comptel

Stock exchange release

20 October 2016 at 8:00 am

RESULT OF COMPTEL CORPORATION 1 JANUARY - 30 SEPTEMBER 2016

- Profitability continued to improve in the third quarter
- Comptel specifies its future outlook

Key figures for the third quarter of 2016:

- Net sales EUR 22.4 million (Q3 2015: 22.4), change -0.1%
- Operating profit EUR 1.2 million (0.8), growth 52.8%
- Operating profit 5.5% of net sales (3.6)
- Net profit EUR 0.6 million (-0.1), growth 526.0%
- Earnings per share EUR 0.01 (0.00)
- Order backlog EUR 57.2 million (53.5), growth 6.8%

Key figures for January-September of 2016:

- Net sales EUR 70.1 million (Jan-Sep 2015: 65.1), growth 7.6%
- Operating profit EUR 6.0 million (2.9), growth 108.2%
- Operating profit 8.5% of net sales (4.4)
- Net profit EUR 3.7 million (0.6), growth 555.3%
- Earnings per share EUR 0.03 (0.01)

Outlook (changed):

Specified guidance is:

"Comptel expects the 2016 net sales to continue to grow and operating profit to be in the range of 9–13% of revenue."

Previous guidance was:
"Comptel expects the 2016 net sales to continue to grow and operating profit to be in the range of 9–14% of revenue."

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

Juhani Hintikka, President and CEO:

"The decision making of our customers was slightly delayed in the third quarter, especially related to big transformation projects. We see the that the market has slowed down somewhat during the second half. Our sales pipeline has continued to grow and due to strong sales outlook we feel confident about next year.

In the third quarter, the Intelligent Data Business Unit net sales grew by 6.2 per cent compared to the previous year. Service Orchestration Business Unit net sales declined by 5.4 per cent compared to the third quarter in 2015. On a year to date basis both Business Units are growing compared to the previous year, especially the growth of the Fulfillment business has continued to be strong.

Regionally, EMEA continued to grow while the rest of the regions declined in the third quarter compared to the previous year. We see the decline in APAC as temporary, while in South America the market conditions have been challenging this year.

I'm very pleased that in terms of profitability we improved from last year in the third quarter. Our operating profit improved by 52.8 per cent and net profit by 526 per cent. Year-to-date, our profitability is also significantly better than in the previous year.

The FWD application continued to move ahead with customers and several new deals are currently under negotiation. We now have our first experiences with a large scale implementation and are learning how to increase our customers' prepaid revenue streams. We have increased the investment in FWD during the year and this investment is lowering our profitability in 2016.

Gartner named Comptel as one of the leading vendors in catalog-centric quote-to-order-to-install solutions that enable new digital multichannel business, operational and technology transformation for operators. Gartner noted that Comptel's particular strength is in support for the entire inventory, provisioning/activation and order fulfillment value chain, with the catalog at the center of its architecture.

During the third quarter, we secured 3 orders (Q3 2015:3), valued over EUR 1.0 million.

Business Review of the third quarter and January-September of 2016

Comptel's net sales were on the same level in the third quarter compared to the previous year. Net sales were EUR 22.4 million (22.4). Net sales grew in EMEA but declined in other regions.

In January-September, net sales grew by 7.6 per cent and were EUR 70.1 million (65.1). Net sales grew in APAC by 13.5 per cent, in EMEA by 10.0 per cent and declined in Americas by 18.6 per cent. The Intelligent Data unit grew by 9.8 per cent and Service Orchestration by 5.6 per cent.

The operating result for the third quarter was EUR 1.2 million (0.8), which corresponds to 5.5 per cent of net sales (3.6).

In January-September, the operating result was EUR 6.0 million (2.9), which corresponds to 8.5 per cent of net sales (4.4). Strong net sales in the first half of this year improved our profitability.

