment tests there is no need to recognise an impairment loss.

The use of the testing model requires making estimates and assumptions concerning investments, market growth and general interest rate level.

### Sensitivity analysis of impairment testing

The realisation of an impairment loss in the Inventory unit would require the long-term EBITDA level to be more than 110% lower than the management's estimate at the end of reporting period or that the discount rate was over 43%.

The realisation of an impairment loss in the Intelligent Customer Interaction unit would require the long-term EBITDA level to be more than 36% lower than the management's estimate at the end of reporting period or that the discount rate was over 48%.

## 16. Investments in associates

EUR 1,000	2013	2012
Carrying amount at 1 Jan	1,076	817
Share of results	-230	259
Impairment in investment	-185	-
<b>Carrying amount at 31 Dec</b>	<b>661</b>	<b>1,076</b>

The impairment in the investment value was realised during the year 2013, which brought up the value of the investment to correspond the corporate portion of the equity. The accounts of the associate do not include goodwill at 31.12.2013.

Summary financial information for the Group's investments in the associate - assets, liabilities, net sales and profit / loss (EUR 1,000):

2013	Assets	Liabilities	Net sales	Profit / loss	Ownership %
Tango Telecom Ltd. Group	4,592	1,286	6,379	-1,150	20

2012	Assets	Liabilities	Net sales	Profit / loss	Ownership %
Tango Telecom Ltd.	6,606	1,743	7,959	1,298	20

## 17. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities during 2013:

EUR 1,000	31 Dec 2012	Recognised in profit or loss	31 Dec 2013
<b>Deferred tax assets</b>			
Provisions	116	-116	-
Reversal of depreciation and amortisation in taxation	270	-69	201
Loss for the period	2,143	-889	1,254
Withholding taxes	1,344	1,575	2,919
Other tax deductible temporary differences	-69	53	-16
<b>Total</b>	<b>3,804</b>	<b>554</b>	<b>4,358</b>

EUR 1,000	31 Dec 2012	Recognised in profit or loss	31 Dec 2013
<b>Deferred tax liabilities</b>			
Capitalisation of intangible assets	2,938	-274	2,664
Capitalisation of and amortisation on technology in acquired business operations	43	-16	27
Impact of goodwill amortisation in taxation	160	-29	131
Cumulative depreciation difference	45	24	69
Forward contracts hedging backlog of orders	95	-24	71
Other taxable temporary differences	22	-	22
<b>Total</b>	<b>3,302</b>	<b>-319</b>	<b>2,983</b>

## 18. Trade receivables and other current receivables

EUR 1,000	2013	2012
Trade receivables	22,704	22,825
Prepayments	42	67
Accruals from long-term projects	5,216	9,339
Other prepayments and accrued income	3,989	3,188
Other receivables	5,193	5,198
<b>Total</b>	<b>37,144</b>	<b>40,617</b>

Comptel has recognised credit losses on trade receivables totalling EUR 164 thousand in 2013 (2012: EUR 270 thousand). The carrying amounts of the trade receivables and other receivables equal the related maximum exposure to credit risk. Other prepayments and accrued income mainly consist of accruals related to software service and user charges and rent accruals.

Ageing analysis of trade receivables	Gross	Impaired	Net
EUR 1,000	2013		2013
Not past due	15,685		15,685
1-30 days past due	2,799		2,799
31-90 days past due	1,375		1,375
91-180 days past due	870		870
181-360 days past due	1,778		1,778
Over 360 days past due	1,224	-1,027	197
<b>Total</b>	<b>23,731</b>	<b>-1,027</b>	<b>22,704</b>

EUR 1,000	Gross	Impaired	Net
	2012		2012
Not past due	14,710		14,710
1-30 days past due	3,409		3,409
31-90 days past due	2,831		2,831
91-180 days past due	856	-99	757
181-360 days past due	1,088	-33	1,055
Over 360 days past due	1,212	-1,149	63
<b>Total</b>	<b>24,106</b>	<b>-1,281</b>	<b>22,825</b>

## 19. Cash and cash equivalents

EUR 1,000	2013	2012
Cash at bank and in hand	6,542	4,817
<b>Total</b>	<b>6,542</b>	<b>4,817</b>



## 20. Capital and reserves

The impacts of movement in the number of shares are as follows:

EUR 1,000	Number of shares	Share capital	Fund of invested non-restricted equity	Treasury shares	Total
At 1 Jan 2012	106,762,125	2,141	178	-375	1,944
Transfer of treasury shares	136,186		66	14	80
Return of treasury shares	-4,720				-
At 31 Dec 2012	106,893,591	2,141	243	-361	2,023
Emmission of new shares	366,460				158
Transfer of treasury shares			158	66	66
Return of treasury shares				-88	-88
<b>At 31 Dec 2013</b>	<b>107,260,051</b>	<b>2,141</b>	<b>401</b>	<b>-383</b>	<b>2,094</b>

The maximum number of Comptel Corporation shares is 500 million at 31 December 2013 (31 December 2012: 500 million). The counter-book value of a share is EUR 0.02 per share and the maximum share capital amounts to EUR 8,400,000.00 (31 December 2012: EUR 8,400,000.00). All shares issued have been fully paid.

The descriptions of the reserves under equity are as follows:

### Fund of invested non-restricted equity

The fund of invested non-restricted equity includes other investments of equity nature and subscription prices of shares to the extent that it is specifically not to be credited to share capital.

### Translation reserve

The translation reserve comprises the translation differences arising from the translation of the financial statements of the foreign subsidiaries.

### Fair value reserve

The fair value reserve comprises the hedging reserve including the effective portion of the cumulative net change in the fair value of cash flow hedging instruments. Comptel discontinued applying hedge accounting in accordance with IAS 39 during 2012.

### Treasury shares

Treasury shares reserve includes the acquisition cost of treasury shares held by the Group. During the financial year 2013 the company allotted 50,000 shares to the President and CEO based on the terms of the share-based incentive plan 2011 (2012: 25,000 shares) and 164,203 shares to members of the Board of Directors as part of their annual compensation (2012: 111,186 shares). At the end of the financial year the company had 161,219 treasury shares (161,219 treasury shares at 31 Dec 2012).

### Dividends

The Board of Directors proposes to the Annual General Meeting that the Board would be authorised to decide a dividend pay-out for 2013. The maximum dividend payment would be EUR 0.01 per share and the authorisation would be effective until the date of the next Annual General Meeting.

## 21. Share-based payments

### Share options

The Group has had two share option schemes during the financial year. The options in question have been granted to the key personnel as well as to a subsidiary fully owned by Comptel Corporation.

For the option scheme approved in 2009, the total number of share options issued is 4,200,000. The share options may be exercised to subscribe a maximum of 4,200,000 Comptel Corporation shares in total. The share subscription period is for option 2009A, 1 November 2011–30 November 2013, for option 2009B, 1 November 2012–30 November 2014 and for option 2009C, 1 November 2013–30 November 2015. The members of the Executive Board were not included in 2009 option program.

The Annual General Meeting of Shareholders has on 26 March 2012 decided on the issue of share options to the Comptel Group key personnel as a part of the incentive and commitment program. The share Option Plan 2012 differs from the company's previous share option plans in such a way that the shareholding of a share option recipient affects the number of share options be offered, and that the beginning of the share subscription period with the share options requires attainment of certain operational and financial targets determined by the Board of Directors. The targets are the growth of Group net sales and the growth of earnings per share or the growth of company's market capitalisation.

The total number of share options issued is 5,100,000. Of the share options, 2,550,000 are marked with the symbol A and 2,550,000 are marked with the symbol B. The share options may be exercised to subscribe to a maximum of 5,100,000 new shares in the company or existing shares held by the company.

The share subscription period for share options 2012A will be 2 May 2015–30 November 2017, and for share options 2012B, 2 May 2016–30 November 2017.

Comptel estimates that it is not probable that the goals set for 2012 option plan shall be met. Therefore, EUR 149 thousand correction to option plan expenses was recorded.

Changes in the number of the outstanding share options and weighted average exercise prices during the period were as follows:

2013	2009A	2009B	2009C	2012A	2012B
Outstanding at the beginning of the year	860,000	1,125,000	1,245,000	1,864,071	1,864,071
Granted during the year					
Realized during the year	366,460				
Forfeited during the year			270,000	340,247	340,247
Expired during the year	493,540				
Outstanding at the end of the year	-	1,125,000	975,000	1,523,824	1,523,824
Exercisable at the end of the year	-	1,125,000	975,000	1,523,824	1,523,824
Weighted average exercise price (euro)	0.43	0.70	0.54	0.57	0.57

2012	2006C	2009A	2009B	2009C	2012A	2012B
Outstanding at the beginning of the year	1,068,000	860,000	1,125,000	1,295,000		
Granted during the year			100,000	100,000	1,914,759	19,14,759
Forfeited during the year			100,000	150,000	50,688	50,688
Expired during the year	1,068,000					
Outstanding at the end of the year	-	860,000	1,125,000	1,245,000	1,864,071	1,864,071
Exercisable at the end of the year		860,000	1,125,000			
Weighted average exercise price (euro)		0.43	0.70	0.54	0.57	0.57

The number and average exercise prices of the share options outstanding at the end of the period:

Year of expiration	2013		2012	
	Average exercise price, EUR/share	Number of options	Average exercise price, EUR/share	Number of options
2013			0.43	860,000
2014	0.70	1,125,000	0.70	1,125,000
2015	0.54	975,000	0.54	1,245,000
2017	0.57	3,047,648	0.57	3,728,142

The expected volatility has been determined based on the historical volatility for a period equalling to the option vesting period.

In 2013 the expense recognised in respect of the option schemes amounted to EUR 108 thousand (2012: EUR 339 thousand).

### Share-based incentive plan

The key personnel of the Group had a share-based incentive plan which included three vesting periods, calendar years 2009, 2010 and 2011. The cost of the program is recognised under employee benefit expenses over the commitment period. No expenses were recorded in 2013. In 2012, EUR 59 thousand was expensed, of which EUR 28 thousand is the proportion to be paid in cash.

In 2013, EUR 46 thousand was expensed for the share based incentive plan of the President and CEO (EUR 46 thousand in 2012) and EUR 16 thousand is the portion to be paid in cash. (EUR 22 in 2012)

The Board of Directors of Comptel Corporation approved a new share-based incentive plan for the Group key personnel in February 2012.

The aim of the new plan is to combine the objectives of the shareholders and the target group of employees in order to increase the value of the company, commit the target group to the company and to offer them a competitive reward plan based on long-term shareholding in the company.

The Matching Share Plan includes two performance periods, both beginning on 2 May 2012. The performance periods will end on 2 May 2015 and on 2 May 2016. The pre-requisite for participation to the plan and the receipt of reward from the performance periods requires that a target person owns the company's shares or acquires them up to a number pre-determined by the Board of Directors. Furthermore, the potential reward from the plan is tied to the validity of the target person's employment or service or contractual relation.

Rewards from the Plan will be paid partly in the form of company's shares and partly in cash in 2015 and 2016.

The cost of the program is recognised under employee benefit expenses over the vesting period. In 2013 EUR 146 thousand was expensed of which EUR 76 thousand is the portion to be paid in cash (in 2012, EUR 119 thousand of which 52 thousand in cash).

The outstanding option schemes and share-based incentive programs are described in more detail in Section Shares and shareholders.

## 22. Pension obligations

Comptel has pension plans in various countries that are based on the local legislation and well-established practices. In Finland the pension arrangement is mainly managed through the Finnish Statutory Employment Pension Scheme (TyEL) which is a defined contribution plan.

The Group does not have any defined benefit plans in force.

