COMPTEL
ANNUAL REPORT
2014

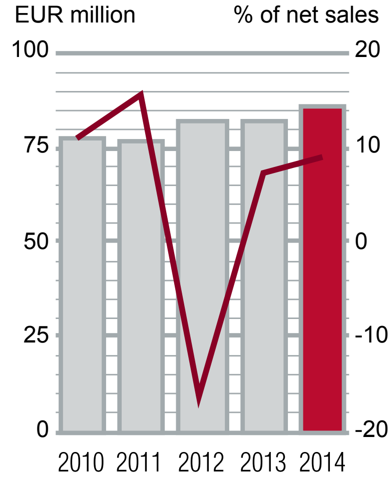
comptel

CONTENTS

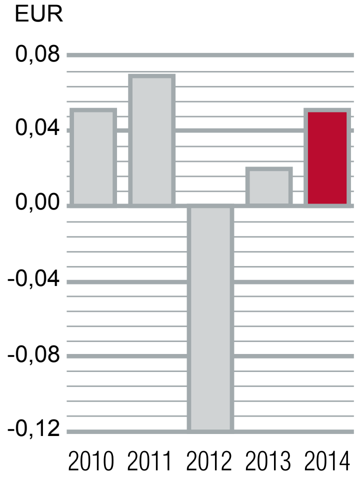
KEY FIGURES

	2014	2013
Net sales, EUR million	85,7	82,7
Net sales, change %	3,7	0,3
Operating profit/loss, EUR million	8,3	7,3
Operating profit/loss, as % of net sales	9,7	8,8
Equity ratio, %	52,4	50,5
Order backlog, EUR million	55,2	40,8
Average number of employees	665	684

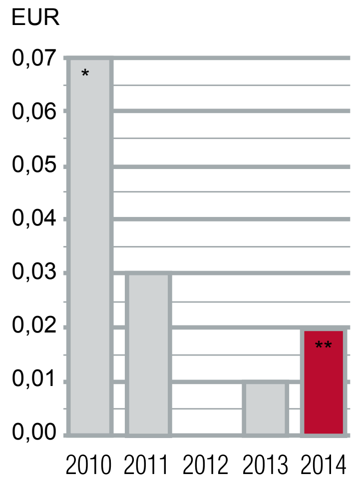
NET SALES AND OPERATING PROFIT



EARNINGS PER SHARE

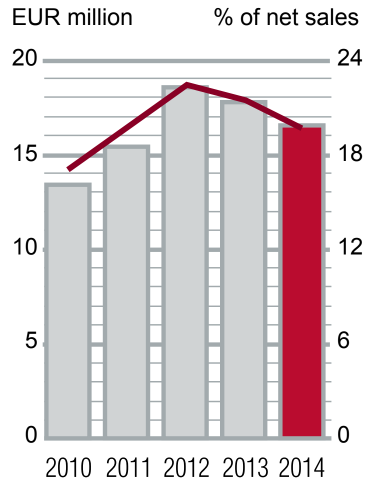


DIVIDEND PER SHARE



* Dividend EUR 0.04
Additional dividend EUR 0.03
** Board of Directors' proposal

R&D EXPENDITURE



COMPTEL AND OUR STRATEGY

Comptel has been at the core of delivering digital and communication services to more than 1 billion people. Every day, we take care of more than 20% of the world's mobile usage data. Over the years, almost 300 digital service and communications providers in 90 countries have trusted us to manage complexity and reduce friction in their most critical processes, to perfect their business and the digital moments of their customers.

VISION AND MISSION

Life is digital moments. Digital demand will be driven by "Generation Cloud" customers and enterprises interacting with millions of digital applications. The Internet of Things with billions of connected devices will further accelerate the digital demand leading to exploding data volumes. Future mobile and fixed networks will provide hyper speeds and undergo a transformation from hardware to software. Network functions will be virtualised. Mounting complexity will require orchestration of business flows and virtualised resources.

This transformation offers a tremendous opportunity for Comptel. Comptel mission is to perfect the digital moments and translate them into business moments by connecting digital demand and supply.

STRATEGY: OPERATION NEXTERDAY

The Operation Nexterday strategy focuses on delivering answers to the four major questions for digital and communications service providers:

- How do we win the hearts and minds of generation cloud customers?
- What is needed to monetise the increasing new data, content, app and service opportunities with less time?
- How do we quickly adopt more adaptive, flexible and scalable virtualised and cloud-based technologies?
- How do we turn big data into intelligent fast data and automated actions?

Comptel's strategy is built on the following six strategic objectives: creating solutions with unique value, demonstrating thought leadership, providing customer excellence, entering new markets, building leverage by partners and having inspired people to build a successful future for the company.

SOLUTIONS WITH UNIQUE VALUE

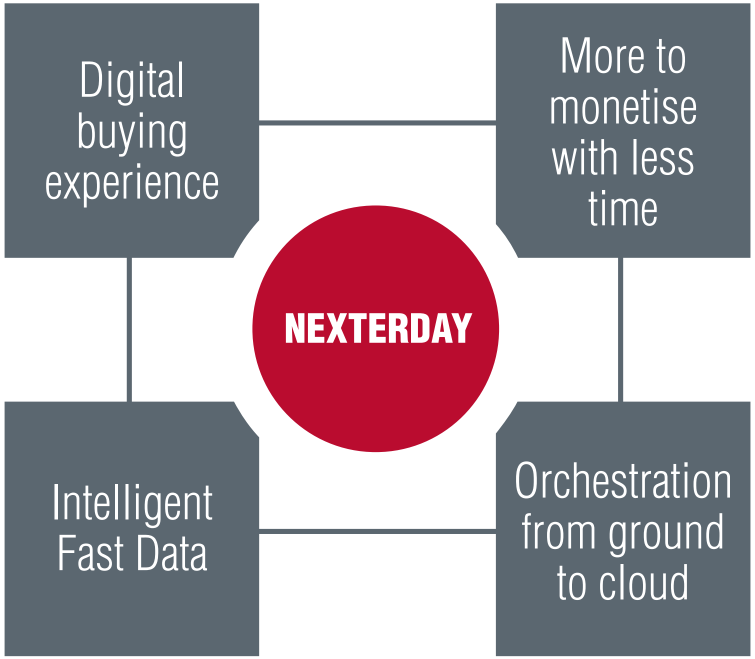
Comptel delivers software and services for Intelligent Fast Data, Service and Business Flow Orchestration and Digital Buying Experience.

Using the FlowOne fulfillment suite and ecosystem, customers can master the orchestration of service and business flows from ground to cloud.

With the Monetizer policy and charging solution customers can innovate and design rich communication and data service offers at the speed of business.

Data Refinery, based on EventLink technology, captures data-in-motion and uses embedded intelligence to refine it for automated, in-the-moment decisions and actions. Data Fastermind embeds artificial intelligence, prediction and machine learning capabilities into all other solutions.

New innovations are explored and validated in the market in the areas of Digital Buying Experience and Cloud Based Analytics.



THOUGHT LEADERSHIP

To gain more C-level attention and market visibility, Comptel´s marketing strategy strives for industry thought leadership on the carefully selected themes and topics which are: Digital Buying Experience, Monetising more with less time, Orchestration of service and order flows from ground to cloud and intelligent fast data. Success on these themes will ensure that the company will be more integral part of major transformation opportunities and innovation initiatives. Furthermore, Comptel will be better positioned in industry and benchmark reports by the leading industry analysts. The essence of Comptel's thought leadership is captured in the book "Operation Nexterday", launched in Mobile World Congress 2015.

CUSTOMER EXCELLENCE

By improving the customer satisfaction of both existing and new customers, Comptel targets to further grow the recurring revenue share of the business.

NEW MARKETS

Comptel will seek to further strengthen and expand its position in new regions with high business potential such as the USA, Japan, Korea, Indonesia and the Philippines.

LEVERAGE BY PARTNERS

The target is to increase revenue through partners, and Comptel will continuously look for new ecosystems and go-to-market partners. The Comptel ecosystem and go-to-market partners include companies such as Salesforce.com, CloudSense, Pivotal, Hitachi, IBM, Tech Mahindra and TCS.

INSPIRED PEOPLE

Comptel employs nearly 700 professionals and continues to offer inspiring opportunities globally for employees in the business of perfecting digital moments.

CEO'S REVIEW

2014 was a record year for us and we achieved net sales of 85.7 million EUR for the full year. For the year, sales increased in three out of the four geographic regions. We accomplished 18.2% growth in Asia – Pacific for the year. In Europe we had a very strong second half of the year by improving over 50% in the last quarter of the year. Strong relationships with strategic partners also helped us close several significant orders both with new and existing customers.

Our earnings continued positive development with our operating profit growing by 13.7% compared to the previous year. Our net profit more than doubled as a result of business growth and more favorable taxation. As a result, our earnings per share for the year increased by 250% to 0.05 per share.

We also generated operating cash flow of 10 million EUR in 2014 and during the year we converted the company to a net debt free company.

During 2014 we made several new strategic partner arrangements that will help us in the markets in the future to generate growth. Our joint offering with the existing partners generated several significant orders during 2014.

In total, Comptel received 26 significant orders, and our backlog for 2015 is significantly stronger compared to the previous year.

Product innovation continued at a brisk pace to position us for future growth. During the year, we had ten major software releases covering all of our products. We integrated our analytics solution to our mediation solution, which will give enhanced capabilities to our customer's existing solutions. Our fulfillment portfolio was enhanced with several releases. Our investment into new innovations continued on a significant level, our R&D costs represented 19.6 per cent of net sales. We continue to invest in the future.

Overall our execution against our outlined strategy in 2014 progressed as planned. We have built a solid foundation for the future.

Our markets are in the eye of the "perfect storm" with smartphones, digital services and cloud driving the evolution. We updated our strategy to respond to the world that is changing. Life is getting digital.

During 2014 we invested more to marketing and increased our visibility through Comptel thought leadership. Our new brand was introduced at Mobile World Congress 2015 in Barcelona, and we also launched our new web pages and our new book "Operation Nexterday" at the same time.

We also changed our organization structure to reflect our focus on the two megatrends – intelligent data and cloud based networks. We believe this will further help creating shareholder value by improving our execution model in the future.

Longer term, Comptel is well positioned with our current high value product and service portfolio. We will provide solutions that are vital for our customers in a rapidly changing business environment. Together with our partners we have the ability to expand our business further to meet the multiple dimensions of our customers' future requirements.

> **"OUR EARNINGS CONTINUED POSITIVE DEVELOPMENT WITH OUR OPERATING PROFIT GROWING BY 13.7% COMPARED TO THE PREVIOUS YEAR. OUR NET PROFIT MORE THAN DOUBLED AS A RESULT OF BUSINESS GROWTH AND MORE FAVORABLE TAXATION."**

With a steadfast focus on our updated strategy, new organization and execution, we will strive to expand and improve our industry position in the future. We will continue to optimize costs but also invest in those activities that will bring the highest return for the long term benefit of our shareholders.

I want to thank all our employees for their dedication and commitment to our values that generated the great results for 2014. I want to thank all our customers and stakeholders for fruitful co-operation. I want to thank all our shareholders for your continued support.

Helsinki, March 2015

Juhani Hintikka
President and CEO

BOARD OF DIRECTORS REPORT 2014

MARKET OUTLOOK

Comptel is a global telecoms software company serving telecom service providers operating mobile, fixed and convergent networks.