In the third quarter, result before taxes was EUR 0.9 million (0.5) and net profit EUR 0.6 million (-0.1). Net profit improved by 526.0% compared to the previous year. Earnings per share for the third quarter were EUR 0.01 (0.00).

Result before taxes for January-September was EUR 5.6 million (1.7) and net profit EUR 3.7 million (0.6). Earnings per share for January-September were EUR 0.03 (0.01).

The tax expense for the third quarter was EUR 0.4 million of which EUR 0.3 million were withholding taxes related to double taxation. In January-September, tax expenses were EUR 1.9 million, of which EUR 0.8 million were withholding taxes related to double taxation.

In the second quarter of this year, Comptel received a favourable tax ruling related to past years withholding taxes in India. The tax refund transfers are still pending local authority's decision and have therefore not been reflected in the financials.

In January-September, Comptel received 9 orders over EUR 1 million (YTD 2015: 7), of which Intelligent Data unit received three (two Data Refinery solutions and one Monetizer) and Service Orchestration received three (three FlowOne solutions). Three orders were multi-solution orders across the business units. Comptel reports orders for sold projects and licenses with a minimum value of EUR 1,000,000.

The Group's 12-month order backlog increased from the previous year and was EUR 57.2 million (53.5) at the end of the period. The Group's total order backlog exceeds EUR 80 million at the end of third quarter.

Business areas

Net sales, EUR million	**7-9 2016**	**7-9 2015**	**Change, %**	**1-9 2016**	**1-9 2015**	**Change %**	**1-12 2015**
Intelligent Data	9.7	9.2	6.2	30.7	27.9	9.8	42.5
Service Orchestration	12.5	13.2	-5.4	39.3	37.2	5.6	55.2
Other	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Total	22.4	22.4	-0.1	70.1	65.1	7.6	97.7
Operating result, EUR million							
Intelligent Data	1.1	0.9	33.9	4.2	2.3	80.2	5.8
Service Orchestration	0.8	0.6	25.2	4.0	2.2	78.1	5.1
Other	-0.7	-0.7	-3.5	-2.2	-1.7	-30.8	-2.5
Total	1.2	0.8	52.8	6.0	2.9	108.2	8.5
Operating result, % of net sales							
Intelligent Data	11.7	9.3		13.7	8.4		13.7
Service Orchestration	6.4	4.8		10.2	6.0		9.3
Other	-616.4	0.0		0.0	0.0		0.0
Total	5.5	3.6		8.5	4.4		8.7

In the third quarter, Service Orchestration's net sales declined by 5.4 per cent compared to the previous year. The profitability of Service Orchestration improved by 25.2 per cent compared to the previous year. Net sales for Intelligent Data unit grew by 6.2 per cent in the third quarter compared to the previous year. The profitability of Intelligent Data unit improved by 33.9 per cent compared to the previous year.

In January-September, net sales of Service Orchestration grew by 5.6 per cent compared to the previous year. Profitability of Service Orchestration improved by 78.1 per cent compared to the previous year. The net sales for Intelligent Data unit grew by 9.8 per cent compared to the previous year and profitability improved by 80.2 per cent year-over-year.

Net sales breakdown, EUR million	**7-9 2016**	**7-9 2015**	**Change, %**	**1-9 2016**	**1-9 2015**	**Change %**	**1-12 2015**
Project & License business	13.6	13.9	-2.4	44.1	39.3	12.4	63.3
Recurring business	8.8	8.5	3.7	25.9	25.9	0.3	34.4

Total	22.4	22.4	-0.1	70.1	65.1	7.6	97.7

Project and license net sales declined by 2.4 per cent in the third quarter compared to the previous year. This was due to delays with customers on existing projects and new project decisions. Support and maintenance net sales grew by 3.7 per cent compared to the previous year.

In January-September, project and licence business grew by 12.4 per cent. Support and maintenance business grew by 0.3 per cent year-to-date compared to the previous year.