## 23. Provisions

Movements in provisions during 2013:

EUR 1,000	Provision for warranty	Lease provision	Other provisions	Total
Balance at 1 Jan 2013	261	1,737	300	2,298
Provisions made during the year	277	522		799
Provisions used during the year	-261	-565	-300	-1,126
Exchange difference		-32		-32
<b>Balance at 31 Dec 2013</b>	<b>277</b>	<b>1,662</b>	<b>-</b>	<b>1,939</b>

EUR 1,000	2013	2012
Non-current provisions	-	787
Current provisions	1,939	1,511
<b>Total</b>	<b>1,939</b>	<b>2,298</b>

### Provision for warranty

A provision for warranties is recognised when the underlying product including a warranty is sold. The provision is based on management estimates on warranty costs which will materialise.

### Lease provision

This item includes the provisions made for unoccupied leased facilities.

### Other provisions

Other provisions contained a cost reserve for fulfilling obligations pertaining to customer projects.

## 24. Financial liabilities

EUR 1,000	2013	2012
<b>Non-current financial liabilities measured at amortised cost</b>		
Loans from financial institutions	3,122	5,138
Finance lease liabilities	299	-
Other interest-bearing liabilities	63	137
<b>Total</b>	<b>3,483</b>	<b>5,275</b>
<b>Current financial liabilities measured at amortised cost</b>		
Loans from financial institutions	4,984	2,973
Finance lease liabilities	203	29
Other interest-bearing liabilities	100	80
<b>Total</b>	<b>5,287</b>	<b>3,082</b>

The fair values of liabilities are presented in note 27. Financial risk management.

Comptel had bank loans amounting to EUR 8,000 thousand at 31 December 2013 (EUR 8,000 thousand at 31 December 2012). Comptel has a loan facility ("Facility") which consists of a EUR 7 million term loan and EUR 13 million Revolving Credit Facility. The ending date for the facility is 31 January 2016. At 31 December 2013 the amount available under the Revolving Credit Facility was EUR 10 million. Comptel's subsidiary has a loan in the amount of EUR 167 thousand from Finnvera with fixed amortisation schedule. The last instalment will be paid on 15 August 2017.

The interest rate of the Facility is floating and determined based on prevailing IBOR. The weighted average interest rate is 1.7% (2012: 1.7%). The interest of the loan from Finnvera is determined based on 6 months euribor. At 31 December 2013 the interest rate was 4.02%.

### Maturity analysis of finance lease liabilities

EUR 1,000	2013	2012
<b>Finance lease liabilities – minimum lease payments</b>		
Less than one year	218	29
Between one and five years	314	-
<b>Total</b>	<b>532</b>	<b>29</b>
<b>Finance lease liabilities – present value of minimum lease payments</b>		
Less than one year	203	29
Between one and five years	299	-
<b>Total</b>	<b>502</b>	<b>29</b>
Future financial charges	29	-

## 25. Trade and other current liabilities

EUR 1,000	2013	2012
Trade payables	1,710	2,843
Advances received from long-term contracts	1,905	2,826
Accrued expenses and deferred income	15,523	15,469
Other liabilities	5,940	6,091
<b>Total</b>	<b>25,078</b>	<b>27,230</b>

The accrued expenses and deferred income mainly comprise of accruals related to deferred revenue, accrued employee benefits and accrued operating expenses.

## 26. Financial risk management

Comptel is exposed to financial risks in its ordinary business operations. The objective of Comptel's risk management is to minimise the adverse effects arising from fluctuations of financial markets on the Group's cash flows, result and equity. Comptel's general risk management principles are approved by the Board of Directors and their implementation is the responsibility of the Chief Financial Officer (CFO) together with the business units. Comptel's financial policy is risk-adverse. The main financial risks for the Group are currency risk and credit risk. Financial management identifies and assesses risks and acquires the instruments needed to hedge against risks together with operating units. Hedging transactions are carried out in accordance with the written risk management principles approved by the Board of Directors. Comptel uses foreign currency forwards in its currency risk management. Other currency instruments may be used based on a resolution of the Board of Directors.

### Currency risk

Comptel operates globally and is therefore exposed to currency risks arising from various currency positions. In Comptel's business operations the major currencies are Euro and US Dollar (USD). An other significant currency is UK Pound Sterling (GBP).

Comptel hedges open foreign currency positions. The currency position is monitored on a 12-month rolling period twice a month. Comptel discontinued applying hedge accounting in accordance with IAS 39 during 2012. All changes in fair value of forward contracts are recognised through profit or loss.

The hedging instruments are forward contracts entered into with banks. The hedging forward contract is denominated in the same currency as the underlying item resulting the value of the hedging instrument to change in the opposite way compared to the underlying item.

The invoicing of sales orders follows the progress of projects, which causes timely uncertainty. Moreover, the realised turnover of trade receivables exceeds the terms in the client agreements. The hedging of the future cash flows is timed taking these facts into account.

### Interest rate risk

Interest rate risk is the risk that cash flows or the result will fluctuate because of changes in market interest rates. Comptel's interest-bearing liabilities at 31 December 2013 totalled EUR

8,771 thousand (in 2012; EUR 8,357 thousand). Comptel had bank loans amounting to EUR 8,000 thousand at 31 December 2013 ( EUR 8,000 thousand at 31 December 2012). Comptel has a loan facility, which consists of a EUR 7 million term loan and EUR 13 million Revolving Credit Facility. The ending date for the facility is 31 January 2016. At 31 December 2012 the amount available under the Revolving Credit Facility was EUR 12 million. Comptel's subsidiary has a loan in the amount of EUR 167 thousand from Finnvera with fixed amortisation schedule. The last instalment will be paid on 15 August 2017.

The interest rate of the loan facility is floating and determined based on prevailing IBOR. The weighted average interest rate is 1.7%. The interest of the loan from Finnvera is determined based on 6 months euribor. At 31 December 2013 the interest rate was 4.02.

Corporate had euro based interest rate swap at the end of the Fiscal Year, as per the contract corporate earns fixed interest and pays variable interest. Corporate doesn't apply hedge accounting for the interest rate swap, market value is redported as a financial item in Income Statement.

Possible short-term investments in financial securities give rise to interest rate risk but the impact of such risk is not significant. Comptel's revenues and operating cash flows are mainly independent of the fluctuations of market rates.

### Credit risk

Credit risk is the risk that one party will cause a financial loss for the Group by failing to discharge an obligation. In Comptel credit risk mainly arises from trade receivables related to customers, derivatives and cash and cash equivalents.

Credit risk management principles are defined in Comptel's documented procedures (Risk Management Principles, Currency hedging in Comptel Corporation and General principles of liquidity management). Credit risk management in respect of derivatives and investments is centralised to the Group accounting department, in respect of clients and credit control to the business area organisation.

Comptel's customers are mainly mid-size or large teleoperators. The Group's clientele is large and geographically widely dispersed, which decreases the customer risk of the Group.

Comptel's business consists of deliveries of large productised IT system and the value of a single project may be several million euro. Therefore the risk associated with a single project or an individual client may be significant. Furthermore some of Comptel's clients operate in countries that are or have been war zone areas, which in part increases credit risk.

Comptel has no significant credit risk concentrations, since no individual customer or customer group represents a material risk. In delivery projects partial advance invoicing is generally used. Furthermore credit risk is reduced by progress payments invoiced based on percentage of completion. In some countries letter of credits are used.

Comptel has a policy for writing off trade receivables. According to the policy a bad debt provision of 50% of the total value is generally booked if the receivable is overdue more than 360 days and a provision of 100% is impacted when the receivable is overdue more than 540 days. The amount of credit losses recognised in the statement of comprehensive income in the financial year 2013 was EUR 164 thousand (EUR 270 thousand in 2012). The ageing analysis of trade receivables is presented in note 19. Trade receivables and other current receivables.

### Liquidity risk

Liquidity risk means insufficient financing or higher than normal financing expenses when business environment deteriorates and financing is needed. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that financing of business operations is available when needed quickly enough. Part of the Group's liquid funds are invested in

mutual funds based on the principles approved by the Board of Directors. Comptel's main source of financing has been the operating cash flow. Cash levels are monitored on a daily basis.

At 31 December 2013 the Group's cash and cash equivalents totalled EUR 6,542 thousand (EUR 4,817 thousand at 31 December 2012). At 31 December 2013 Comptel's interest-bearing liabilities totalled EUR 8,771 thousand (EUR 8,357 thousand in 2012). Under the Revolving Credit Facility in place until 2016 there is still EUR 10 million available for draw-down. The Facility contains a covenant whereby Group equity ratio must be at least 35%. At 31 December

2013 Comptel's equity ratio was 50,5% (2012: 46.8%). In addition, the arrangement contains a covenant, which is tied to the Group's EBITDA. The covenants are reported every three months. Furthermore, Comptel has an option for TyEL (earnings-related pension) premium loan amounting to EUR 12.2 million.

The following table sets forth maturity analysis based on contractual cash flows. Cash flow includes both loan repayments and interest payments.

2013, EUR 1,000	Carrying amount	Contractual cash flow	1-6 months	7-12 months	1-2 years	3-5 years
<b>Non-derivative financial liabilities</b>						
Loans from financial institutions	8,107	8,240	4,064	1,043	2,058	1,076
Hire purchase liabilities	162	174	66	40	68	
Finance lease liabilities	502	554	109	106	215	123.4
Trade payables	1,710	1,710	1,710			
<b>Derivative financial liabilities</b>						
<b>Forward exchange contracts not under hedge accounting</b>						
Inflow	-711	-711	-565	-146		
Outflow	4	4	4			
<b>Interest swap – not under hedge accounting</b>						
Net Cash flow	30	30	30			

2012, EUR 1,000	Carrying amount	Contractual cash flow	1-6 months	7-12 months	1-2 years	3-5 years
<b>Non-derivative financial liabilities</b>						
Loans from financial liabilities	8,111	8,449	2,062	1,079	4,222	1,085
Hire purchase liabilities	217	237	44	44	150	
Finance lease liabilities	29	29	19	10		
Trade payables	2,843	2,843	2,843			
<b>Derivative financial liabilities</b>						
<b>Forward exchange contracts under hedge accounting</b>						
Inflow	-611	-611	-439	-172		
Outflow	23	23	12			

**Capital structure management**

The purpose of Comptel capital structure management is to support the business operations by securing normal operational demands and grow shareholder value in the long-term. Comptel aims at continuing profitable business by investing in R&D and enhancing its presence on the global market place. Comptel's profit distribution is typically 30 to 60 per cent of the net income for the previous financial year. The amount of dividends paid may vary according to the near-term economic outlook as well as Comptel's financial position.

Gearing in 2013 and 2012 was as follows:

EUR 1,000	2013	2012
Interest-bearing liabilities	8,771	8,357
Cash and cash equivalents	-6,542	-4,817
Interest-bearing net liabilities	2,228	3,541
Total equity	28,924	26,956
<b>Gearing</b>	<b>7.7%</b>	<b>13.1%</b>

**Exposure to currency risk**

EUR 1,000	2013		2012	
	USD	GBP	USD	GBP
Loan receivables	145	-	87	234
Trade receivables	10,782	588	9,734	419
Cash and cash equivalents	2,018	370	79	40
Trade payables	-188	-6,697	-386	-7,243
<b>Net statement of financial position exposure</b>	<b>12,757</b>	<b>-5,739</b>	<b>9,515</b>	<b>-6,550</b>
Order backlog (12 months)	15,393	1,453	18,967	1,453
Hedging				
Forward contracts (12 months)	-20,303	5,398	-15,916	6,739
<b>Total net exposure</b>	<b>7,847</b>	<b>1,112</b>	<b>12,565</b>	<b>1,642</b>

**Sensitivity to foreign exchange rates**

A 10% weakening/strengthening of the euro against the currencies below at 31 December would have affected equity and result after taxes as follows:

EUR 1,000	Equity	Result
<b>2013</b>		
USD	-533/533	-570/570
GBP	-3,858/3,858	-26/26

2012	Equity	Result
USD	-445/445	-483/483
GBP	-3,900/3,900	14/-14

In calculating the sensitivity related to exchange rate changes the following assumptions were used:

- a +/- 10% exchange rate change
- the position comprises foreign currency financial assets and financial liabilities, i.e. loans, trade receivables, cash and cash equivalents, trade payables and derivative instruments. This applies to companies operating in currency which is different from the currency subject to the sensitivity analysis.
- the position excludes future foreign currency cash flows

**Fair values of financial assets and liabilities**

The carrying amount of the loans is EUR 8,107 thousand and the fair value is EUR 8,160 thousand. For other financial assets and liabilities their carrying amounts equal their fair values as the discounting has no material effect considering the short maturity of these items.