Turnover and investments in Comptel's customer base reduced slightly from the previous year – both still growing over the inflation level, approximately 3%, globally. It is noticeable that in the emerging markets, significant for Comptel's business, the annual growth rate was 4%.

The key trend in the global telecoms is that the range of data services continues to widen and amount of delivered data grows fast. In the emerging markets the growth was solely based on the mobile broadband and also in the mature markets the growth has moved from increase of subscribers to data services.

In the global scale, the coverage of mobile broadband services has grown significantly, at the moment 3G has reached 70% of the subscriber base and fast 4G networks approximately 25% of the subscribers. Investments in the network infrastructure will continue over the next years. According to the forecasts, investments will continue strongly and investments in 3G networks will continue till 2018 when the mobile broadband will cover 80% of the global population. Faster 4G networks will cover 60% of the global population in 2019.

Network technology investments are targeted mainly to 3G and 4G mobile networks and in the broadband in the fiber technology. Moreover, telecom operators are investing heavily for moving away from conventional/traditional switch equipment to cloud based software platform. From our perspective, the latter fact is very important because it increases the importance of our software applications and takes them closer to the operator's core functions.

Rapid expansion of smart devices has created a need for building new and fast broadband networks, for ensuring the service availability and usability and support for increasing number of different business models. In addition to the network investments, our customers are actively looking for ways to decrease costs by unifying the systems serving the different networks.

As the subscriber growth has slowed down, the communication service providers have sought consolidation and looked for new income sources outside of the communications services. Moreover, service providers such as Google, Amazon, Facebook and Apple have introduced new services that are challenging telecom service providers in their own field and especially within the new service offerings.

New customer acquirement and utilizing the up-sell opportunities, create a demand for understanding the customer needs and wants and expected service level. This has increased the customer experience management investments in all the levels along analytics capabilities that enable improved customer segmentation and targeted offerings for reducing customer churn and creating upsell possibilities.

NET SALES AND PROFITABILITY

Comptel group's 2014 net sales increased by 3.7 per cent (0.3) and were EUR 85.7 million (2013: 82.7; 2012: 82.4). Growth was generated both by new and current businesses. New business grew by 25.7 per cent in the fourth quarter.

Operating profit was EUR 8.3 million (2013: 7.3; 2012: -13,5), which amount to 9.7 per cent (8.8) of net sales. The improved operating profit was based on the increased sales.

Profit before taxes was EUR 7.4 million (5.6), which amounts to 8.7 per cent (6.7) of net sales. The company's net profit was EUR 5.5 million (2.6). Earnings per share for the financial year were EUR 0.05 (2013: 0.02; 2012: -0.12).

Tax expense for the year was EUR 2.0 million (3.0). The tax expense included EUR 1 million (1.3) of withholding taxes due to double taxation. The consolidated effective tax rate was 26.6 per cent (53.3).

Return on equity was 17.5 per cent (2013: 9.3; 2012: -37.2)
The Group's order backlog increased from the previous year and was EUR 55.2 million (2013: 40.8; 2012: 48.4)

BUSINESS AREAS

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

During the year Comptel received 26 significant orders (17). Out of these 26 orders, 12 were Comptel Control & Charge, 6 Comptel Provisioning and Activation, 5 Comptel Fulfillment and 3 Managed Services. All sold projects and licenses with a minimum value of EUR 500.000 are considered significant orders and are reported by Comptel.

Europe net sales were EUR 35.4 million (33.1). Europe net sales grew significantly in the second half of 2014. The Group's operating profit for the segment was EUR 19.5 million (15.6), representing 55.3 per cent of net sales (47.3). Comptel won one new customer in this region. Some of the most significant customers were Telenor and operators belonging to the Vodafone and Telefonica group.

The net sales of Asia-Pacific were EUR 24.8 million (20.9). The Group's operating profit for the segment was EUR 14.5 million (10.1), representing 58.7 per cent of net sales (48.0). Comptel won three new customers in this region. Some of the most significant customers were IBM, NBN Co and Alcatel-Lucent.

The net sales of Middle East and Africa were EUR 16.8 million (16.3). The Group's operating profit for the segment was EUR 7.3 million (6.7), representing 43.2 per cent of net sales (40.8). Comptel won one new customer in this region. Some of the most significant customers were Saudi Telecom, MCI and operators belonging to the Etisalat group.

Americas net sales were EUR 8.8 million (12.3). The Group's operating profit was EUR 4.0 million (7.0), representing 45.5 per cent of net sales (56.9). Comptel won three new customers in this region. Some of the most significant customers were operators belonging to the América Móvil and Telefónica group and T-Mobile in the US.

Comptel's net sales are comprised of selling project & license business, and selling recurring business. Project & License business sales increased from previous year and were EUR 52.1 million (47.1). Recurring business sales decreased from the previous year and were EUR 33.6 million (35.6). Managed Services & Consulting business has been re-classed into Project & License business area starting Q3 2013. This change decreases the comparable recurring business area and increases Project & License area revenue in 2014.

Comptel's net sales are comprised also of new business and current business. Current business increased from previous year and was EUR 66.5 million (63.4). New business was on the same level as previous year EUR 19.2 million (19.2).

INVESTMENTS

During 2014 gross investments in intangible and tangible assets amounted to EUR 0.7 million (0.6) and comprised of investments in devices, software and furnishing. The investments were funded through liquid assets and cash flow from operations.

RESEARCH AND DEVELOPMENT

Comptel's direct R&D expenditure and investments were EUR 16.8

million (2013: 17.8; 2012: 18.6). This corresponds to 19.6 per cent (2013: 21.5; 2012 22.5) of net sales.

Comptel's R&D expenditure was mainly targeted at automating the service fulfillment of telecom operators and at managing the real-time analysis of rapidly increasing data traffic. Comptel seeks global market leadership in these areas where the 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 2014, the company focused on developing its offering within the Comptel Fulfillment, Comptel Policy & Charging Control and advanced analytics product areas. Ten major software releases were launched in these respective product areas during 2014.

The company filed two new patent applications in 2014 (2). During the year Comptel was granted eight new patents (4), which related to real time mediation and usage of data and charging of subscribers in an online mediation environment. At the end of the year, Comptel had 37 (29) granted patents and 39 (51) 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 total on 31 December 2014 was EUR 77.6 million (67.9), of which liquid assets amounted to EUR 9.4 million (6.5).

Operating cash flow for the financial year was EUR 10.0 million (8.8).

The trade receivables were EUR 28.9 million (23.7) at the end of the period. The accrued income was EUR 10.9 million (9.4).

Comptel has a 16 million credit facility arrangement consisting of 3 million term-loan and a revolving credit facility of 13 million. Out of this arrangement Comptel had 3 million of the term-loan and 4 million of the revolving credit facility outstanding at year end. The credit facility is valid until January 2016.

The equity ratio was 52.4 per cent (50.5) and the gearing ratio was -5.4 per cent (7.7).

COMPANY STRUCTURE

At the end of 2014, 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 an Irish associated company Tango Telecom Ltd (share of ownership 20.0 percent)

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

PERSONNEL

At the beginning of the year Comptel had 685 employees and at the end of the year 660. The Group employed an average of 665 persons in 2014 (2013: 684; 2012: 700).

At the end of the year, 30.2 per cent (29.6) of the personnel were located in Finland, 28.8 per cent (28.1) in Malaysia, 10.9 per cent (10.9) in Bulgaria, 7.1 per cent (7.6) in India, 3.2 per cent (7.5) in the United Arab Emirates, and 19.8 per cent (17.8) in other countries where Comptel operates.

Of the group personnel, 44.1 per cent (47.2) worked in customer services, 38.3 per cent (34.1) in research, product development and product management, 11.8 per cent (12.9) in sales and marketing and 5.8 per cent (5.8) in administration and internal support services at the end of the financial year.

At the end of the year the Group had 650 (679) regular workers and 10 (11) non-permanent employees. Of the employees, 639 (669) were full-time and 21 (21) part-time.

Average personnel attrition in 2014 was 19.7 (20.5). The average years of service was 4.9 (4.5). The average age of employees at the end of the year was 37 (36). At the end of the year 71 per cent (74) of the employees were men and 29 per cent (26) women.

Wages and salaries totaled EUR 34.6million (2014: 34.6; 2012: 37.5).

Salaries and compensation paid to the management are described in the note 31 to the consolidated financial statements.

Of the personnel, 87 per cent had a university degree, 5 per cent had a polytechnic diploma, 3 per cent a vocational college diploma and 5 percent other education.

In the financial year, the amount of sick leave from active working hours was 1.5 percent (1.3)

CORPORATE GOVERNANCE

The Annual General Meeting (AGM), held on 12 March 2014, elected the following members to the Board of Directors: Mr. Pertti Ervi, Mrs. Eriikka Söderström, Mr. Hannu Vaajoensuu, Mr. Antti Vasara and and a new member Mr. Heikki Mäkijärvi. In its meeting held after the AGM, the Board of Directors elected Mr. Pertti Ervi as chairman and Mr. Hannu Vaajoensuu as vice chairman. The board did not have any committees.

In the end of the financial year guarantees given on behalf of the related parties amounted to EUR 7 thousand. Related party transactions are described in more detail in the note 31 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 2014 was EUR 2,141,096.20 and the total number of votes was 107,421,270.

The total exchange of Comptel's shares in 2014 was 27.8 million shares (18.4) which is 25.9 per cent (17.1) of the total number of shares. The closing price was EUR 0.99 (0.48). Comptel's market value at the end of the year was EUR 105.8 million (51.5).

During the year, Comptel Corporation allotted 121,480 shares to the members of the Board of Directors as part of their annual compensation and 75,000 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 period 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.

The reward for 2013 was paid to the CEO in 2014 by disposing gratuitously 75,000 shares and in cash EUR 50,781.

Members of the Board of Directors and the CEO held at 31 December 2014 a total of 1.678 per cent of company's outstanding shares and share options.

The company held 464 739 of its own shares at the end of the financial year, which is 0.43 percent of the total number of its shares. The total counter-book value of the shares held by the company was EUR 9,295.

The Annual General Meeting, held on 12 March 2014, approved the proposal of the Board of Directors that dividend of 0.01 EUR per share 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/or special rights entitling to 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 of June 2015. 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 resolutions of the Annual General Meeting including authorisations given to the Board of Directors was issued on 12 of March 2014.

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 the growth of Comptel's business and profitability.

Comptel has invested significantly into new product areas, in analytics and automation of customers' delivery processes. Failure in the development or launch in these product areas 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 behavior cause significant quarterly variations in sales and profit, and are typical of Comptels' 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, Indian Rupee 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 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 has also applications for return of withholding taxes in other countries but they are subject to local legal processes, which take time to get completed. Due to latest decisions by the Finnish tax authorities this risk impact on corporate effective tax rate is lower

The company's financial risks are described more in detail in the note 27 of the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

OUTLOOK

We expect the 2015 net sales to grow compared to previous year and we expect operating profit to be in the range of 8-12 %, excluding one-time charges.

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 2014 was EUR 6,740,529 (4,107,352).

Board of Directors proposes to the Annual General Meeting that dividend of 0.02 EUR per share will be paid for 2014.