Net sales Regional breakdown, EUR million	**7-9 2016**	**7-9 2015**	**Change, %**	**1-9 2016**	**1-9 2015**	**Change, %**	**1-12 2015**
APAC	7.3	7.3	-0.3	23.5	20.7	13.5	29.6
EMEA	13.3	12.7	4.7	40.0	36.4	10.0	56.9
AMERICAS	1.9	2.5	-24.2	6.5	8.0	-18.6	11.2
Total	22.4	22.4	-0.1	70.1	65.1	7.6	97.7

In the third quarter, EMEA region continued to grow by 4.7 per cent while APAC declined slightly by 0.3 per cent compared to the previous year. The Americas region declined by 24.2 per cent compared to the previous year due to decline in South America.

In January-September, both APAC and EMEA grew compared to the previous year. The Americas region declined by 18.6 per cent due to decline in South America region net sales.

Financial Position

EUR million	**30 Sep 2016**	**30 Sep 2015**	**Change, %**	**31 Dec 2015**	**Change, %**
Statement of financial position total	80.0	65.3	22.6	86.4	-7.3
Liquid assets	3.5	2.7	30.1	3.0	15.2
Trade receivables, gross	32.6	25.1	29.8	42.1	-22.5
Bad debt provision	-1.8	-1.5	13.3	-1.6	6.7
Trade receivables, net	30.9	23.6	30.9	40.5	-23.7
Accrued income	15.0	12.5	20.1	10.0	50.9
Deferred income related to partial debiting	4.5	3.0	51.3	3.3	37.1
Interest-bearing debt	10.7	5.4	97.6	7.2	49.4
Equity ratio, per cent	61.4	64.9	-5.4	52.4	17.1

The statement of the financial position on 30 Sep 2016 was EUR 80.0 million (65.3), of which liquid assets amounted to EUR 3.5 million (2.7). The operating cash flow was EUR -4.7 million (-1.1) in the third quarter and EUR 7.1 million (0.8) in January-September.

Trade receivables were EUR 30.9 million (23.6) at the end of the period. The accrued income was EUR 15.0 million (12.5). The deferred income related to partial debiting was EUR 4.5 million (3.0).

Comptel has a EUR 25 million credit facility arrangement consisting of a EUR 20 million revolving credit facility and a EUR 5 million overdraft capacity on current bank account. Out of this arrangement, Comptel had EUR 9 million of the revolving credit facility outstanding at the end of the period. The credit facility is valid until July 2018.

The equity ratio was 57.8 per cent (64.1) and the gearing 38.1 per cent (8.2).

Research and Development (R&D)

EUR million	7-9 2016	7-9 2015	Change %	1-9 2016	1-9 2015	Change %	1-12 2015
Direct R&D expenditure	5.7	4.2	37.4	16.0	12.8	24.6	20.3
Capitalisation of R&D expenditure according to IAS 38	-1.5	-1.3	9.1	-4.5	-3.7	20.5	-5.2
R&D depreciation and impairment charges	1.1	1.5	-29.1	3.7	4.1	-10.2	5.5
R&D expenditure, net	5.3	4.3	22.9	15.2	13.2	15.0	20.6
Direct R&D expenditure, % of net sales	25.5	18.6	-	22.8	19.7		20.8

Direct R&D expenditure represented 22.8 per cent (19.7) of net sales.

The key focus of Comptel's R&D expenditure was in the further development of our existing solutions (Service Orchestration and Intelligent Data) and release of the new FWD time-based mobile data marketing solution.

Development work was focused on securing recurring revenue with competitive products, winning new markets by giving customers unique value, and by improving margins with better deployment and scalability of our products.

The FlowOne Fulfillment solution has been developed as a suite of orchestration elements that manage the life-cycle of digital services and business flows from ground to cloud. Data Refinery captures data-in-motion and uses Softblade™ technology with embedded intelligence to refine it for automated real-time decision making. Monetizer is the business policy and charging solution that sets the speed to money and allows the innovation and designing of rich communication and data. Data Fastermind embeds artificial intelligence, predictive analytics and machine learning capabilities into all solutions. In all of these areas, Comptel seeks global thought leadership in solving the business challenges of operators and digital communications service providers.