**Derivative instruments measured at fair value:**

2013	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
<b>EUR 1,000</b>			
Forward contracts - not under hedge accounting	711	4	25,701
Interest swap - not under hedge accounting	-	30	

Comptel discontinued applying hedge accounting in accordance with IAS 39 during 2012. The changes in the fair value are recognised in profit or loss.

2012	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
<b>EUR 1,000</b>			
Forward contracts - not under hedge accounting	611	23	22,656

## 27. Adjustments to cash flows from operating activities

Non-cash transactions or items that are not part of cash flows from operating activities:

EUR 1,000	2013	2012
Other operating income	-8	-9
Depreciation, amortisation and impairment charges	5,682	14,619
Exchange differences	975	881
Share of result of associates	415	-259
Share-based payments	43	523
Other adjustments	224	52
<b>Total</b>	<b>7,330</b>	<b>15,806</b>

## 28. Operating leases

Minimum lease payments on non-cancellable office facilities leases and other operating leases are payable as follows

EUR 1,000	2013	2012
Less than one year	2,312	2,934
Between one and five years	4,596	6,087
<b>Total</b>	<b>6,908</b>	<b>9,021</b>

Comptel has leased the office premises it uses. These leases typically run for a period from one to ten years, and normally with an option to renew the lease after that date. The index, renewal and other terms of the agreements are diverse.

The statement of comprehensive income for the year 2012 includes lease expenses for the office premises amounting to EUR 4,235 thousand (2011: EUR 5,359 thousand).

## 29. Commitments and contingencies

EUR 1,000	2013	2012
Bank guarantees, short term	1,489	2,758
Bank guarantees, long term	185	211
<b>Total</b>	<b>1,674</b>	<b>2,969</b>
Corporate mortgages	200	200
Collaterals given on behalf of others		
Guarantees	72	123

### 30. Related party transactions

The Comptel Group companies are as follows:

Company	Domicile	2013		2012	
		Group holding (%)	Group voting (%)	Group holding (%)	Group voting (%)
Comptel Corporation	Finland				
Comptel Communications Holdings Ltd.	UK	100.00	100.00	100.00	100.00
Comptel Communications Ltd.	UK	100.00	100.00	100.00	100.00
Business Tools Oy	Finland	100.00	100.00	100.00	100.00
Comptel Communications AS	Norway	100.00	100.00	100.00	100.00
Comptel Communications Brasil Ltda	Brazil	100.00	100.00	100.00	100.00
Comptel Communications EOOD	Bulgaria	100.00	100.00	100.00	100.00
Comptel Communications Inc.	USA	100.00	100.00	100.00	100.00
Comptel Communications Oy	Finland	100.00	100.00	100.00	100.00
Comptel Communications Sdn Bhd	Malaysia	100.00	100.00	100.00	100.00
Comptel Passage Oy	Finland	100.00	100.00	100.00	100.00
Comptel Ltd	UK	100.00	100.00	100.00	100.00
Viewgate Networks Ltd.	UK	100.00	100.00	100.00	100.00
Xtract Oy	Finland	100.00	100.00	100.00	100.00
Xtract Corporation Ltd. (dissolved on 3th December 2013)	UK	-	-	100.00	100.00
Comptel Communications India Private Ltd.	India	100.00	100.00	100.00	100.00
Comptel Communications S.r.l.	Italy	100.00	100.00	100.00	100.00

The Comptel Group has a related party relationship with its associates, the Board of Directors, President and CEO, the Executive Board and also with people and companies under Comptel management's influence.



Transactions, which have been entered into with related parties, are as follows:

EUR 1,000	2013	2012
<b>Other operating income</b>		
Associates	4	2
<b>Interest revenue</b>		
Associates	8	8
<b>Non-current receivables</b>		
Associates	106	98
<b>Trade receivables</b>		
Associates	-	1

#### Contingent liabilities assumed on behalf of Group companies

In 2008 Comptel Corporation gave a performance guarantee, still in force, on behalf of its subsidiary. The total value of this agreement is USD 4 million. Comptel gave a guarantee of GBP 700 thousand for its subsidiary in 2009.

#### Key management compensation

The key management personnel compensation includes the employee benefits of the President and CEO, the members of the Board of Directors and the members of the Executive Board.

EUR 1,000	2013	2012
Salaries and other short-term employee benefits	1,524	2,033
Share-based payments	125	233
<b>Total</b>	<b>1,649</b>	<b>2,267</b>

The employee benefits of the President and CEO and the members of the Board of Directors of the parent company:

EUR 1,000	2013	2012
President and CEO	471	456
<b>Board of Directors at 31 Dec 2013</b>		
Ervi Pertti	59	45
Söderström Eriikka	32	25
Vaajoensuu Hannu	39	40
Vasara Antti	32	24
Walldén Petteri	32	32
<b>Former Board members</b>		
Kotilainen Timo		9
Lassila Juhani		9
Riikkala Olli		15
Österlund Henri		9
<b>Total</b>	<b>193</b>	<b>206</b>

#### Guarantees and other contingent liabilities

	2013	2012
Guarantees	33	70

An additional defined contribution pension plan has been agreed on for the President and CEO of the parent company. Yearly pension expense is 15% of salary. The retirement age is based on the Finnish Statutory Employment Pension Scheme (TyEL).

In 2013 no new options were granted to former or current members of the Executive Board (In 2012: 639,164 to former and 981,164 to current). No new options were granted to the President and CEO in 2013 (In 2012: 833,332 ). At 31 December 2013 the management had 1,854,496 share options, of which 240,000 were exercisable (2012: 2,054,496 share options, of which 140,000 were exercisable).

The compensation to the members of the Board of Directors has been paid by giving shares in Comptel Corporation with 40% of the annual gross compensation.

The management of the Group had no loans referred to in the Companies Act, chapter 8, article 6.

# Key figures

Financial summary	2009	2010*	2011*	2012	2013
Net sales, EUR 1,000	74,896	77,888	76,751	82,428	82,668
Net sales, change %	-11.7	4.0	-1.5	7.4	0.3
Operating profit/loss, EUR 1,000	1,018	9,066	11,902	-13,517	7,308
Operating profit/loss, change %	-91.1	790.8	31.3	-213.6	154.1
Operating profit/loss, as % of net sales	1.4	11.6	15.5	-16.4	8.8
Profit/loss before taxes, EUR 1,000	388	8,671	10,963	-13,955	5,554
Profit/loss before taxes, as % of net sales	0.5	11.1	14.3	-16.9	6.7
Return on equity, %	-4.4	10.2	16.7	-37.2	9.3
Return on investment, %	1.1	16.6	23.6	-36.3	16.1
Equity ratio, %	62.6	71.6	66.5	46.8	50.5
Gross investments in tangible and intangible assets, EUR 1,000 <sup>1)</sup>	686	1,124	1,037	4,484	551
Gross investments in tangible and intangible assets, as % of net sales <sup>1)</sup>	0.9	1.4	1.4	5.4	0.7
Research and development expenditure, EUR 1,000	15,582	13,414	15,419	18,581	17,790
Research and development expenditure, as % of net sales	20.8	17.2	20.1	22.5	21.5
Order backlog, EUR 1,000	37,554	34,049	47,217	48,368	40,756
Average number of employees during the financial period	613	586	623	700	684
Interest-bearing net liabilities, EUR 1,000	1,282	-6,923	-9,334	3,541	2,228
Gearing ratio, %	2.8	-14.1	-22.3	13.1	7.7
Debt-equity ratio%	17.3	0.2	0.2	31.0	30.3

<sup>1)</sup> The figure does not include investments in development projects. Includes the acquisition of Axiom Systems in 2008. The aggregate gross capital expenditure excluding this acquisition amounted to 1,461 thousand euro, which was 1.7% of the net sales. Includes the acquisition of Xtract in 2012. The gross capital investments excluding the acquisition amounted EUR 1,678 thousand, which is 2.0% of net sales.

\* Year 2010 and 2011 error has been corrected.

Per share data	2009	2010*	2011*	2012	2013
EPS, EUR	-0.02	0.05	0.07	-0.12	0.02
Diluted EPS, EUR	-0.02	0.05	0.07	-0.12	0.02
Equity per share, EUR	0.43	0.46	0.39	0.25	0.27
Dividend per share, EUR <sup>2)</sup>	0.03	0.04	0.03	0.00	0.01
Dividend per earnings, % <sup>2)</sup>	-150.1	87.6	42.2	-	41.2
Effective dividend yield, % <sup>2)</sup>	3.8	5.8	6.1	-	2.1
P/E ratio	-39.0	15.1	6.9	-3.3	19.8
Highest share price	0.96	0.95	0.79	0.63	0.59
Lowest share price	0.57	0.68	0.42	0.37	0.38
Yearly average share price (VWAP)	0.71	0.80	0.63	0.47	0.46
Market value at year-end, million EUR		73.5	52.3	42.8	51.5
Trading volume	35,837,952	38,301,487	32,836,546	26,734,489	18,358,693
Development of exchange of shares %	33.5	35.8	30.7	25.0	17.1
Adjusted number of shares at the end of period	107,054,810	107,054,810	107,054,810	107,054,810	107,421,270
of which the number of treasury shares	304,004	599,905	292,685	161,219	161,219
Outstanding shares at the end of period	106,750,806	106,454,905	106,762,125	106,893,591	107,260,051
Adjusted average number of shares during the period	106,953,918	106,477,113	106,775,223	106,863,518	106,893,591
Average number of shares, dilution included	107,078,252	107,398,488	106,775,223	107,650,327	106,893,591

<sup>2)</sup> The Board's proposal

\* Year 2010 and 2011 error has been corrected.