Helsinki, 5 February 2015

Comptel Corporation
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	NOTES	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Net sales	2	**85,714**	**82,668**
Other operating income	5	282	8
Materials and services	6	-3,905	-3,418
Employee benefits	7	-41,294	-40,678
Depreciation, amortisation and impairment charges	8	-6,263	-5,682
Other operating expenses	9	-26,225	-25,591
		-77,686	**-75,369**
Operating profit/loss		**8,311**	**7,308**
Financial income	11	1,478	367
Financial expenses	11	-2,398	-1,706
Share of result of associated companies		45	-415
Profit/loss before income taxes		**7,436**	**5,554**
Income taxes	12	-1,975	-2,962
Profit/loss for the period		**5,461**	**2,592**

EUR 1,000	NOTES	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Cash flow hedges		-227	-
Translation differences		522	-582
Income tax relating to components of other comprehensive income	12	45	-
Total comprehensive income for the period		**5,802**	**2,009**
Profit/loss attributable to:			
Equity holders of the parent company		5,461	2,592
Non-controlling interest		-	-
Total comprehensive income attributable to:			
Equity holders of the parent company		5,802	2,009
Equity holders of the parent company		-	-
Shareholders of the parent company	13		
Earnings per share, EUR		0,05	0,02
Earnings per share, diluted, EUR		0,05	0,02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR 1,000	NOTES	31 DEC 2014	31 DEC 2013
ASSETS			
Non-current assets			
Goodwill	15	2,646	2,646
Other intangible assets	15	13,435	14,174
Tangible assets	14	1,595	1,629
Investments in associates	16	673	661
Available-for-sale financial assets		87	87
Deferred tax assets	17	5,880	4,358
Other non-current receivables		613	500
		24,929	24,055
Current assets			
Trade and other receivables	18	43,043	37,144
Current tax assets	18	315	202
Cash and cash equivalents	19	9,352	6,542
		52,710	43,889
TOTAL ASSETS		**77,639**	**67,944**

EUR 1,000	NOTES	31 DEC 2014	31 DEC 2013
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	20	2,141	2,141
Fund of invested non-restricted equity	20	401	401
Fair value reserve	20	-182	-
Translation difference	20	-699	-1,219
Retained earnings		31,685	27,600
		33,346	28,924
Total equity		**33,346**	**28,924**
Non-current liabilities			
Deferred tax liabilities	17	2,669	2,983
Provisions	23	-	-
Non-current liabilities financial liabilities	24	1,257	3,483
		3,926	6,466
Current liabilities			
Provisions	23	1,325	1,939
Current financial liabilities	24	6,305	5,287
Trade and other current liabilities	25	32,713	25,078
Current tax liabilities		24	250
		40,367	32,554
Total liabilities		**44,293**	**39,020**
TOTAL EQUITY AND LIABILITIES		**77,639**	**67,944**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	NOTES	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Cash flows from operating activities			
Profit/loss for the period		5,461	2,592
Adjustments:			
Non-cash transactions or items that are not part of cash flows from operating activities	28	6,095	7,330
Interest and other financial expenses		620	434
Interest income		-16	-71
Income taxes		1,996	2,962
Change in working capital:			
Change in trade and other receivables		-6,573	3,074
Change in trade and other current liabilities		6,744	-2,997
Change in provisions		-262	-359
Interest paid		-295	-355
Interest received		40	63
Income taxes paid and tax refund received		-3,789	-3,849
Net cash from operating activities		**10,021**	**8,825**
Cash flows from investing activities			
Sale of business operations		300	-
Investments in tangible assets		-734	-466
Investments in intangible assets		0	-85
Investments in development projects		-4,720	-5,510
Proceeds from sale of tangible and intangible assets		39	5
Change in other non-current receivables		-82	-7
Net cash used in investing activities		**-5,199**	**-6,063**

EUR 1,000	NOTES	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Cash flows from financing activities			
Dividends paid		-1,073	-
Capital repayment		-312	-88
Proceeds from borrowings		8,500	16,702
Repayment of borrowings		-9,544	-17,073
Lease payments		-180	-191
Net cash used in financing activities		**-2,609**	**-650**
Net change in cash and cash equivalents		**2,213**	**2,112**
Cash and cash equivalents at the beginning of the period	20	6,542	4,817
Cash and cash equivalents at the end of the period	20	9,352	6,542
Change		**2,810**	**1,726**
Effects of changes in foreign exchange rates		596	-386

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
Equity at 31 Dec 2012	**2,141**	**243**	**-636**	**0**	**25,208**	**26,956**
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
Equity at 31 Dec 2013	**2,141**	**401**	**-1,219**	**0**	**27,600**	**28,924**
Acquisition of Corporation’s own shares					-311	-311
Dividends paid					-1,073	-1,073
Share-based compensation					263	263
Prior year corrections *)					-256	-256
Total comprehensive income for the period			521	-182	5,461	5,800
Equity at 31 Dec 2014	**2,141**	**401**	**-698**	**-182**	**31,684**	**33,346**

*) Prior year expense adjustments were posted into retained earnings during the fiscal year.

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) or from the parent company's head office, the address of which is mentioned above.

On 5th February 2015 the Board of Directors of Comptel Corporation has authorised the publication of the consolidated financial statements of Comptel Corporation for the year 2014. 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 2014 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 2014 the Group adopted the following new and amended standards and interpretations endorsed by the EU and that are applicable to Comptel:

Amendment to IFSR 10. *Consolidated Financial Statements*. Control outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Amendment do not effect on Comptel's consolidated financial statements.

Amendment to IFRS 12. *Disclosure of Interests in Other Entities.* The standard requires a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The amendment is not estimated to have an effect on Comptel's consolidated financial statements.

Amendment to IAS 27. *Equity Method in Separate Financial Statements.* The standard allows the equity method as an accounting option for investments in subsidiaries and associates in an entity's separate financial statements. The amendment is not estimated to have an effect on Comptel's consolidated financial statements.

Amendment to IAS 39. *Financial Instruments*. The amendment allows continuation of the hedge accounting in certain situations. The amendment is not expected to have an effect on Comptel's consolidated statements.

Amendment to IFRIC 21. *Levies*. The standard provides guidance on when to recognize a liability for a levy imposed by a government. The amendment is not estimated to have 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 significantinfluence 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 o 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.

From 1 October 2014 onwards Comptel has applied hedge accounting in accordance with IAS 39.

Comptel formally designates and documents the hedge relationship as well as the Group's risk management objective and strategy for undertaking the hedge. Comptel documents and assesses, at the inception of a hedge relationship and at least at each reporting date, the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The changes in the fair values of those derivatives meeting the criteria of a fair value hedge are recognised in profit or loss together with the fair value changes of the hedged asset or liability attributable to the hedged risk. The changes in the fair values of the derivatives hedging trade receivables are booked against sales revenues.

If a derivative meets the conditions of a cash flow hedge, the change in the fair value of the effective portion of the hedging instrument is recognised in other comprehensive income and presented in equity in the hedging reserve. The accumulated gains or losses in equity are reclassified into profit or loss in the same period during which the hedged item affects profit. When a hedging instrument designated as a cash flow hedge expires or is sold or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, any related cumulative gain or loss in equity is recognised immediately in profit or loss.

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 16. 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 dated 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*. IFRS 9 will be issued in three phases, it will replace the existing 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, IFRS 12 and IAS 28 *Investment entities*. The new standard is not expected to have an impact on Comptel's consolidated financial statements.

IFRS 14 *Regulatory Deferral Accounts*. The standard allows rate-regulated entities to continue reporting regulatory deferral account balances in connection with the first-time adoption of IFRS. The standard is not estimated to have an effect on the Group's financial statements.

IFRS 15 Revenue from *Contracts with customers.* The standard includes a five-step model for revenue recognition. The recognition model includes clearly more detailed instructions than the currently valid standards. Comptel is evaluating the impact of the standard and will implement it according to the schedule.

IAS 16 and IAS 38 *Clarification of acceptable methods of depreciation and amortization.* The amendment rebuts the revenue-based method of depreciating tangible assets and allows, to a limited extend, the application of revenue-based method of depreciating for intangible assets. The amendments are not estimated to have an impact on Comptel's consolidated financial statements.

IAS 16 and IAS 41 *Agriculture.* IAS 16 to be applied to plants meeting the criteria instead of IAS 41 Agriculture. The amendments are not estimated to have an impact on Comptel's consolidated financial statements.

IAS 19 *Employee benefits*. The purpose of the standard is to outline the accounting and disclosure requirements for the employee benefits. The amendment is not estimated to have an impact on Comptel's consolidated financial statements.

IAS 27 *Separate Financial Statements.* The amendment allows the equity method as an accounting option for investments in subsidiaries and associates in an entity's separate financial statements. The amendment is not estimated to have an effect on Comptel's consolidated statements.

IAS 1 *Disclosure Initiative.* The amendment encourages entitities to assess the notes disclosed and their classification. The amendment is not estimated to have an effect on Comptel's consolidated statements.

Annual Improvements to IFSRs 2010-2012 and Annual Improvements to IFSRs 2011-2013 and Annual Improvements to IFSRs 2012-2014. Minor and less urgent amendments to the standards are collected and implemented once a year. 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 four 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, 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	ASIA-PACIFIC	MIDDLE EAST AND AFRICA	AMERICAS	SEGMENTS TOTAL
Net sales	33,074	20,946	16,312	12,337	82,668
Segment share of operating result	15,636	10,056	6,652	7,023	39,367
Depreciation and amortisation	23	43	1	29	95
Trade receivables	8,584	4,115	5,214	4,791	22,704

2014, EUR 1,000	EUROPE	ASIA-PACIFIC	MIDDLE EAST AND AFRICA	AMERICAS	SEGMENTS TOTAL
Net sales	35,358	24,752	16,814	8,790	85,714
Segment share of operating result	19,538	14,526	7,272	3,998	45,334
Depreciation and amortisation	18	119	2	43	182
Trade receivables	11,503	4,130	7,536	6,476	29,645

RECONCILIATIONS

RESULT

EUR 1,000	2014	2013
Segment share of operating result	45,334	39,367
Unallocated expenses	-37,023	-32,059
Financial income and expenses	-920	-1,339
Share of result of associated companies	45	-415
Group profit/loss before income taxes	**7,436**	**5,554**

DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES

EUR 1,000	2014	2013
Segment depreciation and amortisation	182	95
Unallocated depreciation, amortisation and impairment charges	6,081	5,586
Total depreciation, amortisation and impairment charges	**6,263**	**5,682**

ASSETS

EUR 1,000	2014	2013
Segment assets	29,645	22,704
Unallocated assets	47,993	45,240
Total assets	**77,638**	**67,944**

INFORMATION ABOUT PRODUCTS AND SERVICES

REVENUES FROM EXTERNAL CUSTOMERS

EUR 1,000	2014	2013
Project & License business	52,115	47,095
Recurring business	33,599	35,573
Total	**85,714**	**82,668**

GEOGRAPHICAL INFORMATION

REVENUES FROM EXTERNAL CUSTOMERS

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

EUR 1,000	2014	2013
Finland	4,028	7,141
India	7,696	7,045
Argentina	4,010	5,307
Germany	7,907	4,575
Saudi Arabia	6,572	4,431
Australia	7,358	3,542
Other countries	48,143	50,627
Total	**85,714**	**82,668**

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	2014	2013
Finland	13,950	14,577
Other countries	1,691	1,641
Investments in associates	673	661
Unallocated assets	2,735	2,818
Total	**19,049**	**19,697**

INFORMATION ABOUT MAJOR CUSTOMERS

In 2014 and 2013 revenues from a single customer did not exceed 10% of the total Comptel group net sales.