During 2016, the company will further continue to develop its current offering. In January-September eight major software releases were launched in the above-mentioned product areas.

Investments

EUR million	7-9 2016	7-9 2015	Change %	1-9 2016	1-9 2015	Change %	1-12 2015
Gross investments in property, plant and equipment and intangible assets	0.9	0.1	671.8	1.3	0.4	231.6	0.6

The investments comprised of devices, software and furnishings. The investments were funded through cash flow from operations.

Personnel

	30 Sep 2016	30 Sep 2015	Change, %	31 Dec 2015	Change, %
Number of employees at the end of period	824	748	10.2	742	11.1

	7-9 2016	7-9 2015	Change, %	1-12 2015	Change, %

Average number of personnel during the period	766	716	7.0	723	5.9

The number of employees increased compared to the previous year due to the increase in investments during 2016. In the third quarter, the personnel expenses were 50.8 per cent of net sales (49.7).

At the end of the period, 27.9 per cent (29.2) of the personnel were located in Finland, 23.1 per cent (26.6) in Malaysia, 15.2 per cent (11.8) in India, 12.0 per cent (9.9) in Bulgaria, and 21.8 per cent (22.5) in other countries where Comptel operates.

Comptel share

The closing share price of the period was EUR 2.45 (1.19). Comptel's market value at the end of the period was EUR 266.9 million (127.9).

Comptel share	7-9 2016	7-9 2015	Change %	1-9 2016	1-9 2015	Change %	1-12 2015
Shares traded, million	14.7	6.9	113.0	37.9	24.6	54.1	41.2
Shares traded, EUR million	33.5	8.5	294.1	68.8	28.2	144.0	52.9
Highest price, EUR	2.65	1.41	87.9	2.65	1.49	77.9	1.93
Lowest price, EUR	1.79	1.06	68.9	1.19	0.84	41.7	0.84

Of Comptel's outstanding shares, 5.7 per cent (6.0) were nominee registered or held by foreign shareholders at the end of the period.

At the end of the period, the company held 117,129 of its own shares, which represents 0.11 per cent of the total number of shares. The total counter-book value of the shares held by the company was EUR 2,299.

Corporate Governance

Comptel Corporation's Annual General Meeting (AGM) was held on 6 April 2016. The AGM resolved the number of Board members to be five. Mr Pertti Ervi, Mr Hannu Vaajoensuu, Ms Eriikka Söderström, and Mr Antti Vasara were re-elected as members of the Board of Directors. Thomas Berlemann was elected as a new member of the Board of Directors.

The AGM appointed Ernst & Young Oy as the company's auditor. Mr. Mikko Järventausta is acting as the principal auditor.

The AGM resolved that a dividend of EUR 0.03 per share was paid for the year 2015.

In its meeting held after the Annual General Meeting, the Board of Directors elected Mr Pertti Ervi as chairman and Mr Hannu Vaajoensuu as vice chairman.

The Board of Directors decided to establish an audit committee to deal with the preparation of matters relating to the company's financial reporting and control. The Board of Directors elected Ms Eriikka Söderström as the chairman of the audit committee, and Mr Pertti Ervi and Mr Antti Vasara as the members of the audit committee. All the members of the audit committee are independent from the company and its significant shareholders.

The AGM authorised the Board of Directors to decide on share issues amounting to a maximum of 21,400,000 new shares and on repurchase or conveying of the company's own shares up to a maximum number of 10,700,000 shares. The authorisations are valid until 30 June 2017.

However, the authorisation to implement the company's share-based incentive programs is valid five years from the AGM resolution.

A separate stock exchange release about the authorisations given and other decisions made by the Annual General Meeting was published on 6 April 2016.