# Definitions of key figures

$$\text{Operating margin \%} = \frac{\text{Operating profit/loss}}{\text{Net sales}} \times 100$$

$$\text{Profit margin (before income taxes) \%} = \frac{\text{Profit/loss before taxes}}{\text{Net sales}} \times 100$$

$$\text{Return on equity \% (ROE)} = \frac{\text{Profit/loss}}{\text{Total equity (average during year)}} \times 100$$

$$\text{Return on investment \% (ROI)} = \frac{\text{Profit/loss before taxes + financial expenses}}{\text{Total equity + interest bearing liabilities (average during year)}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Total equity}}{\text{Statement of financial position total - advances received}} \times 100$$

$$\text{Gross investments in tangible and intangible assets, as \% of net sales} = \frac{\text{Gross investments in tangible and intangible assets}}{\text{Net sales}} \times 100$$

$$\text{Research and development expenditure, as \% of net sales} = \frac{\text{Research and development expenditure}}{\text{Net sales}} \times 100$$

$$\text{Gearing ratio \%} = \frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} \times 100$$

$$\text{Debt-equity ratio\%} = \frac{\text{Interest-bearing liabilities}}{\text{Total equity}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit/loss for the financial year attributable to equity shareholders}}{\text{Average number of outstanding shares for the financial year}}$$

$$\text{Equity per share} = \frac{\text{Equity attributable to the equity holders of the parent company}}{\text{Adjusted number of shares at end of period}}$$

$$\text{Dividend per share} = \frac{\text{Dividend}}{\text{Adjusted number of shares at end of period}}$$

$$\text{Dividend per earnings \%} = \frac{\text{Dividend per share}}{\text{Earnings per share (EPS)}} \times 100$$

$$\text{Effective dividend yield \%} = \frac{\text{Dividend per share}}{\text{Share closing price at end of period}} \times 100$$

$$\text{P/E-ratio} = \frac{\text{Share closing price at end of period}}{\text{Earnings per share (EPS)}}$$

$$\text{Development of exchange of shares \%} = \frac{\text{Volume of exchange of shares}}{\text{Adjusted number of shares at the end of period}} \times 100$$

# Parent Company Income Statement, FAS

EUR 1,000	Notes	1 Jan- 31 Dec 2013	1 Jan- 31 Dec 2012
Net sales	2	80,415	78,254
Other operating income	3	4	3
Materials and services	4	-3,191	-5,295
Personnel expenses	5	-15,505	-16,791
Depreciation and amortisation	6	-448	-516
Other operating expenses	7	-56,705	-63,454
		-75,849	-86,056
<b>Operating profit/loss</b>		<b>4,571</b>	<b>-7,800</b>
Financial income	8	1,773	1,971
Financial expenses	9	-1,084	-1,249
<b>Profit/loss before appropriations and income taxes</b>		<b>5,261</b>	<b>-7,078</b>
<b>Profit/loss before income taxes</b>		<b>5,261</b>	<b>-7,078</b>
Income taxes	10	-3,004	-2,968
<b>Profit/loss for the period</b>		<b>2,257</b>	<b>-10,045</b>

# Parent Company Balance Sheet, FAS

EUR 1,000	Notes	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>	11		
Other intangible assets		690	930
Tangible assets		52	107
Investments		3,279	3,279
		4,021	4,316
<b>Current assets</b>			
Non-current receivables	12	3,575	3,330
Current receivables	13	35,276	39,637
Cash and cash equivalents		4,498	2,352
		39,773	41,989
<b>TOTAL ASSETS</b>		<b>47,369</b>	<b>49,635</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	14		
Share capital		2,141	2,141
Fund of invested non-restricted equity		401	243
Retained earnings		1,450	11,642
Profit/loss for the period		2,257	-10,045
		6,248	3,981
<b>Provisions</b>	15	277	734
<b>Liabilities</b>			
Non-current liabilities	16	3,335	5,409
Current liabilities	17	37,510	39,511
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47,369</b>	<b>49,635</b>

# Parent Company Statement of Cash Flows, FAS

EUR 1,000	1 Jan- 31 Dec 2013	1 Jan- 31 Dec 2012
<b>Cash flows from operating activities</b>		
Profit/loss before appropriations and income taxes	5,261	-7,078
Adjustments:		
Depreciation, amortisation and impairment charges	448	516
Financial income and expenses	-1,454	-1,223
Other adjustments	98	66
Change in working capital:		
Change in trade and other current receivables	2,874	228
Change in trade and other current liabilities	-4,048	12,683
Change in provisions	-457	291
Interest paid	-302	-225
Interest received	1	6
Taxes paid and tax returns received	-3,004	-2,816
<b>Net cash from operating activities</b>	<b>-583</b>	<b>2,448</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	-	-2,263
Investments in tangible and intangible assets	-102	-488
Proceeds from repayments of loans	1,500	-
Loans granted	-1,738	-1,732
Dividends received from investments	3,262	-
<b>Net cash used in investing activities</b>	<b>2,923</b>	<b>-4,483</b>

EUR 1,000	1 Jan- 31 Dec 2013	1 Jan- 31 Dec 2012
<b>Cash flows from financing activities</b>		
Dividends paid	-	-3,207
Capital repayment	-88	-
Proceeds from borrowings	16,895	29,000
Repayment of borrowings	-17,000	-21,000
Repayment of other long-term borrowings	-	-6,584
<b>Net cash used in financing activities</b>	<b>-193</b>	<b>-1,791</b>
<b>Change in cash and cash equivalents</b>	<b>2,146</b>	<b>-3,826</b>
Cash and cash equivalents at the beginning of period	2,352	6,178
Cash and cash equivalents at the end of period	4,498	2,352
<b>Change</b>	<b>2,146</b>	<b>-3,826</b>

# Notes to the Financial Statements of the Parent Company, FAS

## 1. Accounting principles for the financial statements

### Company profile

Comptel Corporation is a Finnish public limited liability company organised under the laws of Finland. Founded in 1986, Comptel Corporation is one of the leading providers of telecom software and services in convergent mediation and charging, predictive analytics and service fulfillment. Comptel Corporation is listed on NASDAQ OMX Helsinki (CTL1V). The parent company of the Comptel Group, Comptel Corporation, is domiciled in Helsinki and its registered address is Salmisaarenaukio 1, 00180 Helsinki.

Comptel Corporation's separate financial statements are prepared in accordance with Finnish Accounting Standards (FAS).

### Presentation of financial information

All financial information presented in euro has been rounded to the nearest thousand and consequently the sum of the individual figures can deviate from the total figure.

### Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rates prevailing on the dates of the transactions. Foreign currency monetary balances are translated at the closing rate at the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated at the closing rate at the balance sheet date. Gains and losses resulting from transactions in foreign currencies and translation of monetary items are recognised on the income statement.

### Tangible assets, intangible assets and other long-term expenditure

Tangible assets, intangible assets and other long-term expenditure are stated at historical cost less cumulative depreciation and amortisation and any impairment losses. Where parts of an item of tangible assets, an intangible asset or parts of other long-term expenditure have different useful lives, they are accounted for as separate items of tangible assets, intangible assets or other long-term expenditure. Maintenance, repairs and renewals are generally expensed during the financial period in which they are incurred except for large renovation expenditure relating to leased premises that are capitalised under other long-term expenditure.

Depreciation and amortisation is charged to the income statement on a straight-line basis over the estimated useful life of an asset. The depreciation/amortisation period for all assets is four years, with the exception of the basic refurbishment of leased premises, which are amortised over the shorter of the period of five years and the lease term. The amortisation period for goodwill is five years.

Gains and losses on sales and disposals of the abovementioned assets are included in operating income and in operating expenses, respectively.

The difference between the annual depreciation according to plan and the depreciation made in taxation is shown as a separate item under appropriations in the income statement. The accumulated depreciation difference is shown under appropriations between the shareholders' equity and liabilities in the balance sheet.

### Research and development costs

Research and development costs are expensed during the period in which they occur. Government grants that compensate the company for the development costs are deducted from the related expenses in the income statement.

### Leases

Lease payments are expensed during the financial period in which they occur.

### Pension obligations

The pension plans of the parent company are arranged in accordance with the Finnish legislation. Contributions based on the regularly reviewed actuarial calculations prepared by the pension insurance company are recognised as an expense in the income statement in the year to which they relate.

### Provisions

A provision is based on an existing obligation and it is recognised on the balance sheet when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

## Income taxes

The income taxes in the income statement consist of income tax based on taxable profit for the financial period, adjustments to prior year taxes and withholding taxes treated as non-deductible.

## Revenue recognition and net sales

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised when the service has been performed. License revenue that includes no work performance is recognised when the licence is delivered. The number of subscribers at a client is reviewed continuously. If their number exceeds the number agreed on in the terms of the licence, the client is charged for the increased number of subscribers. This licence upgrade revenue is recognised upon invoicing. Maintenance revenue is recognised on a straight-line basis over the maintenance term.

## Long-term projects

Revenue and expenses from a long-term project are recognised using the percentage of completion method, when the outcome of a long-term project can be estimated reliably. The revenue from a long-term project comprises licence income and work. The outcome of a long-term project can be estimated reliably when the revenue and expenses expected as well as the progress made towards completing a particular project can be measured reliably and when it is probable that the economic benefits associated with the project will flow to the company. In Comptel the percentage of completion of a long-term project is determined by the relation of accrued work hours to estimated overall work hours. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately.

Net sales are adjusted for sales-related indirect taxes and other adjusting items.

A separate warranty provision is recognised to cover costs under warranty periods following the completion of the projects. The total estimated margin of onerous projects is recognised as an expense and a provision.

## Trade receivables

Trade receivables are recognised at the original invoice amount to customers and stated at their cost less impairment losses.

## Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Bank overdrafts, if any, are included within current liabilities.

## Derivative financial instruments

### Principles

Receivables, debt and cash flow in foreign currencies can be hedged. Cash flows are hedged against currency fluctuations in respect of those projects for which revenue is recognised based on the percentage of completion method and invoices issued in a currency other than euro.

### Recognition and measurement

The company uses currency forward contracts. The changes in the values of the currency forward contracts entered into to hedge currency risks are recognised so that the interest rate difference, if material, is allocated over the term of the contract and the accrued portion is recognised in interest income or expenses. Exchange rate gains and losses are recognised as adjustments to sales or in exchange rate gains and losses under financial items, depending on the nature of the underlying item.

Any open currency forward contracts are measured at the average exchange rate at the balance sheet date and the resulting changes in value are recognised in the income statement. The exception applies to currency forward contracts relating to the company's cash flow from sales, as their changes in value are recognised in the income statement as the cash flow is realized. The nominal values and market values (closing cost) of all unexpired currency forward contracts are presented in the notes to the financial statements under the heading Collaterals, commitments and other contingent liabilities, irrespective of whether their changes in value have been recognised in the income statement.



## 2. Net sales

EUR 1,000	2013	2012
<b>By geographical area</b>		
Europe	32,086	35,279
Asia-Pacific	20,043	20,674
Middle East and Africa	16,266	14,528
Americas	12,021	7,772
<b>Total</b>	<b>80,415</b>	<b>78,254</b>

Net sales figures have been calculated based on the area, where the work was delivered to.

### Revenue recognition using percentage of completion method

EUR 1,000	2013	2012
Net sales recognised as revenue according to percentage of completion	18,278	17,239
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	22,105	27,283
Total costs of incomplete long-term projects	8,960	14,146
Backlog of orders of long-term projects according to percentage of completion	11,645	12,939
Prepayments and accrued income recognised on the basis of percentage of completion	5,180	9,339
Deferred income and accruals recognised on the basis of percentage of completion	1,878	2,541

## 3. Other operating income

EUR 1,000	2013	2012
Gains on disposal of tangible and intangible assets	1	1
Other	4	2
<b>Total</b>	<b>4</b>	<b>3</b>

## 4. Materials and services

EUR 1,000	2013	2012
Purchases	18	325
External services	3,173	4,969
<b>Total</b>	<b>3,191</b>	<b>5,295</b>

## 5. Personnel expenses

EUR 1,000	2013	2012
Wages and salaries	12,619	13,767
Pension expenses	2,237	2,405
Other social security costs	649	618
<b>Total</b>	<b>15,505</b>	<b>16,791</b>

### Management salaries and other compensation

EUR 1,000	2013	2012
Members of the Board of Directors	193	206

Information on the remuneration of the Group management is presented in more detail in note 31. Related party transactions to the consolidated financial statements.

### Average number of personnel

	2013	2012
Average number of personnel during accounting year	197	210

### Pension commitments in respect of members of the Board of Directors and the President and CEO

An additional defined contribution pension plan has been agreed on for the President and CEO. The retirement age is based on the Finnish Statutory Employment Pension Scheme (TyEL).