3. BUSINESS COMBINATIONS

No new business combinations were acquired during the year 2014 or 2013.

4. REVENUE RECOGNITION USING PERCENTAGE OF COMPLETION METHOD

EUR 1,000	2014	2013
Net sales recognised as revenue according to percentage of completion	16,401	18,636
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	12,042	22,707
Total costs of incomplete long-term projects	8,332	10,655
Backlog of orders of long-term projects according to percentage of completion	14,053	11,728
Prepayments and accrued income recognised on the basis of percentage of completion	2,821	5,182
Deferred income and accruals recognised on the basis of percentage of completion	4,409	1,905

5. OTHER OPERATING INCOME

EUR 1,000	2014	2013
Gains on disposal of tangible assets	2	5
Sale of business operations	300	-
Other income items	-20	4
Total	**282**	**8**

6. MATERIALS AND SERVICES

EUR 1,000	2014	2013
Purchases	82	18
External services	3,823	3,399
Total	**3,905**	**3,418**

7. EMPLOYEE BENEFITS

EUR 1,000	2014	2013
Wages and salaries	34,623	34,218
Pension expenses - defined contribution plans	3,690	3,808
Pension expenses - defined benefit plans	188	85
Share options granted	122	-108
Expenses related to share-based incentive program	410	190
Other social security costs	2,260	2,485
Total	**41,293**	**40,678**

THE AVERAGE NUMBER OF EMPLOYEES IN THE GROUP DURING THE FINANCIAL YEAR	2014	2013
Europe	348	376
Asia-Pacific	257	249
Middle East and Africa	54	52
Americas	6	7
Total	**665**	**684**

An additional contribution pension plan has been agreed on for the President and CEO of the parent company. The retirement age is based on the Finnish Statutory Employment Pension Sheme (TyEL). CEO's pension costs were totally 123,574.00 euros in 2014 (107,590.00 euros in 2013), of which the additional pension plan's portion was 56,859.00 euros (48,993.00 euros in 2013).
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	2014	2013
Depreciation and amortisation by asset type		
Intangible assets		
Patents and trademarks	77	77
Capitalised development costs	4,993	4,106
Other intangible assets	456	603
Total	**5,526**	**4,786**
Tangible assets		
Machinery and equipment	737	890
Total	**737**	**890**
Impairment charges by asset type		
Machinery and equipment	-	6
Total	**-**	**6**
Total depreciation, amortisation and impairment charges	**6,263**	**5,682**

9. OTHER OPERATING EXPENSES

EUR 1,000	2014	2013
Lease payments	3,435	3,889
Travel expenses	5,285	4,995
Marketing expenses	1,163	1,267
Other operating expenses	16,342	15,441
Total	**26,225**	**25,591**

THE AUDITORS' FEES

EUR 1,000	2014	2013
Ernst & Young		
Audit	189	129
Tax consultation	55	0
Other services	12	15
Total	**256**	**144**

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 12,071 thousand in 2014 (EUR 12,280 thousand in 2013).

The capitalised development expenditure totalled EUR 4,720 thousand (EUR 5,510 thousand in 2013). The amortisation of the capitalised development costs amounted to EUR 4,923 thousand (EUR 4,183 thousand in 2013).

11. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2014	2013
Interest income from cash and cash equivalents	4	9
Interest income from other receivables	36	62
Financial assets/liabilities measured at fair value through profit or loss:		
Forward exchange contracts not in hedge accounting	0	-31
Foreign exchange gains from other receivables and other liabilities	1,438	310
Interest expenses from financial liabilities measured at amortised cost	-125	-227
Interest expenses from other liabilities	-18	-59
Forward exchange contracts	-356	0
Foreign exchange losses from other receivables and other liabilities	-1,763	-1,286
Other financial expenses	-136	-117
Total	**-920**	**-1,339**

STATEMENT OF COMPREHENSIVE INCOME ITEMS INCLUDE FOREIGN EXCHANGE DIFFERENCES AS FOLLOWS:

EUR 1,000	2014	2013
Net sales		
Change in fair value of forward exchange contracts	46	128
Foreign exchange differences, net	126	207
Materials and services		
Foreign exchange differences, net	-	-
Other operating expences		
Change in fair value of forward exchange contracts	-17	-7
Foreign exchange differences, net	-111	614
Financial income		
Change in fair value of forward exchange contracts	0	-31
Foreign exchange profits	1,463	310
Financial expenses		
Change in fair value of forward exchange contracts	-1 150	-
Foreign exchange losses	-1,041	-1,286
Total	**-684**	**-65**

Comptel is applying hedge accounting in accordance with IAS 39 effect from 1.10.2014.

12. INCOME TAXES

EUR 1,000	2014	2013
Current tax expense	775	781
Adjustments for previous years' taxes	84	121
Deferred taxes	-1,793	-871
Withholding taxes	2,909	2,845
Other direct taxes	-	86
Total	**1,975**	**2,962**

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 2,909 thousand in 2014. The total withholding taxes expensed between 2004 and 2014 amount to EUR 11,012 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.

There are confirmed losses in taxation for the group company Xtract Oy, totally 11,404 thousand euros (10,054 thousand euros in 2013). Deferred taxes from the losses were not booked, because of the uncertainty of the possibilities to utilize the losses.

INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

2014 EUR 1,000	BEFORE TAX	TAX EXPENCE (-)/ BENEFIT (+)	NET OF TAX
Cash flow hedges	-227	45	-182
Translation differences	522	-	522
Total	**295**	**45**	**340**

2013 EUR 1,000	BEFORE TAX	TAX EXPENCE (-)/ BENEFIT (+)	NET OF TAX
Cash flow hedges	-	-	-
Translation differences	-582	-	-582
Total	**-582**	**0**	**-582**

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 20%:

EUR 1,000	2014	2013
Profit before taxes	7,436	5,554
Income tax calculated using the domestic corporation tax rate	1,487	1,361
Effect of tax rates in foreign jurisdictions	-71	6
Non-deductible expenses	30	162
R&D additional tax credit	-80	-80
Non-deductible depreciations, amortisations and impairment charges	51	132
Withholding taxes, net	593	1,315
Current year losses for which no deferred tax assets was recognised	-34	162
Effect of the change in Tax Rate	-	-1,024
Taxes for previous years	34	112
Other items	-35	816
Income taxes in the consolidated statement of comprehensive income	**1,975**	**2,962**

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.

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 2014 and 2013, the options did not have a material dilutive effect on earnings per share.

	2014	2013
Number of outstanding shares during the financial period, weighted average	107,284,900	106,893,591
Options	1,400,000	0
Weighted average number of shares for calculation of diluted earnings per share	107,625,526	106,893,591
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	5,461	2,592
Number of outstanding shares during the financial period, weighted average	107,284,900	106,893,591
Basic earnings per share (euro)	0,05	0,02
Profit/loss for the year attributable to equity holders of the parent (EUR 1,000)	5,461	2,592
Weighted average number of shares for calculation of diluted earnings per share	107,625,526	106,893,591
Diluted earnings per share (euro)	0,05	0,02

14. TANGIBLE ASSETS

EUR 1,000	MACHINERY AND EQUIPMENT
Cost at 1 Jan 2014	9,685
Additions	739
Disposals	-1,456
Exchange difference	250
Cost at 31 Dec 2014	9,218
Accumulated depreciation at 1 Jan 2014	-8,056
Depreciation	-834
Disposals	1,446
Exchange difference	-179
Accumulated depreciation at 31 Dec 2014	-7,623
Book value at 1 Jan 2014	1,629
Book value at 31 Dec 2014	**1,595**

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
Book value at 31 Dec 2013	**1 629**

15. INTANGIBLE ASSETS

EUR 1,000	GOODWILL	PATENTS AND TRADEMARKS	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
Cost at 1 Jan 2014	21,559	1,227	38,758	15,514	77,058
Additions			4,721		4,721
Disposals				-32	-32
Exchange difference	639			49	688
Cost at 31 Dec 2014	22,198	1,227	43,479	15,531	82,435
Accumulated amortisation at 1 Jan 2014	-18,913	-572	-26,099	-14,654	-60,239
Amortisation		-77	-4,993	-359	-5,429
Exchange difference	-639			-48	-687
Accumulated amortisation at 31 Dec 2014	-19,552	-649	-31,092	-15,061	-66,354
Book value at 1 Jan 2014	2,646	654	12,659	860	16,819
Book value at 31 Dec 2014	**2,646**	**577**	**12,387**	**470**	**16,080**

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
Book value at 31 Dec 2013	**2,646**	**654**	**12,659**	**860**	**16,819**

ALLOCATION OF GOODWILL

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 2013) of goodwill has been allocated to Inventory unit and EUR 1,993 thousand (EUR 1,993 thousand in 2013) 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 17.3 % (17.9 % in 2013).

The cash flows after the five-year period for the Inventory unit have been forecasted by estimating net sales to decrease with rate of -10% . 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 2014. 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 60 % 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 7% 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	2014	2013
Carrying amount at 1 Jan	661	1,076
Share of results	45	-230
Impairment in investment	-	-185
Carrying amount at 31 Dec	**706**	**661**

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 31.12.2014.

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

2014	ASSETS	LIABILITIES	NET SALES	PROFIT / LOSS	OWNERSHIP %
Tango Telecom Ltd. Group	5,612	2,247	7,172	223	20

2013	ASSETS	LIABILITIES	NET SALES	PROFIT / LOSS	OWNERSHIP %
Tango Telecom Ltd.	4,592	1,286	6,379	-1,150	20

17. DEFERRED TAX ASSETS AND LIABILITIES

CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES DURING 2013:

EUR 1,000	31 DEC 2013	RECOGNISED IN PROFIT OR LOSS	31 DEC 2014
Deferred tax assets			
Reversal of depreciation and amortisation in taxation	201	-39	162
Loss for the period	1,254	-953	301
Withholding taxes	2,919	2,316	5,235
Share options	36	50	86
Other tax deductible temporary differences	-52	148	96
Total	**4,358**	**1,522**	**5,880**

EUR 1,000	31 DEC 2013	RECOGNISED IN PROFIT OR LOSS	31 DEC 2014
Deferred tax liabilities			
Capitalisation of intangible assets	2,664	-173	2,491
Capitalisation of and amortisation on technology in acquired business operations	27	-8	19
Impact of goodwill amortisation in taxation	131		131
Cumulative depreciation difference	69	-49	20
Forward contracts hedging backlog of orders	71	-71	0
Other taxable temporary differences	22	-13	9
Total	**2,983**	**-319**	**2,669**

18. TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES

EUR 1,000	2014	2013
Trade receivables	27,731	22,704
Prepayments	42	42
Accruals from long-term projects	8,554	5,216
Other prepayments and accrued income	2,407	3,989
Other receivables	4,624	5,193
Total	**43,358**	**37,144**

Comptel didn't recognise credit losses on trade receivables in 2014 (2013: EUR 164 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

EUR 1,000	GROSS 2014	IMPAIRED	NET 2014
Not past due	20,773		20,773
1-30 days past due	1,926		1,926
31-90 days past due	1,011		1,011
91-180 days past due	3,158		3,158
181-360 days past due	581		581
Over 360 days past due	1,466	-1,184	282
Total	**28,915**	**-1,184**	**27,731**

EUR 1,000	GROSS 2013	IMPAIRED	NET 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
Total	**23,731**	**-1,027**	**22,704**

19. CASH AND CASH EQUIVALENTS

EUR 1,000	2014	2013
Cash at bank and in hand	9,352	6,542
Total	**9,352**	**6,542**

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 2013	106,893,591	2,141	243	-361	2,023
Transfer of treasury shares	214,203			66	66
Return of treasury shares	-214,203			-88	-88
Emission of new share	366,460			158	158
At 31 Dec 2013	107,260,051	2,141	401	-383	2,159
Emission of new share	0		-		0
Transfer of treasury shares	196,480			66	66
Return of treasury shares	500,000			-312	-312
At 31 Dec 2014	**106,956,531**	**2,141**	**401**	**-629**	**1,913**

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.