Events after the Reporting Period

Comptel has won a new customer in North America and a separate stock exchange release has been published on 13.10.2016.

Near-term Risks and Uncertainties

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

Characteristics of Comptel's field of industry are significant quarterly variations of net sales and profit, which are related to customers' purchasing behaviour and the timing of major single deals.

Comptel's business consists of deliveries of large productised IT systems, and the value of a single project may be several million euros. Therefore, the credit risk associated with a single project or an individual customer may be significant. 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 so it is exposed to risks arising from different currency positions. Exchange rate changes between the Euro, which is the company's reporting currency, and the US Dollar, UK Pound Sterling and Malaysian Ringgit affect the company's net sales, expenses and net profit.

The application process 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 question. This could mean that the double taxation will prevail. 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.

The risks and uncertainties of Comptel are described in more detail in the company's financial statements and the Board of Directors' report for 2015.

Outlook (changed):

Specified guidance is:
"Comptel expects the 2016 net sales to continue to grow and operating profit to be in the range of 9–13% of revenue."

Previous guidance was:
"Comptel expects the 2016 net sales to continue to grow and operating profit to be in the range of 9–14% of revenue."

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

COMPTEL CORPORATION

Board of Directors

Additional information:
Mr Juhani Hintikka, President and CEO, tel. +358 9 700 1131
Mr Tom Jansson, CFO, tel. +358 40 700 1849

TABLE PART

The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. The accounting policies and methods of computation adopted in the financial statements are consistent with those of the annual financial statements for the year ended 2015.

All figures in the financial report have been rounded and consequently the sum of the individual figures can deviate from the sum figure. The interim report is unaudited.

Consolidated Statement of Comprehensive Income (EUR 1,000)	**1 Jan - 30 Sep 2016**	**1 Jan - 30 Sep 2015**	**1 Jul - 30 Sep 2016**	**1 Jul - 30 Sep 2015**
Net sales	70,080	65,117	22,393	22,422
Other operating income	21	23	8	7
Materials and services	-3,244	-3,990	-1,032	-1,664
Employee benefits	-33,800	-31,381	-11,366	-11,040
Depreciation, amortisation and impairment charges	-4,366	-5,084	-1,304	-1,843
Other operating expenses	-22,726	-21,820	-7,461	-7,071
	-64,136	-62,274	-21,164	-21,618
Operating profit/loss	5,965	2,866	1,238	811
Financial income	1,766	1,302	268	295
Financial expenses	-2,101	-2,476	-595	-572
Profit/loss before income taxes	5,629	1,691	912	534
Income taxes	-1,934	-1,127	-352	-600
Profit/loss for the period	3,696	564	559	-67
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Translation differences	-979	114	-167	-555
Cash flow hedges	183	519	81	75
Income tax relating to components of other comprehensive income	-37	-104	-16	-14
Total other comprehensive income	-832	529	-102	-495
Total comprehensive income for the period	2,863	1,093	458	-562
Profit/loss attributable to:				
Equity holders of the parent company	3,696	564	559	-67
Total comprehensive income attributable to:				
Equity holders of the parent company	2,863	1,093	458	-562
Shareholders of the parent company:				
Earnings per share, EUR	0,03	0,00	0,01	0,0
Earnings per share, diluted, EUR	0,03	0,00	0,00	0,0