## 6. Depreciation, amortisation and impairment charges

EUR 1,000	2013	2012
Depreciation and amortisation		
Intangible rights	325	317
Other long-term expenditure	-	25
Machinery and equipment	123	174
<b>Total</b>	<b>448</b>	<b>516</b>

## 7. Other operating expenses

EUR 1,000	2013	2012
Lease payments	1,691	2,170
Travel expenses	1,360	1,324
Marketing expenses	1,224	1,630
Software expenses	3,624	3,814
Consulting expenses	2,194	2,698
Group charges	43,667	46,743
Other operating expenses	2,944	5,074
<b>Total</b>	<b>56,705</b>	<b>63,454</b>

### Auditor's fees

EUR 1,000		
<b>KPMG</b>		
Tax consultation	-	17
Other services	-	39
<b>Total</b>	<b>-</b>	<b>56</b>
<b>Ernst &amp; Young</b>		
Audit	74	41
Tax consultation	-	1
Other services	15	66
<b>Total</b>	<b>89</b>	<b>109</b>
<b>Total auditor's fees</b>	<b>89</b>	<b>165</b>

## 8. Financial income

EUR 1,000	2013	2012
<b>Interest income</b>		
From others	8	13
<b>Income from dividends</b>		
From Group companies	1,775	1,487
<b>Exchange gains</b>		
From others	-11	471
<b>Total</b>	<b>1,773</b>	<b>1,971</b>

Company has also unregistered interest income of EUR 38 thousand from the subordinated loan.

## 9. Financial expenses

EUR 1,000	2013	2012
<b>Interest expenses</b>		
To Group companies	-	48
To others	227	56
<b>Other financial expenses</b>		
To others	102	174
<b>Exchange losses</b>		
To others	754	972
<b>Total</b>	<b>1,084</b>	<b>1,249</b>

## 10. Income taxes

EUR 1,000	2013	2012
Withholding taxes	2,845	3,024
Taxes from previous years	159	-57
<b>Total</b>	<b>3,004</b>	<b>2,968</b>

## 11. Non-current assets

### Intangible assets

EUR 1,000	Intangible rights	Other long-term expenditure	Total
Cost at 1 Jan 2013	9,255	417	9,673
Additions	50	-	50
Transfers	1,716	-	1,716
Cost at 31 Dec 2013	11,022	417	11,439
Accumulated amortisation at 1 Jan 2013	8,326	417	8,743
Amortisation	325	-	325
Transfers	1,682	-	1,682
Accumulated amortisation at 31 Dec 2013	10,332	417	10,749
<b>Book value at 31 Dec 2013</b>	<b>690</b>	<b>-</b>	<b>690</b>

### Intangible assets

EUR 1,000	Intangible rights	Other long-term expenditure	Total
Cost at 1 Jan 2012	8,621	417	9,039
Additions	634	-	634
Cost at 31 Dec 2012	9,255	417	9,673
Accumulated amortisation at 1 Jan 2012	8,008	393	8,401
Amortisation	317	25	342
Accumulated amortisation at 31 Dec 2012	8,326	417	8,743
<b>Book value at 31 Dec 2012</b>	<b>930</b>	<b>-</b>	<b>930</b>

### Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2013	1,505
Additions	-
Transfers	2,353
Cost at 31 Dec 2013	3,857
Accumulated depreciation at 1 Jan 2013	1,397
Depreciation	123
Transfers	2,285
Accumulated depreciation at 31 Dec 2013	3,805
<b>Book value at 31 Dec 2013</b>	<b>52</b>

### Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2012	1,434
Additions	71
Cost at 31 Dec 2012	1,505
Accumulated depreciation at 1 Jan 2012	1,223
Depreciation	174
Accumulated depreciation at 31 Dec 2012	1,397
<b>Book value at 31 Dec 2012</b>	<b>107</b>

Investments	Shares			Total
	in Group companies	in associated companies	in other investments	
<b>EUR 1,000</b>				
Cost at 1 Jan 2013	2,792	400	87	3,279
Cost at 31 Dec 2013	2,792	400	87	3,279
<b>Book value at 31 Dec 2013</b>	<b>2,792</b>	<b>400</b>	<b>87</b>	<b>3,279</b>

Investments	Shares			Total
	in Group companies	in associated companies	in other investments	
<b>EUR 1,000</b>				
Cost at 1 Jan 2012	528	400	87	1,016
Additions	2,263	-	0	2,263
Cost at 31 Dec 2012	2,792	400	87	3,279
<b>Book value at 31 Dec 2012</b>	<b>2,792</b>	<b>400</b>	<b>87</b>	<b>3,279</b>

Additions in Group companies in 2012: Xtract Oy EUR 2,253 thousand (ownership 100%), Comptel Communications S.r.l. EUR 10 thousand (ownership 100%), Comptel Communications India Private Ltd EUR 0 thousand (ownership 1%), total EUR 2,263 thousand.

## 12. Non-current receivables

EUR 1,000	2013	2012
<b>Receivables from Group companies</b>		
Loan receivables	3,470	3,232
<b>Total</b>	<b>3,470</b>	<b>3,232</b>
<b>Receivables from associated companies</b>		
Loan receivables	75	75
Prepayments and accrued income	31	23
<b>Total</b>	<b>106</b>	<b>98</b>
<b>Non-current receivables total</b>	<b>3,575</b>	<b>3,330</b>

Capital loans of EUR 3,470 thousand have been granted to the subsidiary Xtract Oy in accordance with the Companies Act chapter 12, constituting a non-current loan receivable. The interest of the loan is the base rate set by the Ministry of Finance +1.55%. Interest has not been booked nor paid.

## 13. Current receivables

EUR 1,000	2013	2012
<b>Receivables from Group companies</b>		
Trade receivables	851	1,253
Loan receivables	145	87
Other receivables	-	1,488
Prepayments and accrued income	-	48
<b>Total</b>	<b>996</b>	<b>2,876</b>
<b>Receivables from others</b>		
Prepayments	1	3
Trade receivables	21,513	20,804
Other receivables	4,849	4,908
Prepayments and accrued income	7,917	11,045
<b>Total</b>	<b>34,280</b>	<b>36,761</b>
<b>Current receivables total</b>	<b>35,276</b>	<b>39,637</b>
<b>Specification of prepayments and accrued income</b>		
Accrued income capitalised according to degree of completion	5,180	9,339
Other prepayments	2,737	1,707
<b>Total</b>	<b>7,917</b>	<b>11,045</b>

## 14. Equity

### Restricted equity

EUR 1,000	2013	2012
Share capital at 1 Jan	2,141	2,141
<b>Share capital at 31 Dec</b>	<b>2,141</b>	<b>2,141</b>

### Non-restricted equity

Fund of invested non-restricted equity at 1 Jan	243	178
Treasury shares given to the members of the Board of Directors	-	66
Capital repayment	158	-
<b>Fund of invested non-restricted equity at 31 Dec</b>	<b>401</b>	<b>243</b>
Retained earnings at 1 Jan	1,597	14,849
Correction to previous years	-125	-
Acquisition of Corporation's own shares	-88	-
Transfer of treasury shares	66	-
Dividends paid	0	-3,207
<b>Retained earnings at 31 Dec</b>	<b>1,450</b>	<b>11,642</b>
<b>Profit/loss for the financial year</b>	<b>2,257</b>	<b>-10,045</b>
<b>Equity, total</b>	<b>6,248</b>	<b>3,981</b>
<b>Breakdown of distributable funds</b>		
Fund of invested non-restricted equity	401	243
Retained earnings	1,450	11,642
Profit/loss for the financial year	2,257	-10,045
<b>Total</b>	<b>4,107</b>	<b>1,840</b>

## 15. Provisions

EUR 1,000	2013	2012
Provisions at 1 Jan	734	443
Provisions made during the financial year	16	320
Provisions used during the financial year	-473	-29
<b>Provisions at 31 Dec</b>	<b>277</b>	<b>734</b>

The provisions consist of a warranty provision. In 2012 the provisions include also a provision recognised for unoccupied leased office facilities and a cost reserve for fulfilling obligations pertaining to customer projects.

## 16. Non-current liabilities

EUR 1,000	2013	2012
<b>Liabilities to Group companies</b>		
Other liabilities	272	272
<b>Liabilities to others</b>		
Loans	3,000	5,000
Other liabilities	63	137
<b>Total</b>	<b>3,063</b>	<b>5,137</b>
<b>Total non-current liabilities</b>	<b>3,335</b>	<b>5,409</b>

## 17. Current liabilities

EUR 1,000	2013	2012
<b>Liabilities to Group companies</b>		
Loans	-	168
Trade payables	16,609	20,079
Other liabilities	75	73
Accruals and deferred income	-	66
<b>Total</b>	<b>16,684</b>	<b>20,386</b>
<b>Liabilities to others</b>		
Trade payables	1,259	2,079
Loans	5,000	3,000
Other liabilities	454	433
Accrued expenses and deferred income	14,113	13,613
<b>Total</b>	<b>20,826</b>	<b>19,125</b>
<b>Current liabilities total</b>	<b>37,510</b>	<b>39,511</b>
<b>Specification of accrued expenses and deferred income</b>		
Personnel expenses	3,064	2,637
Items recognised on the basis of percentage of completion method	1,878	2,541
Other accrued expenses and deferred income items related to revenue recognition	8,032	7,089
Other accrued expenses and deferred income items	1,139	1,346
<b>Total</b>	<b>14,113</b>	<b>13,613</b>

## 18. Deferred tax assets

EUR 1,000	2013	2012
<b>Deferred tax assets, which have not been booked in the balance sheet:</b>		
Provisions	-	116
Reversal of depreciation and amortisation in taxation	201	235
Loss for the period	1,253	2,143
Impairment loss on trade receivables	2,919	1,344
<b>Total</b>	<b>4,374</b>	<b>3,837</b>

## 19. Collaterals, commitments and other contingent liabilities

EUR 1,000	2013	2012
<b>Lease commitments</b>		
Amounts payable during the next financial year	167	186
Amounts payable later	147	100
<b>Total</b>	<b>313</b>	<b>286</b>

The leases the company has entered into generally run for a period of three years and contain no redemption commitments.

	2013	2012
<b>Rental commitments</b>		
Amounts payable during the next financial year	1,311	1,662
Amounts payable later	3,255	4,877
<b>Total</b>	<b>4,566</b>	<b>6,539</b>

	2013	2012
<b>Guarantees</b>		
Bank guarantees due within one year	1,186	2,376
Bank guarantees due later	185	5
<b>Total</b>	<b>1,371</b>	<b>2,382</b>

	2013	2012
<b>Collaterals given on behalf of others</b>		
Guarantees	72	123

### Contingent liabilities assumed on behalf of Group companies

In 2008 Comptel Corporation has given a performance guarantee on behalf of its subsidiary, still valid on 31.12.2012. The total value of this agreement is USD 4 million. Comptel gave a guarantee of GBP 700 thousand for its subsidiary in 2009.

Derivative instruments	2013	2012
Forward exchange contracts		
Market value	637	588
Value of underlying instrument	25,701	22,656

Forward exchange contracts are used for hedging purposes.

# Shares and shareholders

The share of Comptel Corporation is listed in the NASDAQ OMX Helsinki under the code CTL1V.

Comptel has one series of shares. Each share equals to one (1) vote at the Shareholders' General Meeting.

The share capital of the company has not changed during the financial year ended. The company's share capital on 31 December 2013 amounted to 2,141,096.20 euros, and the total number of shares was 107,421,270.

## Authorisations to the Board of Directors

The annual General meeting on 20 March 2013 granted to the Board of Directors an authorisation to decide on share issues and granting special rights entitling to shares. A maximum of 21,400,000 shares can be issued. A maximum of 10,700,000 of the company's treasury shares held by the company can be conveyed and/or received on basis on the special rights.

The authorisations are valid until 30 June 2014. However, the authorisation to implement the company's share-based incentive programs is valid until five years from the AGM resolution.

A separate stock release regarding the authorisations to the Board of Directors has been given on 20 March 2013.

## Share option schemes

Comptel has currently two share option schemes.

### Share option scheme 2009

The Annual General Meeting decided on 16 March 2009 to issue share options to the key personnel of the Comptel Group as a part of the incentive and commitment program.

The share subscription period of 2009 share options A expired on 30 November 2013. During the subscription period 366,460 shares were subscribed.