TREASURY SHARES

Treasury shares reserve includes the acquisition cost of treasury shares held by the Group. During the financial year 2013 the company allotted 75,000 shares to the President and CEO based on the terms of the share-based incentive plan 2011 (2013: 50,000 shares) and 121,480 shares to members of the Board of Directors as part of their annual compensation (2013: 164,203 shares). At the end of the financial year the company had 464,739 treasury shares (161,219 treasury shares at 31 Dec 2013).

DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the Board would be authorised to decide a dividend pay-out for 2014. The maximum dividend payment would be EUR 0.02 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 three 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 had decided on 26 March 2012 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 differed 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 were the growth of Group net sales and the growth of earnings per share or the growth of company´s market capitalisation. The targets of this share option plan didn’t realise, therefore all expense accruals were reversed alreary in the year 2013.

The Annual General Meeting of Shareholders has on 12 March 2014 decided on the issue of the share options to the Comptel Group key personnel as part of the incentive and commitment program. The total number of share options issued is 4,200,000. The share subscription period for options 2014A (2,200,000 options) is 1.2.2016 - 31.1.2018, the share subscription period for the options 2014B (1,000,000 options) is 1.2.2017 - 31.1.2019 and the share subcription period for the options 2014C (1,000,000 options) is 1.2.2018 - 31.1.2020.

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

2014	2009B	2009C	2014A
Grant date	16.3.2009	16.3.2009	20.3.2013
Subscription period	1.11.12 -30.11.14	1.11.13 -30.11.15	1.2.16 -31.1.18
Subscription value date	21.4.2010	14.4.2011	13.2.2014
Inputs to the value model:			
Share price at grant date	0,78	0,58	0,55
Excercise price	0,69	0,54	0,53
Expected volatility	39 %	41 %	33 %
Expected life of share options	0,0	0,9	3,1
Risk free interest	0,09 %	0,24 %	0,60 %
Fair value of the share option at the grant date	0,02	0,06	0,54
Granted share options	1,400,000	1,400,000	2,200,000

2013	2009B	2009C	2012A	2012B
Grant date	16.3.2009	16.3.2009	26.3.2012	26.3.2012
Subscription period	1.11.12 -30.11.14	1.11.13 -30.11.15	31.3.14 -30.11.17	31.3.14 -30.11.17
Subscription value date	21.4.2010	14.4.2011	25.4.2012	25.4.2012
Inputs to the value model:				
Share price at grant date	0,78	0,58	0,49	0,53
Excercise price	0,70	0,54	0,56	0,56
Expected volatility	39 %	40 %	39 %	39 %
Expected life of share options	0,9	1,9	0,0	0,0
Risk free interest	2,05 %	2,64 %	1,43 %	1,43 %
Fair value of the share option at the grant date	0,70	0,54	0,21	0,21
Granted share options	1,400,000	1,400,000	2,550,000	2,550,000

2014	2009B	2009C	2012A	2012B	2014A
Outstanding at the beginning of the year	1,125,000	975,000	1,523,824	1,523,824	
Granted during the year					2,140,000
Exercised during the year		1,000			
Forfeited during the year	275,000		1,523,824	1,523,824	20,000
Expired during the year	1,400,000				
Outstanding at the end of the year		974,000			2,120,000
Exercisable at the end of the year		974,000			
Weighted average exercise price (euro)	0,00	0,53	0,00	0,00	0,53

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					
Exercised 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

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

	2014		2013	
YEAR OF EXPIRATION	AVERAGE EXERCISE PRICE, EUR/SHARE	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE, EUR/SHARE	NUMBER OF OPTIONS
2014			0,70	1,125,000
2015	0,53	974,000	0,54	975,000
2018	0,53	2,120,000	0,57	3,047,648

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

In 2014, EUR 40 thousand was expensed for the share based incentive plan of the President and CEO (EUR 44 thousand in 2013), of which EUR 19 thousand is the portion to be paid in cash. (EUR 26 in 2013).

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.

23. PROVISIONS

Movements in provisions during 2014:

EUR 1,000	PROVISION FOR WARRANTY	LEASE PROVISION	TOTAL
Balance at 1 Jan 2014	277	1,662	1,939
Provisions made during the year	270	99	369
Provisions used during the year	-277	-830	-1,107
Exchange difference		124	124
Balance at 31 Dec 2014	**270**	**1,055**	**1,325**

EUR 1,000	2014	2013
Non-current provisions	-	-
Current provisions	1,325	1,939
Total	**1,325**	**1,939**

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.

24. FINANCIAL LIABILITIES

EUR 1,000	2014	2013
Non-current financial liabilities measured at amortised cost		
Loans from financial institutions	1,078	3,122
Finance lease liabilities	179	299
Other interest-bearing liabilities	-	63
Total	**1,257**	**3,483**
Current financial liabilities measured at amortised cost		
Loans from financial institutions	5,984	4,984
Finance lease liabilities	259	203
Other interest-bearing liabilities	62	100
Total	**6,305**	**5,287**

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

Comptel had bank loans amounting to EUR 7,000 thousand at 31 December 2014 (EUR 8000 thousand at 31 December 2013). Comptel has a loan facility (“Facility”) which consists of a EUR 3 million term loan and EUR 13 million Revolving Credit Facility. The ending date for the facility is 31 January 2016. At 31 December 2014 the amount available under the Revolving Credit Facility was EUR 9 million. Comptel’s subsidiary has a loan in the amount of EUR 122 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 1.3 % (2013: 1.7%). The interest of the loan from Finnvera is determined based on 6 months euribor. At 31 December 2014 the interest rate was 3.88%.

MATURITY ANALYSIS OF FINANCE LEASE LIABILITIES

EUR 1,000	2014	2013
Finance lease liabilities - minimum lease payments		
Less than one year	270	218
Between one and five years	184	314
Total	**454**	**532**
Finance lease liabilities - present value of minimum lease payments		
Less than one year	258	203
Between one and five years	179	299
Total	**437**	**502**
Future financial charges	16	29

25. TRADE AND OTHER CURRENT LIABILITIES

EUR 1,000	2014	2013
Trade payables	1,094	1,710
Advances received from long-term contracts	4,409	1,905
Accrued expenses and deferred income	22,646	15,523
Other liabilities	4,564	5,940
Total	**32,713**	**25,078**

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

26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value hierarchy for financial instruments measured at fair value.

EUR 1,000	FAIR VALUE AT 31.12.2014			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward contracts measured at fair value through profit or loss				
Assets		25		25
Liabilities		847		847
Forward contracts measured at fair value recognised in other comprehensive income				
Liabilities		227		227
Financial assets available-for-sale				
Other shares			87	87

EUR 1,000	FAIR VALUE AT 31.12.2013			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Forward contracts measured at fair value through profit or loss				
Assets		712		712
Liabilities		4		4
Financial assets available-for-sale				
Other shares			87	87

27. 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 started to apply hedge accounting in accordance with IAS 39 from 1.10.2014. The changes in the fair value of the hedging instuments for the financial assets and liabilities are recognised through profit and loss accounts.

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 2014 totalled EUR 7,562 thousand (in 2013; EUR 8,771 thousand). Comptel had bank loans amounting to EUR 7,000 thousand at 31 December 2014 (EUR 8,000 thousand at 31 December 2013). Comptel has a loan facility, which consists of a EUR 3 million term loan and EUR 13 million Revolving Credit Facility. The ending date for the facility is 31 January 2016. At 31 December 2014 the amount available under the Revolving Credit Facility was EUR 9 million. Comptel's subsidiary has a loan in the amount of EUR 122 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 1.3%. The interest of the loan from Finnvera is determined based on 6 months euribor. At 31 December 2014 the interest rate was 3.88.

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 reported 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. There were no credit losses recognised in the statement of comprehensive income in the financial year 2014 (EUR 164 thousand in 2013). The ageing analysis of trade receivables is presented in note 18. 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 2014 the Group's cash and cash equivalents totalled EUR 9,352 thousand (EUR 6,542 thousand at 31 December 2013). At 31 December 2014 Comptel's interest-bearing liabilities totalled EUR 7,562 thousand (EUR 8,771 thousand in 2013). Under the Revolving Credit Facility in place until 2016 there is still EUR 9 million available for draw-down. The Facility contains a covenant whereby Group equity ratio must be at least 35 %. At 31 December 2014 Comptel's equity ratio was 52.4 % (2013: 50.5 %). 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 12,7 million.

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

2014, EUR 1,000	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	1-6 MONTHS	7-12 MONTHS	1-2 YEARS	3-5 YEARS
Non-derivative financial liabilities						
Loans from financial institutions	7,062	7,176	5,057	1,038	1,081	-
Hire purchase liabilities	63	63	32	31	-	-
Finance lease liabilities	437	454	135	135	102	82
Trade payables	1,094	1,094	1,094	-	-	-
Derivative financial liabilities						
Forward exchange contracts not under hedge accounting						
Inflow	-25	-25	-25	-	-	-
Outflow	1,074	1,074	978	95	-	-
Interest swap - not under hedge accounting						
Net Cash flow	19	19	-	-	19	-

2013, EUR 1,000	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	1-6 MONTHS	7-12 MONTHS	1-2 YEARS	3-5 YEARS
Non-derivative financial liabilities						
Loans from financial liabilities	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
Trade payables	1,710	1,710	1,710	-	-	-
Derivative financial liabilities						
Forward exchange contracts under hedge accounting						
Inflow	-711	-711	-565	-146		
Outflow	4	4	4	-	-	-
Interest swap - not in hedge accounting						
Net cash flow	30	30	30	-	-	-

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000	BOOK VALUE 31.12.14	FAIR VALUE 31.12.14	BOOK VALUE 31.12.13	FAIR VALUE 31.12.13
Financial assets				
Financial assets at fair value through profit or loss				
Forward contracts (level 2)	25	25	712	712
Available-for-sale financial assets (level 3)	87	87	87	87
Non-current trade receivables	1,466	1,466	1,027	1,027
Current trade receivables	27,449	27,449	22,507	22,507
Other current receivables	4,624	4,624	5,193	5,193
Cash and cash equivalents	9,352	9,352	6,542	6,542
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Forward contracts (level 2)	847	847	4	4
Trade payables and other liabilities	32,713	32,713	25,078	25,078
Non-current loans from financial institutions	1,078	1,081	3,122	3,134
Non-current finance lease liabilities	179	179	299	299
Other non-current liabilities	-	-	63	63
Current loans from financial institutions	5,984	6,095	4,984	5,107
Current finance lease liabilities	259	259	203	203
Other current liabilities	63	63	100	100

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 2014 and 2013 was as follows:

EUR 1,000	2014	2013
Interest-bearing liabilities	7,562	8,771
Cash and cash equivalents	-9,352	-6,542
Interest-bearing net liabilities	-1,790	2,228
Total equity	**33,346**	**28,924**
Gearing	**-5,4 %**	**7,7 %**

EXPOSURE TO CURRENCY RISK

	2014		2013	
EUR 1,000	**USD**	**GBP**	**USD**	**GBP**
Loan receivables	362	-	145	-
Trade receivables	10,066	90	10,782	588
Cash and cash equivalents	1,179	221	2,018	370
Trade payables	-208	-6,190	-188	-6,697
Net statement of financial position exposure	**11,399**	**-5,879**	**12,757**	**-5,739**
Order backlog (12 months)	21,938	1,460	15,393	1,453
Hedging				
Forward contracts (12 months)	-12,527	5,398	-20,303	5,398
Total net exposure	**20,810**	**979**	**7,847**	**1,112**

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

2014	**EQUITY**	**RESULT**
USD	-31/31	-69/69
GBP	-2 239/2 239	-6/6

2013	**EQUITY**	**RESULT**
USD	-533/533	-570/570
GBP	-3 858/3 858	-26/26

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 7,562 thousand and the fair value is EUR 7,693 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:

2014 EUR 1,000	**POSITIVE FAIR VALUE (CARRYING AMOUNT)**	**NEGATIVE FAIR VALUE (CARRYING AMOUNT)**	**NOMINAL VALUE OF UNDERLYING INSTRUMENT**
Forward contracts - all	25	1,074	17,203
Forward contracts - under hedge accounting	-	227	-
Interest swap - not under hedge accounting	-	19	-

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

2013 EUR 1,000	**POSITIVE FAIR VALUE (CARRYING AMOUNT)**	**NEGATIVE FAIR VALUE (CARRYING AMOUNT)**	**NOMINAL VALUE OF UNDERLYING INSTRUMENT**
Forward contracts - not under hedge accounting	711	4	25,701
Interest swap - not under hedge accounting	-	30	-

28. 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	2014	2013
Other operating income	-300	-8
Depreciation, amortisation and impairment charges	6,263	5,682
Exchange differences	325	975
Share of result of associates	-45	415
Share-based payments	263	43
Other adjustments	-411	224
Total	**6,095**	**7,330**

29. OPERATING LEASES

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

EUR 1,000	2014	2013
Less than one year	2,428	2,312
Between one and five years	2,962	4,596
Total	**5,390**	**6,908**

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 2014 includes lease expenses for the office premises amounting to EUR 2,978 thousand (2013: EUR 3,308 thousand).

30. COMMITMENTS AND CONTINGENCIES

EUR 1,000	2014	2013
Bank guarantees, short term	2,595	1,489
Bank guarantees, long term	285	185
Total	**2,880**	**1,674**
Corporate mortgages	200	200
Collaterals given on behalf of others		
Guarantees	34	72

31. RELATED PARTY TRANSACTIONS

The Comptel Group companies are as follows:

		2014		2013	
COMPANY	DOMICILE	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
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. More information about the investments in associates is given in the note number 16.

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

EUR 1,000	2014	2013
Other operating income		
Associates	1	4
Interest revenue		
Associates	8	8
Non-current receivables		
Associates	113	106

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	2014	2013
Salaries and other short-term employee benefits	2,131	1,524
Share-based payments	131	125
Total	**2,262**	**1,649**

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

EUR 1,000	2014	2013
President and CEO	585	471
Board of Directors at 31 Dec 2013		
Ervi Pertti	61	59
Mäkijärvi Heikki	31	-
Söderström Eriikka	32	32
Vaajoensuu Hannu	40	39
Vasara Antti	33	32
Former Board members		
Walldén Petteri	2	32
Total	**199**	**193**

GUARANTEES AND OTHER CONTINGENT LIABILITIES	2014	2013
Guarantees	34	33

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).

New options were granted to the former and current members of the Executive Board in 2014, total number of the share options was 2,140,000 (In 2013 no new share options were granted). 400,000 share options were granted to the President and CEO in 2014 (In 2013 no new share options were granted). At 31 December 2014 the management had 3,094,000 share options, of which 974,000 were exercisable (2013: 5,147,648 share options, of which 2,100,000 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	2010*)	2011*)	2012	2013	2014
Net sales, EUR 1,000	77,888	76,751	82,428	82,668	85,714
Net sales, change %	4,0	-1,5	7,4	0,3	3,7
Operating profit/loss, EUR 1,000	9,066	11,902	-13,517	7,308	8,311
Operating profit/loss, change %	790,8	31,3	-213,6	154,1	13,7
Operating profit/loss, as % of net sales	11,6	15,5	-16,4	8,8	9,7
Profit/loss before taxes, EUR 1,000	8,671	10,963	-13,955	5,554	7,436
Profit/loss before taxes, as % of net sales	11,1	14,3	-16,9	6,7	8,7
Return on equity, %	10,2	16,7	-37,2	9,3	17,5
Return on investment, %	16,6	23,6	-36,3	16,1	19,5
Equity ratio, %	71,6	66,5	46,8	50,5	52,4
Gross investments in tangible and intangible assets, EUR 1,000 [1)]	1,124	1,037	4,484	551	740
Gross investments in tangible and intangible assets, as % of net sales [1)]	1,4	1,4	5,4	0,7	0,9
Research and development expenditure, EUR 1,000	13,414	15,419	18,581	17,790	16,791
Research and development expenditure, as % of net sales	17,2	20,1	22,5	21,5	19,6
Order backlog, EUR 1,000	34,049	47,217	48,368	40,756	55,213
Average number of employees during the financial period	586	623	700	684	665
Interest-bearing net liabilities, EUR 1,000	-6,923	-9,334	3,541	2,228	1,789
Gearing ratio, %	-14,1	-22,3	13,1	7,7	-5,4
Debt-equity ratio%	0,2	0,2	31,0	30,3	22,7

[1)] 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.

PER SHARE DATA	2010*)	2011*)	2012	2013	2014
EPS, EUR	0,05	0,07	-0,12	0,02	0,05
Diluted EPS, EUR	0,05	0,07	-0,12	0,02	0,05
Equity per share, EUR	0,46	0,39	0,25	0,27	0,31
Dividend per share, EUR 2)	0,04	0,03	0,00	0,01	0,02
Dividend per earnings, % 2)	87,6	42,2	-	41,20	39,54
Effective dividend yield, % 2)	5,8	6,1	-	2,10	2,00
P/E ratio	15,1	6,9	-3,3	19,80	19,40
Highest share price	0,95	0,79	0,63	0,59	1,00
Lowest share price	0,68	0,42	0,37	0,38	0,48
Yearly average share price (VWAP)	0,80	0,63	0,47	0,46	0,60
Market value at year-end, million EUR	73,5	52,3	42,8	51,5	105,8
Trading volume	38,301,487	32,836,546	26,734,489	18,358,693	27,778,321
Development of exchange of shares %	35,8	30,7	25,0	17,1	25,9
Adjusted number of shares at the end of period	107,054,810	107,054,810	107,054,810	107,421,270	107,421,270
of which the number of treasury shares	599,905	292,685	161,219	161,219	464,739
Outstanding shares at the end of period	106,454,905	106,762,125	106,893,591	107,260,051	106,956,531
Adjusted average number of shares during the period	106,477,113	106,775,223	106,863,518	106,893,591	107,284,900
Average number of shares, dilution included	107,398,488	106,775,223	107,650,327	106,893,591	107,625,526

2) The Board's proposal

*) Year 2010 and 2011 error has been corrected.

DEFINITIONS OF KEY FIGURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PARENT COMPANY INCOME STATEMENT, FAS

EUR 1,000	NOTES	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Net sales	2	82,580	80,415
Other operating income	3	314	4
Materials and services	4	-3,021	-3,191
Personnel expenses	5	-16,284	-15,505
Depreciation and amortisation	6	-345	-448
Other operating expenses	7	-57,599	-56,705
		-77,249	-75,849
Operating profit/loss		**5,645**	**4,571**
Financial income	8	2,319	1,773
Financial expenses	9	-1,116	-1,084
Profit/loss before appropriations and income taxes		6,848	5,261
Profit/loss before income taxes		6,848	5,261
Income taxes	10	-2,896	-3,004
Profit/loss for the period		**3,952**	**2,257**

PARENT COMPANY BALANCE SHEET, FAS

EUR 1,000	NOTES	31 DEC 2014	31 DEC 2013
ASSETS			
Non-current assets	11		
Other intangible assets		379	690
Tangible assets		61	52
Investments		3,279	3,279
		3,719	4,021
Current assets			
Non-current receivables	12	3,583	3,575
Current receivables	13	43,525	35,276
Cash and cash equivalents		6,609	4,498
		50,133	39,773
TOTAL ASSETS		**57,435**	**47,369**
EQUITY AND LIABILITIES			
Capital and reserves	14		
Share capital		2,141	2,141
Fund of invested non-restricted equity		401	401
Retained earnings		2,388	1,450
Profit/loss for the period		3,952	2,257
		8,882	6,248
Provisions	15	270	277
Liabilities			
Non-current liabilities	16	1,272	3,335
Current liabilities	17	47,012	37,510
TOTAL EQUITY AND LIABILITIES		**57,435**	**47,369**

PARENT COMPANY STATEMENT OF CASH FLOWS, FAS

EUR 1,000	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Profit/loss before appropriations and income taxes		
Profit/loss before appropriations and income taxes	6,848	5,261
Adjustments::		
Depreciation, amortisation and impairment charges	345	448
Financial income and expenses	-1,475	-1,454
Other adjustments	37	98
Change in working capital:		
Change in trade and other current receivables	-6,175	2,874
Change in trade and other current liabilities	8,267	-4,048
Change in provisions	-7	-457
Interest paid	-187	-302
Interest received	3	1
Taxes paid and tax refund received	-2,896	-3,004
Net cash from operating activities	**4,760**	**-583**
Cash flows from investing activities		
Sale of business operations	300	-
Investments in tangible and intangible assets	-43	-102
Proceeds from sale of tangible and intangible assetts	1	-
Proceeds from repayments of loans	-	1,500
Loans granted	-423	-1,738
Dividends received from investments	-	3,262
Net cash used in investing activities	**-165**	**2,923**

EUR 1,000	1 JAN - 31 DEC 2014	1 JAN - 31 DEC 2013
Cash flows from financing activities		
Dividends paid	-1,073	-
Capital repayment	-312	-88
Proceeds from borrowings	8,500	16,895
Repayment of borrowings	-9,600	-17,000
Repayment of other long-term borrowings	-	-
Net cash used in financing activities	**-2,484**	**-193**
Change in cash and cash equivalents	**2,111**	**2,146**
Cash and cash equivalents at the beginning of period	4,498	2,352
Cash and cash equivalents at the end of period	6,609	4,498
Change	**2,111**	**2,146**

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	2014	2013
By geographical area		
Europe	34,821	32,086
Asia-Pacific	22,951	20,043
Middle East and Africa	16,698	16,266
Americas	8,110	12,021
Total	**82,580**	**80,415**

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	2014	2013
Net sales recognised as revenue according to percentage of completion	15,841	18,278
Amount recognised as revenue during the financial year and previous years for long-term projects in progress	11,541	22,105
Total costs of incomplete long-term projects	7,541	8,960
Backlog of orders of long-term projects according to percentage of completion		11,645
Prepayments and accrued income recognised on the basis of percentage of completion	2,768	5,180
Deferred income and accruals recognised on the basis of percentage of completion	4,409	1,878