The remaining number of share options issued is 2,800,000. Of the share options, 1,400,000 are marked with the symbol B and 1,400,000 are marked with the symbol C. The share options may be exercised to subscribe to a maximum of 2,800,000 new shares in the company or existing shares held by the company. The issued share options can be exchanged for shares constituting a maximum total of 2.5 per cent of the company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription price will be based on the prevailing market price of the Comptel share on the NASDAQ OMX Helsinki Ltd in April 2009, April 2010 and April 2011. The share subscription price for Comptel share option 2009A was EUR 0.43 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April–30 April 2009 deducted by the dividends and capital repayment paid. The current share subscription price for Comptel share option 2009B is EUR 0.70 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April–30 April 2010 deducted by the dividends and capital repayment paid. The current share subscription price for Comptel share option 2009C is EUR 0.54 per share, which corresponds to the trade volume weighted average quotation of the share on the NASDAQ OMX Helsinki during 1 April–30 April 2011 deducted by the dividend and capital repayment paid.

The share subscription period for stock option 2009A was 1 November 2011–30 November 2013, for stock options 2009B the period is 1 November 2012–30 November 2014, and for stock options 2009C 1 November 2013–30 November 2015.

Comptel's 2009B share options were listed on NASDAQ OMX Helsinki commencing from 1 November 2012. The trading code is CTL1VEW209 and ISIN code is FI4000048767. In 2013 a total number of 30,110 options were traded and the closing price was EUR 0.07.

Comptel's 2009C share options were listed on NASDAQ OMX Helsinki commencing from 1 November 2013. The trading code is CTL1VEW309 and ISIN code is FI4000048772. In 2013 a total number of 28,920 options were traded and the closing price was EUR 0.06.

A total of 1,250,000 share options 2009A have been distributed in 2009 and a total of 1,250,000 share options 2009B have been distributed in 2010 to the key personnel of Comptel Group. During the financial year 2011, a total of 165,000 share options 2009B and 1,475,000 share options 2009C have been distributed. During the financial year 2012, a total of 100,000 share options 2009B and 100,000 share options 2009C have been distributed. During financial year 2013, no share options have been distributed.

During the financial year 2011, a total number of 310,000 share options 2009A, a number of 250,000 share options 2009B and a number of 180,000 share options 2009C were returned to the company. During

## Shareholding by owner group on 31 Dec 2013

	Shares	% of total shares
Companies	21,577,191	20.1
Financial and insurance companies	32,585,199	36.1
Public sector	10,541,379	9.8
Non-profit making entities	847,593	0.8
Private households	35,148,453	32.7
Foreign holding	399,632	0.5
Nominee registered	6,321,823	5.9
<b>Total number of shares</b>	<b>101,099,447</b>	<b>100.0</b>

## Shareholding by number of shares on 31 Dec 2013

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total shares
1-100,	1,937	11.2	119,394	0.1
101-500	9,911	57.2	1,819,363	1.7
501-1,000	1,582	9.1	1,328,893	1.2
1,001-5,000	2,664	15.4	6,793,738	6.3
5,001-10,000	591	3.4	4,538,829	4.2
10,001-50,000	535	3.1	11,527,684	10.7
50,001-100,000	57	0.3	4,194,981	3.9
100,001-500,000	44	0.3	9,558,828	8.9
500,001-	17	1.0	67,539,560	62.9
<b>Total</b>	<b>17,338</b>	<b>100.0</b>	<b>107,421,270</b>	<b>100.0</b>

## Largest shareholders on 31 Dec 2013

	Shares	% of shares and votes
1. Mandatum Life Insurance Company Limited	20,532,625	19.11
2. Elisa Oyj	14,304,000	13.32
3. Kaleva Mutual Insurance Company	8,724,980	8.12
4. Varma Mutual Pension Insurance Company	5,144,825	4.79
5. Mutual Fund Evli Finnish Equity	2,709,794	2.52
6. The State Pension Fund	2,600,000	2.42
7. Ilmarinen Mutual Pension Insurance Company	2,236,368	2.08
8. Tigent Oy	1,220,000	1.14
9. Rakshit Tommi	940,000	0.88
10. FIM Fenno Fund	637,326	0.59
11. Fourton Fokus Fund Finland	600,000	0.56
12. Perisalo Asko	574,195	0.53
13. Mandatum Life	559,000	0.52
14. Oy Fincorp Ab	525,000	0.49
15. Kesko Pension Fund	500,000	0.47

the financial year 2012, a total number of 100,000 share options 2009B and a number of 150,000 share options 2009C were returned to the company. During the financial year 2013, a total number of 270,000 share options 2009C were returned to the company.

The remaining of the 2009 share options have been granted to Comptel Communications Oy to be further distributed. The company holds a number of 275,000 share options 2009B and a number of 425,000 share options 2009C.

## Share option scheme 2012

The Annual General Meeting of Shareholders has on 26 March 2012 decided on the issue of share options to the Comptel Group key personnel as a part of the incentive and commitment program. The Share Options 2012 are part of the share-based incentive plan approved by the Board of Directors in February 2012.

The Share Option Plan 2012 differs from the company's previous share option plans in such a way that the shareholding of a share option recipient affects the number of share options to be offered, and that the beginning of the share subscription period with the share options requires attainment of certain operational and financial targets determined by the Board of Directors. The targets are the growth of Group net sales and the growth of earnings per share or the growth of company's market capitalisation.

The total number of share options issued is 5,100,000. Of the share options, 2,550,000 are marked with the symbol A and 2,550,000 are marked with the symbol B. The share options may be exercised to subscribe to a maximum of 5,100,000 new shares in the company or existing shares held by the company. The issued share options can be exchanged for shares constituting a maximum total of 4.5 per cent of the company's shares and votes of the shares, after the potential share subscription, if new shares are issued in the share subscription.

The share subscription price for share options 2012A and 2012B is based on the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd. during 27 February-23 March 2012. Each year dividends and repayments of equity will be deducted from the share subscription price. The current share subscription price is EUR 0.57 per share.

The share subscription period for share options 2012A will be 2 May 2015-30 November 2017, and for share options 2012B, 2 May 2016-30 November 2017.

During 2012 a total of 1,914,759 share options 2012A and 1,914,759 share options 2012B were distributed to the key personnel of Comptel



Group. During 2013 no share options were distributed.

A number of 50,688 share options 2012A and a number of 50,688 share options 2012B were returned to the company during 2012. A number of 340,247 share options 2012A and a number of 340,247 share options 2012B were returned to the company during 2013. The remaining of the 2012 share options have been granted to Comptel Communications Oy to be further distributed. The company holds a number of 1,026,176 share options 2012A and a number of 1,026,176 share options 2012B.

### Share-based incentive plans

#### CEO Performance share plan 2011–2013

The CEO has a share-based incentive plan. The aim of the plan is to combine the objectives of the shareholders and the CEO of Comptel Corporation in order to increase the value of the company and to commit the CEO to the company. The prerequisite for participation in the plan and receipt of reward from the performance periods is that the CEO owns company's shares or acquires them up to the number predetermined by the Board of Directors which is 230,000 shares. The ownership requirement is valid until 31 December 2015. Furthermore, the potential reward from the plan is tied to the validity of the CEO's service contract.

The plan includes two performance periods, the calendar year 2011 and calendar years 2012–2013, during which the CEO may earn rewards based on the achievement of the determined performance criteria (Performance Shares) and validity of the service contract (Restricted Stock). The Board will determine the performance criteria in the beginning of the relevant performance period. A two-year restriction period will follow each performance period's reward payment, during which shares cannot be transferred. Should the CEO's service contract end during the restriction period, he must gratuitously return the shares paid as reward to the company.

The rewards will be paid in 2012, 2013 and 2014 as a combination of shares and cash.

For the Performance Share component the cash reward corresponds to the value of the transferred shares and it is intended to cover taxes and tax-related costs arising from the reward payment. For the Restricted Stock component the cash rewards corresponds to the value of taxes and tax-related costs. The total amount of rewards to be paid on the basis of the plan is 650,000 Comptel Corporation shares and a cash payment corresponding to the value of the shares.

The reward from the performance period 2011 was based on the turnover growth rate and the operating profit margin of the Comptel Group. The criteria were not achieved and thus no Performance Share reward was paid. The potential reward from the plan for the performance period 2012–2013 will be based on the turnover growth rate and the operating profit margin of the Comptel Group.

The Restricted Stock reward for 2011 was paid to the CEO in 2012 by disposing gratuitously 25,000 company shares and in cash, amounting to EUR 15,271. The Restricted Stock reward for 2012 was paid to the CEO in 2013 by disposing gratuitously 50,000 company shares and in cash, amounting to EUR 24,087.

#### Matching share plan 2012

The Board of Directors of Comptel Corporation approved in February 2012 a new share-based incentive plan for the Group key personnel.

The aim of the new plan is to combine the objectives of the shareholders and the target people in order to increase the value of the company, to commit the target people to the company, and to offer them a competitive reward plan based on long-term shareholding in the company.

The new plan includes a Matching Share Plan 2012 and Stock Options 2012, approved by the Annual General Meeting of Shareholders of the company in March 2012. The description of the Stock Options 2012 can be found in the section "Share option schemes" of the annual report.

The Matching Share Plan includes two performance periods, both beginning on 2 May 2012. The performance periods will end on 2 May 2015 and on 2 May 2016. The prerequisite for participation in the plan and receipt of reward from the performance periods provides that a target person owns the company's shares or acquires them up to the number predetermined by the Board of Directors. Furthermore, the potential reward from the plan is tied to the validity of the target person's employment or service or contractual relation. No reward will generally be paid if a target person's employment or service ends before the reward payment.

Rewards from the Plan will be paid partly in the company's shares and partly in cash in 2015 and in 2016. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a target person. The total amount of rewards to be paid on the basis of the Plan is an approximate maximum of 1,050,000 Comptel Corporation shares and a cash payment corresponding to the value of the shares, multiplied by 1.5, in the maximum. There were 28 persons in the plan at the end of 2013.

# The Board of Directors' proposal for the distribution of parent company profit

According to the parent company balance sheet at 31 December 2013 the parent company's distributable funds were EUR 4,107,351.91.

The Board of Directors proposes to the Annual General Meeting that the dividend for the year 2013 would be EUR 0.01 per share.

Helsinki, 12 February 2014

Pertti Ervi

Hannu Vaajoensuu

Antti Vasara

Eriikka Söderström

Petteri Walldén

Juhani Hintikka  
*President and CEO*

# Auditor's Report

Translation

## To the Annual General Meeting of Comptel Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Comptel Corporation for the financial period 1. 1.–31. 12. 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

## Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 12, 2014

Ernst & Young Oy  
Authorized Public Accountant Firm

Heikki Ilkka  
Authorized Public Accountant

# Corporate governance statement

## Governing principles

Comptel Corporation complies with the Finnish Limited Liability Companies Act, other regulations concerning publicly traded companies, Comptel Corporation's Articles of Association and the rules of NASDAQ OMX Helsinki Ltd.

In addition, Comptel complies with the Finnish Corporate Governance Code issued by the Securities Market Association which entered into force on 1 October 2010. The Corporate Governance Code can be read in full at [www.cgfinland.fi](http://www.cgfinland.fi)

## Duties and responsibilities of executive bodies

The highest decision making bodies in Comptel Corporation are shareholders at the General Meeting, the Board of Directors and the President and CEO of the Group.

### General Meeting

The highest decision-making power in Comptel Corporation is vested in the General Meeting. In the General Meeting shareholders decide on the adoption of the financial statements, the use of the profit shown on the balance sheet, the discharge from liability of the Board members as well as the President and CEO, the number of Board members and the remuneration paid to the Board members and auditors. The General Meeting elects the Board members and, whenever necessary, the auditor and deputy auditors or the public accounting firm. In addition, any other business mentioned in the notice of the meeting is dealt with during the General Meeting.

The General Meeting of Comptel Corporation is summoned by the company's Board of Directors. According to the company's Articles of Association, the Annual General Meeting must be held each year before the end of June, on a date set by the Board.

Comptel Corporation's Annual General Meeting for 2013 was held on 20th of March 2013. The documents concerning the Annual Meeting are available on the company's website at [www.comptel.com](http://www.comptel.com)

### Board of Directors

The duties and responsibilities of the Board of Directors are primarily defined by the Finnish Limited Liability Companies Act and the Articles

of Association of Comptel Corporation. The Board of Directors controls and supervises the operational management of the company. The Board of Directors is responsible for ensuring that the company's financial accounting and financial management are properly organised.

The Board of Directors has confirmed the written charter that specifies the Board's duties, business to be handled, meeting practices and the decision-making processes. According to the written charter, the Board of Directors handles and decides on all matters that are financially, commercially or fundamentally significant to the Group's operations.

The Board of Directors confirms the Group's strategy, budget, corporate structure, major corporate arrangements and investments. Furthermore, the Board of Directors approves and confirms the principles of risk management, appoints and discharges the President and CEO, and decides on the terms and conditions of employment for the President and CEO.

The Board of Directors regularly evaluates its own operations and working practices. The Board also carries out a self-assessment in relation to its operations and working practices once a year.

As specified in the Articles of Association, the General Meeting elects a minimum of three and a maximum of six Board members. The Board members are elected for one year at a time so that the term of office for all Board members ends at the close of the following year's Annual General Meeting. The Board of Directors elects a chairman and a vice chairman from among its members.

The Annual General Meeting for 2013 re-elected the following five Board members: Pertti Ervi (Chairman), Eriikka Söderström, Hannu Vaaajoensuu (Vice Chairman), Petteri Walldén ja Antti Vasara.

As a general rule, the Board of Directors convenes once a month and additionally, whenever necessary. In 2013 the Board of Directors convened 13 times (2012: 14). The average attendance of the members was 97 per cent (97).

All members of the Board are independent of the company and the company's significant shareholders.

### Board Committees

In its first meeting held on 20th of March 2013 the Board of Directors decided not to set up committees based on the following criteria: Taking into account the company's size, a clear structure and a small number of Board members, it is more effective to act without separate committees until further notice. In addition, the Board sees it useful to get in its entirety acquainted with the issues and therefore the tasks of an Audit Committee specified in the Finnish Corporate Governance Code are taken care by the Board of in its full composition.

In addition, whenever needed, the Board may also set temporary working committees to prepare subjects for the Board. Working committees did not convene in 2013.

### President and CEO

The President and CEO is responsible for ensuring that the company's accounting is legally arranged and that the company's financial management is reliably organised.

The President and CEO is responsible for ensuring that the objectives, strategies, future plans, outlines and goals set by the Board of Directors are implemented and achieved by the Comptel Group. The President and CEO prepares the matters to be decided by the Board of Directors and executes the decisions made.

The President and CEO is appointed by the Board of Directors. The Board of Directors decides on the terms and conditions of President and CEO's employment, including the salary, other compensations and fringe benefits that are defined in the CEO's employment contract.

Mr Juhani Hintikka was the President and CEO of Comptel Corporation in 2013.

### Executive Board

The duty of the Group Executive Board is to assist the President and CEO. The Executive Board consists of the directors of the business units and the units supporting business operations.

Comptel's business management is based on the operations of business units and cost centres. Comptel Corporation's subsidiaries operate within the respective business areas. The governance of the associated company is completely independent and is governed through a board membership in the respective company. The Executive Board is responsible for integrating the activities of the Group and its parts into an operating plan associated with the annual budget to implement the Group's strategies. During the year the results of the operations in

relation to the budget and operating plan are reported monthly. The causes of any deviations as well as the measures taken to correct them are properly documented.

In 2013 the members of the Executive included, in addition to President and CEO, Mr Mauro Carobene (CMO), Mr Antti Koskela (CTO), Mr Kari Onniskä (Services), Mr Mikko Hytönen (CFO) until 31 August 2013 and Tom Jansson (CFO) from 28 October 2013, Ms Niina Pesonen (HR) and Ms Ulla Koivukoski (Analytics Business Unit).

In 2013 the Executive Board convened 11 times (2012: 11).

### Insider administration

Comptel complies with the insider guidelines of NASDAQ OMX Helsinki Ltd. In accordance with the Securities Market Act, Comptel maintains a register containing information on the so called insiders with the duty to declare, in the SIRE system of Euroclear Finland Ltd. Insiders comprise permanent insiders and project-specific insiders.

At the end of 2013, there were 19 insiders with the duty to declare (18) and 52 company-specific permanent insiders (51).

The insiders with the duty to declare include the Board members, CEO, the other Executive Board members and the principal auditor.

Comptel's insiders are obliged to comply with the so called closed window rule during which time no trading with the company's share is allowed. Comptel's closed window starts seven days before each quarter. The closed window ends 24 hours after the announcement of an interim report and financial statements bulletin. Comptel does not apply any 'open window' rule.

An updated list of the insiders with the duty to declare, their connections and their holdings is available on the company's website.

### Auditing

According to the Finnish Auditing Act, statutory audits comprise the auditing of the accounts, financial statements, Board's report and administration. The General Meeting must be provided with an auditor's report including an opinion on whether the financial statements give correct and sufficient information about the Group's result and financial position at the close of the financial year. The auditors report to the Board of Directors on their work and observations.

The Annual General Meeting elected Ernst & Young Oy as the auditor of Comptel. Mr Heikki Ilkka (APA) is the principal auditor.

## Communications

All essential information concerning Comptel's corporate governance as well as the stock exchange and press releases are published on the company's website.

## Financial Reporting Process

### Objectives of internal control

Internal control comprises all processes that are designed to provide reasonable assurance regarding the achievement of the company's objectives in the following matters: the efficiency of operations, cost-effective use of resources, reliability of financial reporting and compliance with the laws and regulations as well as the internal practices.

Internal control is an essential part of Comptel's corporate governance. Comptel's Board of Directors, management and other personnel take part in internal control processes.

The objective of Comptel's internal control is to ensure that:

- company's operations are efficient and profitable
- financial and operational information is reliable
- entire Group complies with the regulations and policies

Internal control is not a separate process, but it is integrated into the company's day-to-day operations. Internal control covers all of Comptel processes, policies and organisational structures that help to ensure that the company is achieving its objectives, that the business conduct is ethical, that the assets are managed responsibly and that financial reporting is organised properly. Internal control includes, for example, reporting, delegation of authority and information on the compliance with the policies and practices.

### Control environment

The company values are the foundation of Comptel's internal control. Comptel's values are: Passion, United, Respect, Make it happen. These common values act as guiding principles of the personnel. The company has also approved the code of conduct that guides the Group's operations. The values and the code of conduct are reflected in the day-to-day operations as well as in the internal guidelines, processes and practices, thus developing the corporate culture.

Comptel's management system is based on performance management. The strategy process controls the establishment of objectives. The annual Group-level financial and other targets are translated into targets for business and other units.

Target setting is an integral part of each employee's performance management in Comptel. Roles and responsibilities are given in accordance with the strategy to promote the company's objectives.

The achievement of the Group's and individual business units' annual objectives is followed up through monthly management reporting. The Executive Board regularly monitors the reliability of the company's financial reporting. Comptel's financial reporting uses comprehensive Enterprise Resource Planning system. The Group's Financial Administration monitors internal and external accounting and reconciles and investigates the possible differences between the two.

Comptel applies the International Financial Reporting Standards (IRFS). Ensuring the reliability of financial reporting requires good organisation of the financial administration and accounting systems. The financial reporting process is monitored by the Board of Directors. In connection with the statutory audit, the auditor reviews the control environment of the financial reporting as part of auditing the administration.

### Risk assessment

Risk management is an integral part of Comptel's internal control. Risk management and internal control are integrated at the process level. Risk management refers to a systematic process to identify, evaluate and control risks due to external factors as well as risks arising from the Group's own activity.

Comptel's risk management system aims at minimising the detrimental impacts of risks on the Group's profit. The Board of Directors has ratified the principles of risk management defining the risk management objectives and general practices, and also the tasks and responsibilities connected with risk management.

The Chief Financial Officer is in charge of coordinating risk management within the Group. As a general rule, the business units are responsible for identification and management of any and all risks that have an impact on their operations. Risk evaluation and management is an important part of the Group's annual business planning and strategy process, budgeting, as well as the preparatory and decision-making processes connected with commercial offers, agreements and investments and other operative activities.

In addition, the risk management system is based on monthly reports that are used to track the development of the financial position, net sales, profitability, orders, deliveries, trade receivables, order backlog and order flow, which in turn enable monitoring the development of the

entire Group's results. The internal reporting is carried out by business units during the meetings of the Executive Board and in the reviews of the Group's support functions.

### Control activities

Comptel's internal control system includes human resources management policies, such as compensation and benefits, personnel development, recruitment and resourcing management. Individual objective and appraisal processes enable the evaluation of employees' performances on an individual level. The Human Resources function is responsible for maintaining and developing the company's HR processes.

Comptel has confirmed the corporate approval rights. The Delegation of Authority defines the situations requiring prior approval, authorisation to sign agreements, procurement rights and approval practices concerning payments. The Accounting Manual contains the charts of account and guidelines on the use of expense accounts for those approving invoices.

Comptel's Quality System defines the company's key processes and duties as well as the related roles, responsibilities, guidelines, documentation, best practice policies and quality indicators. Comptel's customer deliveries, software development and development of internal processes comply with the project management process which is described in the company's quality management system.

Revenue recognition for long-term customer projects is essential in defining Comptel's net sales and profit. The percentage of completion method and control points have been defined and approved internally. Managing, controlling and monitoring the key process of project revenue recognition is essential for the business.

### Information and communication

The internal control system needs sufficient and reliable communication within the organisation. The Executive Board follows up the achievement of the company's financial and other objectives in regular meetings. The Financial Administration is responsible for preparing monthly reports and regularly updating the financial forecast. The Group uses accompany wide Enterprise Resource Planning system and a separate management reporting system.

The company's guidelines and manuals are available to all employees on the Group's intranet. The Marketing and Communications is responsible for the internal communication channels and for Comptel's external communications.

### Monitoring

Monitoring refers to processes that are used to assess Comptel's system of internal control and its performance. Monitoring is performed both on an ongoing basis and through separate evaluations including quality audits, internal and external audits.

The quality and process audits are carried out by the company's internal quality organisation in accordance with the annual plan.

Internal audits are conducted according to an agreed plan in which the audit targets are defined. The actual audit is executed in chosen locations based on a prepared auditing plan. The audit focuses on the assessment of business operations, the implementation and realisation of financial and administrative processes in practice, and the compliance of good corporate governance. The audit also ensures the compliance of all permissions, reports and obligations.

Within Comptel Corporation, internal audits belong to the Financial Administration's responsibilities, and it is primarily carried out by the company's own personnel. Whenever necessary, external experts are used to complement the audit activities. The results of internal audits are reported to the Board of Directors.

The external auditor verifies that the company's annual accounts are correct and monitors the company's quarterly reporting. In addition, the auditors' report to the Board of Directors in an ongoing manner regarding the administration and operations.