3. OTHER OPERATING INCOME

1000 EUROA	2014	2013
Gain on sale of tangible and intangible assets	1	1
Other	313	4
Total	**313**	**4**

4. MATERIALS AND SERVICES

EUR 1,000	2014	2013
Purchases	79	18
External services	2,942	3,173
Total	**3,021**	**3,191**

5. PERSONNEL EXPENSES

EUR 1,000	2014	2013
Wages and salaries	13,539	12,619
Pension expenses	2,120	2,237
Other social security costs	625	649
Total	**16,284**	**15,505**

MANAGEMENT SALARIES AND OTHER COMPENSATION	2014	2013
Members of the Board of Directors	199	193

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

	2014	2013
Average number of personnel	188	197

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	2014	2013
Depreciation and amortisation		
Intangible rights	311	325
Other long-term expenditure	-	-
Machinery and equipment	34	123
Total	**345**	**448**

7. OTHER OPERATING EXPENSES

EUR 1,000	2014	2013
Lease payments	1,361	1,691
Travel expenses	1,415	1,360
Marketing expenses	1,062	1,224
Software expenses	3,412	3,624
Consulting expenses	3,245	2,194
Group charges	43,990	43,667
Other operating expenses	3,114	2,944
Total	**57,599**	**56,705**

AUDITOR'S FEES, EUR 1,000	2014	2013
Ernst & Young		
Audit	105	74
Tax consultation	55	-
Other services	12	15
Total	**172**	**89**

8. FINANCIAL INCOME

EUR 1,000	2014	2013
Interest income		
From Group companies	120	-
From others	33	8
Income from dividends		
From Group companies	1,524	1,775
Exchange gains		
From others	642	-11
Total	**2,319**	**1,773**

9. FINANCIAL EXPENSES

EUR 1,000	2014	2013
Interest expenses		
To others	97	227
Other financial expenses		
To others	105	102
Exchange losses		
To others	914	754
Total	**1,116**	**1,084**

10. INCOME TAXES

EUR 1,000	1.1.-31.12. 2014	1.1.-31.12. 2013
Withholding taxes	2,819	2,845
Taxes from previous years	77	159
Total	**2,896**	**3,004**

11. NON-CURRENT ASSETS

INTANGIBLE ASSETS

EUR 1,000	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENDITURE	TOTAL
Cost at 1 Jan 2014	11,022	417	11,439
Additions	0	0	0
Transfers	0	0	0
Cost at 31 Dec 2014	11,022	417	11,439
Accumulated amortisation at 1 Jan 2014	10,332	417	10,749
Amortisation	311	0	311
Transfers	0	0	0
Accumulated amortisation at 31 Dec 2014	10,643	417	11,060
Book value at 31 Dec 2014	**379**	**0**	**379**

INTANGIBLE ASSETS

EUR 1,000	INTANGIBLE RIGHTS	OTHER LONG-TERM EXPENDITURE	TOTAL
Cost at 1 Jan 2013	9,255	417	9,673
Additions	50	0	50
Transfers	1,716	0	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	0	325
Transfers	1,682	0	1,682
Accumulated amortisation at 31 Dec 2012	10,332	417	10,749
Book value at 31 Dec 2012	**690**	**0**	**690**

TANGIBLE ASSETS EUR 1,000	MACHINERY AND EQUIPMENT
Cost at 1 Jan 2014	3,857
Additions	43
Transfers	0
Cost at 31 Dec 2014	3,900
Accumulated depreciation at 1 Jan 2014	3,805
Depreciation	34
Transfers	0
Accumulated depreciation at 31 Dec 2014	3,840
Book value at 31 Dec 2014	**61**

TANGIBLE ASSETS EUR 1,000	MACHINERY AND EQUIPMENT
Cost at 1 Jan 2013	1,505
Additions	0
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
Book value at 31 Dec 2013	**52**

INVESTMENTS	SHARES IN GROUP COMPANIES	SHARES IN ASSOCIATED COMPANIES	SHARES IN OTHER INVESTMENTS	TOTAL
Cost at 1 Jan 2014	2,792	400	87	3,279
Additions	0	0	0	0
Cost at 31 Dec 2014	2,792	400	87	3,279
Book value at 31 Dec 2014	**2,792**	**400**	**87**	**3,279**

INVESTMENTS	SHARES IN GROUP COMPANIES	SHARES IN ASSOCIATED COMPANIES	SHARES IN OTHER INVESTMENTS	TOTAL
Cost at 1 Jan 2013	2,792	400	87	3,279
Additions	0	0	0	0
Cost at 31 Dec 2013	2,792	400	87	3,279
Book value at 31 Dec 2013	**2,792**	**400**	**87**	**3,279**

12. NON-CURRENT RECEIVABLES

EUR 1,000	2014	2013
Receivables from Group companies		
Loan receivables	3,470	3,470
Total	**3,470**	**3,470**
Receivables from associated companies		
Loan receivables	**75**	**75**
Prepayments and accrued income	**38**	**31**
Total	**113**	**106**
Non-current receivables total	**3,583**	**3,575**

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%. The accrued interest balance is EUR 117 thousand.

13. CURRENT RECEIVABLES

EUR 1,000	2014	2013
Receivables from Group companies		
Trade receivables	2,342	851
Loan receivables	568	145
Other receivables	2,011	0
Total	**4,921**	**996**
Receivables from others		
Prepayments	61	1
Trade receivables	25,115	21,513
Other receivables	4,263	4,849
Prepayments and accrued income	9,164	7,917
Total	**38,604**	**34,280**
Current receivables total	**43,525**	**35,276**
Specification of prepayments and accrued income		
Accrued income capitalised according to degree of completion	2,768	5,180
Other prepayments	6,396	2,737
Total	**9,164**	**7,917**

14. EQUITY

RESTRICTED EQUITY

EUR 1,000	2014	2013
Share capital at 1 Jan	2,141	2,141
Share capital at 31 Dec	**2,141**	**2,141**

NON-RESTRICTED EQUITY

EUR 1,000	2014	2013
Fund of invested non-restricted equity at 1 Jan	401	243
Capital repayment	0	158
Fund of invested non-restricted equity at 31 Dec	**401**	**401**
Retained earnings at 1 Jan	3,706	1,597
Correction to previous years	0	-125
Acquisition of Corporation's own shares	-312	-88
Transfer of treasury shares	66	66
Dividends paid	-1,073	0
Retained earnings at 31 Dec	**2,388**	**1,450**
Profit/loss for the financial year	**3,952**	**2,257**
Equity, total	**8,882**	**6,248**

BREAKDOWN OF DISTRIBUTABLE FUNDS

EUR 1,000	2014	2013
Fund of invested non-restricted equity	401	401
Retained earnings	2,388	1,450
Profit/loss for the financial year	3,952	2,257
Total	**6,741**	**4,107**

15. PROVISIONS

EUR 1,000	2014	2013
Provisions at 1 Jan	277	734
Provisions made during the financial year	270	16
Provisions used during the financial year	-277	-473
Provisions at 31 Dec	**270**	**277**

The provisions consist of a warranty provision.

16. NON-CURRENT LIABILITIES

EUR 1,000	2014	2013
Liabilities to Group companies		
Other liabilities	272	272
Liabilities to others		
Loans	1,000	3,000
Other liabilities	0	63
Total	**1,000**	**3,063**
Total non-current liabilities	**1,272**	**3,335**

17. CURRENT LIABILITIES

EUR 1,000	2014	2013
Liabilities to Group companies		
Loans	0	0
Trade payables	19,724	16,609
Other liabilities	925	75
Accruals and deferred income	0	0
Total	**20,649**	**16,684**
Liabilities to others		
Trade payables	944	1,259
Loans	6,000	5,000
Other liabilities	1,296	454
Accrued expenses and deferred income	18,123	14,113
Total	**26,363**	**20,826**
Current liabilities total	**47,012**	**37,510**
Specification of accrued expenses and deferred income		
Personnel expenses	4,383	3,064
Items recognised on the basis of percentage of completion method	4,409	1,878
Other accrued expenses and deferred income items related to revenue recognition	8,446	8,032
Other accrued expenses and deferred income items	885	1,139
Total	**18,123**	**14,113**

18. DEFERRED TAX ASSETS

EUR 1,000	2014	2013
Deferred tax assets, which have not been booked in the balance sheet:		
Reversal of depreciation and amortisation in taxation	165	201
Loss for the period	301	1,253
Impairment loss on trade receivables	5,236	2,919
Total	**5,702**	**4,374**

19. COLLATERALS, COMMITMENTS AND OTHER CONTINGENT LIABILITIES

LEASE COMMITMENTS

EUR 1,000	2014	2013
Amounts payable during the next financial year	198	167
Amounts payable later	191	147
Total	**389**	**313**

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

RENTAL COMMITMENTS

EUR 1,000	2014	2013
Amounts payable during the next financial year	1,323	1,311
Amounts payable later	1,971	3,255
Total	**3,295**	**4,566**

GUARANTEES

EUR 1,000	2014	2013
Bank guarantees due within one year	2,600	1,186
Bank guarantees due later	0	185
Total	**2,600**	**1,371**

COLLATERALS GIVEN ON BEHALF OF OTHERS

EUR 1,000	2014	2013
Guarantees	34	72

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 31.12.2014. 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

EUR 1,000	2014	2013
Forward exchange contracts		
Market value	-1,049	637
Value of underlying instrument	17,203	25,701

Forward exchange contracts are used for hedging purposes.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

According to the parent company balance sheet at 31 December 2014 the parent company's distributable funds were EUR 6,740,529.14.
The Board of Directors proposes to the Annual General Meeting that the dividend for the year 2014 would be EUR 0.02 per share.

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 2014 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 12 March 2014 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 2015. 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 12 March 2014.

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 B expired on 30 November 2014. During the subscription period no shares were subscribed.

The remaining number of share options with the symbol C is 974,000. The share options may be exercised to subscribe to a maximum of 974,000 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 0.09 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 2010 and April 2011. The current share subscription price for Comptel share option 2009C is EUR 0.53 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 dividends and capital repayment paid.

The share subscription period for stock options 2009B the period was 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 2014, 12,514 options were traded and the closing price was EUR 0.02.

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 2014, 22,413 options were traded and the closing price was EUR 0.55.

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 of 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 the financial year 2012, a total of 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 of number of 270,000 share options 2009C were returned to the company. During the financial year 2014, a total of number of 275,000 share options 2009B 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 Board of Directors decided to revoke the share option scheme 2012 on 4 February 2014.

SHARE OPTION SCHEME 2014

Based on the authorization given by the Annual General Meeting, the Board of Directors of Comptel Corporation has decided on 4.2.2014 to issue stock options to the key personnel of the Comptel Group.

The maximum total number of stock options issued is 4.200.000, and they entitle their holders to subscribe each one share for maximum total of 4.200.000 new shares in the Company or existing shares held by the Company. The new option scheme replaces the share option scheme 2012.

Of the stock options, 2.200.000 are marked with the symbol 2014A, 1.000.000 are marked with the symbol 2014B and 1.000.000 are marked with the symbol 2014C. The subscription price for stock option 2014A is EUR 0.54 per share, which is the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 15.2.-15.3.2014. The subscription prices for stock options 2014B and 2014C shall be the trade volume weighted average quotation of the share on NASDAQ OMX Helsinki Ltd during 15.2.-15.3.2015 for 2014B and during 15.2.-15.3.2016 for 2014C deducted by the dividends and capital repayment paid.