# Board of Directors

## Pertti Ervi

born 1957, B.Sc. (Electronics)  
Chairman of the Board since 2012

### Main career history

Computer 2000 AG, Co-President 1995–2000  
Computer 2000 Finland Oy, Managing Director – 1995

### Main board memberships

Chairman of the Board in Efecte Oy, Ixonos Plc and Nevtor Oy  
Member of the Board in F-Secure Corporation and Teleste Corporation

Comptel shares 100,998

## Hannu Vaajoensuu

born 1961, M.Sc. (Economics)  
Vice Chairman of the Board since 2005

### Main career history

Basware Oyj, Full-time Chairman of the Board 2005–2010,  
CEO 1999–2004, Partner, Executive Director 1991–1999

### Main board memberships

Chairman of the Board in Basware Corporation, Dovre Group Plc, Nervogrid Oy and Solita Group  
Member of the Board in Movenium Oy, Profit Software Oy, XMLdata Ltd. and the Federation of Finnish Technology Industries

Comptel shares 139,713

## Eriikka Söderström

born 1968, M.Sc. (Economics)  
Member of the Board since 2012

### Main career history

Kone Corporation, Corporate Controller, SVP 2013–  
Vacon Plc, Chief Financial Officer 2009–2013  
Oy Nautor Ab, Chief Financial Officer 2008  
Nokia Siemens Networks, Corporate Controller 2007  
Nokia Networks, various finance and control roles  
1994–2006

Comptel shares 47,659

## Antti Vasara

born 1965, D.Tech. (Technical Physics)

### Main career history

Tieto Corporation, Executive Vice President, Product  
Development Services 2012–  
Nokia, Senior Vice President, Mobile Phones Product  
Development 2010–2012  
Nokia, Senior Vice President, various leading positions in  
product programs and hardware development, corporate  
strategy and software sales & marketing 2003–2010  
SmartTrust Ab, CEO 2000–2003  
McKinsey & Company, Senior Engagement Manager  
1993–2000

Comptel shares 43,659

## Petteri Walldén

born 1948, M.Sc. (Engineering)  
Member of the Board since 2009

### Main career history

Alteams Oy, President and CEO 2007–2010  
Onninen Oy, President and CEO 2001–2005  
Ensto Oy, President and CEO 1996–2001  
Nokia Kaapeli Oy, President and CEO 1990–1996  
Sako Oy, President 1987–1990

### Main board memberships

Chairman of the Board in Nokian Renkaat Plc  
Vice Chairman of the Board in Tikkurila Oyj  
Member of the Board in Alteams Oy, Kuusakoski Group Oy,  
One Nordic Ab, SE Mäkinen Logistics Oy,  
Staffpoint Holding Oy, Teleste Corporation

Comptel shares 86,288

The holdings of board members are as per 31 December 2013. Up-to-date information on ownership is available at [www.comptel.com/investors](http://www.comptel.com/investors)



# Executive Board

## Juhani Hintikka

born 1966, M.Sc. (Engineering), President and CEO

Joined Comptel in 2011. Has previously held several general management and executive positions in research and development, operations and sales at Nokia and Nokia Siemens Networks since 1999, latest the global Head of Operations Support Solutions Business Line at Nokia Siemens Networks. Prior to that, worked in Konecranes Group and in Kone Group. Member of the Board of Directors of Comptel Corporation during 2007–2008.

Comptel shares: 408,333; share options 2012: 833,332

## Mauro Carobene

born 1970, M.Sc. (Electronic Engineering) Chief Market Operations Office

Joined Comptel in 2011, member of the Executive Board since 2011. Has previously held various senior solution management and sales positions in Nokia Siemens Networks and Nokia since 1998, most recently responsible for OSS consulting and systems integration business globally at NSN.

Comptel shares: 83,333; share options 2009: 100,000; share options 2012: 208,332

## Tom Jansson

born 1968, M.Sc. (Econ.) Chief Financial Officer, from October 28th 2013

Joined Comptel 2013, has previously held several senior finance and control positions during his long tenure at Tellabs, latest Director of Finance International in Tellabs Corporation.

## Ulla Koivukoski

born 1954, B.Sc. (Physics), Senior Vice President, Analytics Business Unit

Joined Comptel in 2012, member of the Executive Board since 2012. Has previously held several sales, marketing and product development positions at Nokia and Nokia Siemens Networks. Prior to that, held marketing positions at Unisys.

Comptel shares: 60,000; share options 2012: 150,000

## Antti Koskela

born 1971, M.Sc. (Engineering), Senior Vice President, Products and Solutions

Joined Comptel in 2011, member of the Executive Board since 2011. Has previously held several management positions in Nokia Siemens Networks since 1999, latest Head of the Communication & Entertainment Solutions Business Line at. Prior to that, worked in Ericsson during 1994–1999.

Comptel shares: 45,800; share options 2009: 100,000; share options 2012: 114,500

## Kari Onnisekä

born 1967, M.Sc. (Economics) Senior Vice President, Global Services

Joined Comptel in 2011, member of the Executive Board since 2011. Acted earlier as Managing Director of Talent Partners since 2006. Prior to that, held several management positions at Nokia in 2000–2006.

Comptel shares: 40,000; share options 2012: 100,000

## Niina Pesonen

born 1965, M.Sc. (Social and Behavioural), Senior Vice President, Human Resources

Joined Comptel in 2007, member of the Executive Board since 2007. Has previously held several HR management and development positions in Nokia since 1992. Her latest positions were Business HR Director for the Delivery Operations of Nokia Networks and HR Head for North East Region in Nokia Siemens Networks.

Comptel shares: 83,333; share options 2012: 208,332

The holdings of executive board members are as per 31 December 2013. Up-to-date information on ownership is available at [www.comptel.com/investors](http://www.comptel.com/investors)

# Shareholder information

## Annual General Meeting

The Annual General Meeting of Comptel shareholders will be held at the Finlandia Hall, Terassi hall, Mannerheimintie 13e, 00100 Helsinki, Finland at 3 pm on Wednesday 12th March 2014.

A shareholder, who wants to participate in the General Annual Meeting, shall register for the meeting no later than 10 am on 7th March by giving a prior notice of participation. Such notice can be given:

- a) By notice at Company's web site: [www.comptel.com](http://www.comptel.com)
- b) By telephone at +358 20770 6877, from 9 am to 4 pm Monday to Friday
- c) By telefax at +358 9700 11224
- d) By regular mail to Comptel Corporation, P.O. Box 1000, FI-00181 Helsinki, Finland (envelopes should be marked "Annual General Meeting")

Shareholders registered on 28 February 2013 in the Company's Shareholder Register maintained by Euroclear Finland Ltd shall have the right to attend the Annual General Meeting. Possible proxies shall be delivered to the above address before the last date for registration.

## Dividend and Financial Statements

The Board of Directors has decided to propose to the Annual General Meeting that dividend of 0.01 EUR per share will be paid for 2013. The dividend will be paid to a shareholder, who has been registered to shareholders' register maintained by Euroclear Finland Oy on 17 March 2014. Board of Directors proposes that the dividend will be paid on 25 March 2014.

The proposals of the Board of Directors are available on Comptel Corporation's website at [www.comptel.com](http://www.comptel.com). The annual report is available on the above-mentioned website no later than February 19, 2014. The Proposal of the Board of Directors and the annual accounts documents are also available at the meeting.

## Changes of Name and Address

Shareholders should notify the book-entry securities register where their book-entries are registered of any changes in name and/or address.

## Publication of Interim Reports

In 2014, Comptel Corporation will publish interim reports as follows:

- January–March on Thursday 17 April 2014
- January–June on Tuesday 29 July 2014
- January–September on Tuesday 21 October 2014

Comptel publishes its Interim Reports, Financial Statements Bulletin and Annual Reports in English and Finnish. The financial reports are available on Comptel's website at [www.comptel.com](http://www.comptel.com) under Investors. Documents may also be ordered by email [communications@comptel.com](mailto:communications@comptel.com) or by phone +358 700 1131.

## Investor Contacts

Mr Tom Jansson, CFO  
 Tel. +358 9700 1131, fax +358 9700 11375  
 Email: [tom.jansson@comptel.com](mailto:tom.jansson@comptel.com)

# Comptel presence

## Europe

Helsinki Finland  
Milan Italy  
Moscow Russia  
Oslo Norway  
Reading United Kingdom  
Sofia Bulgaria  
Stockholm Sweden  
The Hague Netherlands  
Düsseldorf Germany  
Istanbul Turkey  
Ankara Turkey

## Middle East and Africa

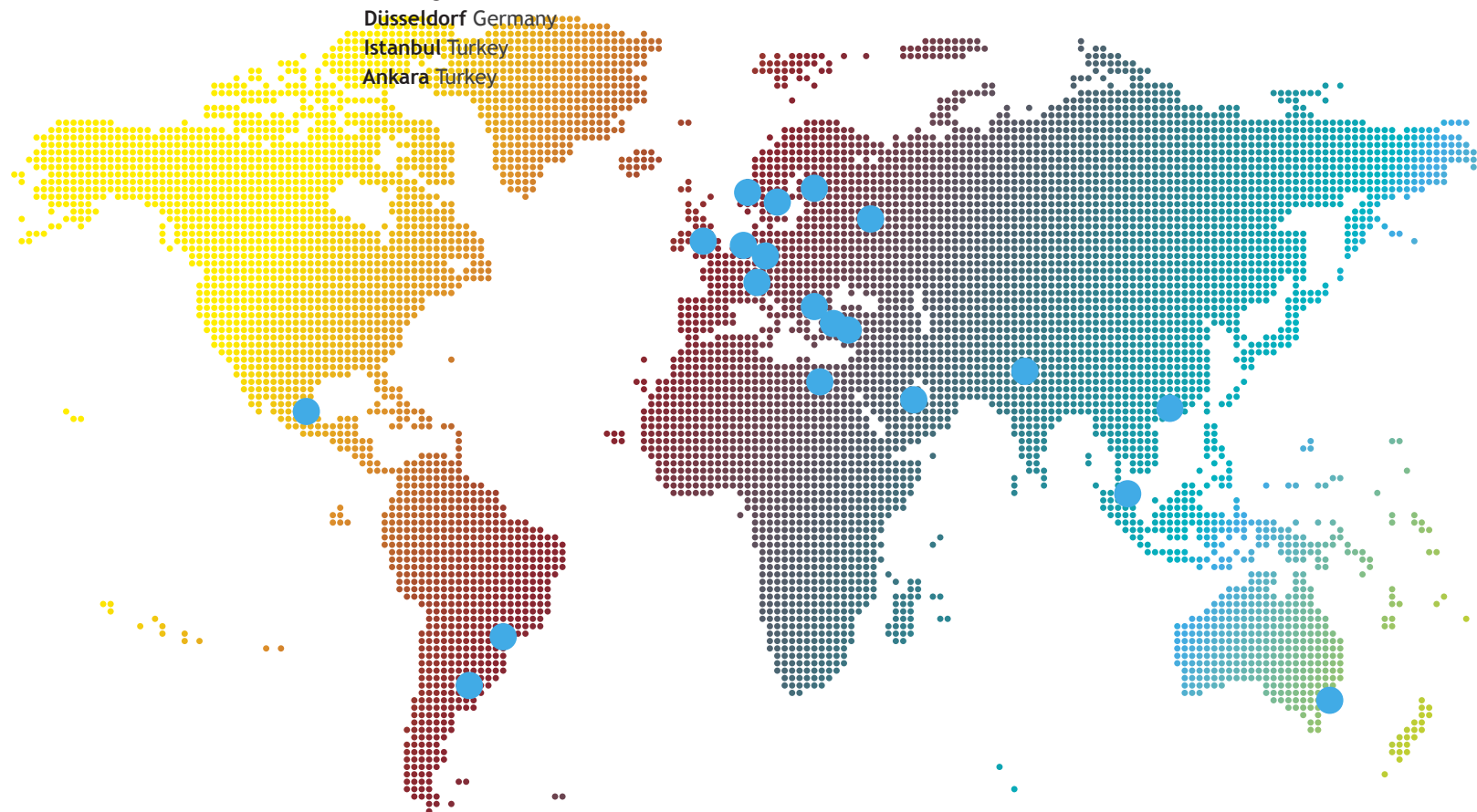
Dubai United Arab Emirates  
Cairo Egypt

## Asia Pacific

Kuala Lumpur, Malaysia  
Hong Kong, China  
New Delhi, India  
Sydney, Australia

## Americas

São Paulo Brazil  
Mexico DF Mexico  
Buenos Aires Argentina





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