The share subscription periods for the options will be: 2014A 1.2.2016-31.1.2018, 2014B 1.2.2017-31.1.2019 and 2014C 1.2.2018-31.1.2020.

During the financial year 2014 a total number of 20,000 share options 2014A were returned to the company.

The share subscriptions may result in increase of the number of the company shares, maximum of 4,200,000 shares.

SHARE-BASED INCENTIVE PLANS

CEO PERFORMANCE SHARE PLAN 2011-2013

The CEO has had 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.

At the end of the financial year 2014 all shares of the plan were transferred and rewards paid.

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 23 persons in the plan at the end of the year 2014.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PARENT COMPANY PROFIT

According to the parent company balance sheet at 31 December 2014 the parent company's distributable fund were EUR 6,740,529.14

The Board of Directors proposes to the Annual General Meeting that the dividend for the year 2014 would be EUR 0.02 per share.

Helsinki, 5 February 2015

Pertti Ervi

Hannu Vaajoensuu

Eriikka Söderström

Antti Vasara

Heikki Mäkijärvi

Juhani Hintikka
President and CEO

AUDITOR'S REPORT

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. – 31.12.2014. 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 arrangements 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 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 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 5, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2014

This Corporate Governance Statement for 2014 has been issued according to the Finnish Corporate Governance Code and is published together with the Financial Statements and the Board of Directors' Report for 2014.

GOVERNING PRINCIPLES

Comptel Corporation is a Finnish public limited company which duties and responsibilities of the executive bodies are defined according to the Finnish law. 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 is available at www.cgfinland.fi.

DUTIES AND RESPONSIBILITIES OF EXECUTIVE BODIES

The highest decision making bodies in Comptel Corporation the General Meeting of the shareholders, 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 members of the Board of Directors and the Auditor. 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 of Directors.

Comptel Corporation's Annual General Meeting for 2014 was held on 12 March 2014. The documents concerning the Annual Meeting are available at www.comptel.com/investors.

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' Rules of Procedure specifies the Board's duties, business to be handled, meeting practices and the decision-making processes. According to the Rules of Procedure, 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 2014 elected the following five Board members: Pertti Ervi (Chairman), Heikki Mäkijärvi, Eriikka Söderström, Hannu Vaajoensuu (Vice Chairman), and Antti Vasara.

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

The biographical details and the information on the holdings of the members of the Board of Dierctors are available www.comptel.com/investors.

Ms Tiina Sarhimaa, General Counsel, Head of Legal, serves as the secretary for the Board of Directors.

In 2014 the Board of Directors convened 17 times (2013: 13). The average attendance of the members was 89% (2013: 97%).

BOARD COMMITTEES

In its first meeting held on 12th of March 2014 the Board of Directors decided not to set up committees. The decision was made taking into account the company's size, a clear structure and a small number of Board members, due to which the Board considered that it is more effective to act without separate committees. The Board sees it useful to get in its entirety acquainted with the respective issues and therefore the tasks of an Audit Committee specified in the Finnish Corporate Governance Code are taken care by the Board in its full composition.

Whenever needed, the Board may also set up temporary working committees to prepare matters for the Board. Working committees were not set up by the Board in 2014.

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 2014. The biographical details and information on the holdings of the President and CEO are available at www.comptel.com/investors.

EXECUTIVE BOARD

The duty of Comptel's 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.

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 Comptel Group's strategies. During the year the results of the operations in relation to the budget and operating plan are handled in the Executive Board monthly.

In 2014 the members of the Executive Board were, in addition to President and CEO, Mr Mauro Carobene (CCO), Mr Antti Koskela (CTO), Mr Kari Onniselkä (Services), Mr Tom Jansson (CFO) , Ms Niina Pesonen (HR), Ms Ulla Koivukoski (Analytics Business Unit) and

Mr Ari Vänttinen (CMO) from May 2014.

The biographical details and information on the holdings of the members of the Executive Board are available at www.comptel.com/investors.

In 2014 the Executive Board convened 13 times (2013: 11).

REMUNERATION

Comptel Group's remuneration schemes have been designed to promote competitiveness and long-term financial success of the company and to contribute to the favorable development of shareholder value. Remuneration schemes are based on predetermined and measurable performance and result criteria. Comptel has long-term and short-term performance based remuneration schemes.

The General Meeting decides on the remunera¬tion payable to the Board of Directors. The Board of Directors decides on the remuneration and other compensation payable to the President and CEO.

The complete information on the remuneration of the members of the Board of Directors, President and CEO and the main principles of the remuneration (Remuneration Statement) are available at www.comptel.com/investors.

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 2014 elected Ernst & Young Oy as the Auditor of Comptel and Mr Heikki Ilkka (APA) has been appointed as Principal Auditor.

The fees paid to the Auditor for the auditing services as well as for any other services, if any, are specified in the financial statements available: www.compel.com/investors.

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 2014, there were 19 insiders with the duty to declare (18) and 58 company-specific permanent insiders (52). The insiders with the duty to declare include the members of the Board of Directors, CEO, Executive Board members and the principal Auditor.

Comptel's insiders are obliged to comply with the so called closed window period during which no trading with the company's shares or securities entitling to shares is allowed. Comptel's closed window starts seven days before each quarter. The closed window ends 24 hours after the publication of an Interim Report or Financial Statements.

An updated list of the insiders with the duty to declare, their connections and their holdings is www.comtpel.com/investors.

INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL

Internal control comprises of processes that provide reasonable assurance regarding the achievement of the company's objectives in 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. Comptel's Board of Directors and management 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 part of company's day-to-day operations. Internal control covers Comptel processes, policies and organisational structures that help to ensure that the company is achieving its objectives, the business conduct is ethical, the assets are managed responsibly and that financial reporting is organised properly.

Internal control includes, for example, monthly management reporting, revenue recognition management, HR management policies, processes defined by the quality system, Group's approval policy delegation of authority and monitoring the compliance with regulations, policies and practices.

The Group's financial administration monitors internal and external accounting and reconciles and investigates the possible differences between the two. 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 MANAGEMENT

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.

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. The business units have the primary responsibility 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.

Comptel's business is subject to various risks and uncertainties. Comptel evaluates key risks related to its business continuously and up to date information on the business and other risks related to Comptel are disclosed periodically in the annual and interim reports available www.comptel.com/investors.

INTERNAL AUDIT

The purpose of the internal audit is to ensure that the business processes, financial processes and administrative processes of the company are performed in compliance with corporate governance principles. Activities are controlled to ensure profitable business operations.

Internal audit at Comptel is part of the financial administration. Internal audit is conducted according to in advance prepared plan on case by case bases, if a need for an audit is detected. Whenever necessary, external experts are used to complement the audit activities. Where appropriate, the results of internal audits are reported to the Board of Directors.

External auditor verifies and report to the Board of Directors in an ongoing manner about their observations concerning Comptel's 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 140,257

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, Solita Oy, Sparklike Oy Ab
Member of the Board in Biocomputing Platforms Ltd Oy, Movenium Oy, Profit Software Oy, the Federation of Finnish Technology Industries, Tradehit Group Oy, XMLdation Oy
Comptel shares 164,157

ERIIKKA SÖDERSTRÖM

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

Main career history
Kone Corporation, CFO 2014-
Kone Corporation, Corporate Controller, SVP 2013−2014
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 66,918

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 62,918
Main board memberships
Member of the Board in Nexeon Limited (UK)

HEIKKI MÄKIJÄRVI

born 1959, M.Sc. (Engineering)
Member of the Board since 2014

Main career history
Deutsche Telekom AG, Senior Vice President, 2011 - 2014
Openwave Inc, Senior Vice President 2009 - 2011
Accel Partners, Venture Partner 2002 - 2009

Comptel shares: 19,259

EXECUTIVE BOARD

1 JANUARY 2015

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: 1,033,333; share options 2014: 400,000

JUSSI HIMANEN
born 1972, M.Sc. (Industrial Engineering & Management), Senior Vice President, Corporate Development

Joined Comptel in 2012, member of the Executive Board since 2015. Has previously held various strategy and product management position in Nokia Siemens Networks and Nokia since 1998. Prior to that worked in Sonera during 1997-1998.
Comptel shares: 25,000; share options 2014: 50,000

MAURO CAROBENE
born 1970, M.Sc. (Electronic Engineering) Chief Commercial Officer

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: 98,333; share options 2009: 50,000; share options 2014: 150,000

TOM JANSSON
born 1968, M.Sc. (Econ.) Chief Financial Officer

Joined Comptel in 2013, member of the Executive Board since 2013. Has previously held several senior finance and control positions during his long tenure at Tellabs, latest Director of Finance International in Tellabs Corporation.
Comptel share options 2014: 200,000

ANTTI KOSKELA
born 1971, M.Sc. (Engineering), Executive Vice President, Service Orchestration

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: 50,000; share options 2014: 150,000

KARI ONNISELKÄ
born 1967, M.Sc. (Economics) Executive Vice President, Intelligent Data

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 manage¬ment positions at Nokia in 2000−2006.
Comptel shares: 40,000; share options 2014: 200,000

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 2014: 200,000

ARI VÄNTTINEN
born 1969, M.Sc. (Economics), Chief Marketing Officer

Joined Comptel in 2014, member of Executive Board since 2014. Has previously held various marketing executive and management roles at McAFee and Stonesoft Plc since 2010. Before that management consultant at Talent Partners 2007–2010 and marketing management and business development roles at Nokia Networks 2004–2007.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of Comptel shareholders to be held at Finlandia Hall, Terassisali, Mannerheimintie 13e, 00100 Helsinki, Finland at 12:30 on Thursday April 9th, 2015.

A shareholder, who wants to participate in the Annual General Meeting, shall register for the Meeting no later than 10:00 AM (Finnish time) on April 2nd, 2015 by giving a prior notice of participation to the Company. Such notice can be given:

a) by notice at Company's website: http://www.comptel.com;
b) by telephone at **+358 20 770 6877**, from 9:00 AM to 4:00 PM (Finnish time) Monday to Friday;
c) by telefax at **+358 9 70011 224**
d) by regular mail to Comptel Corporation, P.O. Box 1000, FI-00181 Helsinki, Finland (envelopes should be marked "Annual General Meeting")

Each shareholder, who is registered on March 26th, 2015 in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder, whose shares are registered on his/her personal Finnish book-entry account, is registered in the shareholders' register of the Company.

DIVIDEND AND FINANCIAL STATEMENTS

The Board of Directors has decided to propose to the Annual General Meeting that dividend of 0.02 EUR per share will be paid for 2014. The dividend will be paid to a shareholder, who has been registered to shareholders' register maintained by Euroclear Finland Oy on 13 April 2015. Board of Directors proposes that the dividend will be paid on 20 April 2015.

The proposals of the Board of Directors are available on Comptel Corporation's website at www.comptel.com. The annual report is available on the above-mentioned website no later than March 17, 2015. 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 2015, Comptel Corporation will publish interim reports as follows:
Q1 for January – March on Friday 24 April 2015
Q2 for January – June on Tuesday 4 August 2015
Q3 for January – September on Tuesday 20 October 2015

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 under Investors. Documents may also be ordered by email communications@comptel.com or by phone +358 700 1131.

INVESTOR CONTACTS

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COMPTEL PRESENCE

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