Consolidated Statement of Financial Position (EUR 1,000)	30 Sep 2016	30 Sep 2015	31 Dec 2015
Assets			
Non-current assets			
Goodwill	2,646	2,646	2,646
Other intangible assets	13,520	12,727	12,837
Tangible assets	1,884	1,254	1,152
Investments in associates	960	673	960
Available-for-sale financial assets	87	87	87
Deferred tax assets	8,356	6,859	7,685
Other non-current receivables	717	634	646
	28,170	24,880	26,013
Current assets			
Trade and other current receivables	47,925	36,328	56,930
Current tax asset	442	1,388	403
Cash and cash equivalents	3,492	2,683	3,030
	51,859	40,398	60,363
Total assets	80,029	65,279	86,376
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	2,141	2,141	2,141
Fund of invested non-restricted equity	1,877	1,294	1,698
Fair value reserve	-24	234	-170
Translation differences	-1,489	-585	-510
Retained earnings	34,710	30,431	34,165
Total equity	37,215	33,515	37,324
Non-current liabilities			
Deferred tax liabilities	2,728	2,630	2,572
Non-current financial liabilities	557	124	92
	3,286	2,754	2,664
Current liabilities			
Provisions	159	1,065	1,090
Current financial liabilities	10,148	5,294	7,075
Trade and other current liabilities	29,221	22,650	38,223
	39,529	29,009	46,388
Total liabilities	42,814	31,764	49,052
Total equity and liabilities	80,029	65,279	86,376

Consolidated Statement of Cash Flows (EUR 1,000)	1 Jan – 30 Sep 2016	1 Jan – 30 Sep 2015
Cash flows from operating activities		
Profit/loss for the period	3,696	564
Adjustments:		
Non-cash transactions or items that are not part of cash flows from operating activities	5,108	6,425
Interest and other financial expenses	192	206
Interest income	-39	-55
Income taxes	1,920	1,168
Change in working capital:		
Change in trade and other current receivables	8,892	5,688
Change in trade and other current liabilities	-9,337	-10,604
Change in provisions	-603	-141
Interest and other financial expenses paid	-192	-219
Interest received	3	63
Income taxes paid and tax returns received	-2,493	-2,292
Net cash from operating activities	7,146	803
Cash flows from investing activities		
Investments in tangible assets	-1,311	-395
Investments in development projects	-4,479	-3,716
Proceeds from the sale of tangible assets	3	5
Change in other non-current receivables	-124	6
Net cash used in investing activities	-5,911	-4,100
Cash flows from financing activities		
Dividends paid	-3,248	-2,139
Shares issued	-	93
Proceeds from share options	-	800
Proceeds from borrowings	25,510	20,102
Repayment of borrowings	-21,979	-22,031
Lease payments	7	-179
Net cash used in financing activities	289	-3,355
Net change in cash and cash equivalents	1,524	-6,652
Cash and cash equivalents at the beginning of the period	3,030	9,352
Cash and cash equivalents at the end of the period	3,492	2,683
Change	461	-6,669
Effects of changes in foreign exchange rates	-1,062	-17

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 2014	2,141	401	-698	-182	31,684	33,346
Dividends					-2,139	-2,139
Shares issued		93				93
Share-based compensation		800			322	1,122
Other changes					23	23
Total comprehensive income for the period			113	415	564	1,092
Equity at 30 Sep 2015	2,141	1,295	-585	233	30,431	33,515

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 2015	2,141	1,698	-510	-170	34,165	37,324
Dividends					-3,248	-3,248
Shares issued		178				178
Share-based compensation					380	380
Prior year correction *					-283	-283
Total comprehensive income for the period			-979	147	3,696	2,864
Equity at 30 Sep 2016	2,141	1,876	-1,489	-24	34,710	37,215

*Prior year expenses were corrected directly to Retained Earnings during the quarter.

Notes

1. Application of new or amended standards and interpretations

Comptel has adopted the new or amended standards and interpretations, effective for the financial years beginning on or after 1 January 2016. However, those have not had an impact on the consolidated financial statements.

2. Segment information

Net sales by segment

EUR 1,000	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015	1 Jul - 30 Sep 2016	1 Jul - 30 Sep 2015
Intelligent Data	30,665	27,916	9,747	9,181
Service Orchestration	39,288	37,201	12,531	13,241
Other	128	-	115	-
Group total	70,080	65,117	22,393	22,422

Operating profit/loss by segment

EUR 1,000	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015	1 Jul - 30 Sep 2016	1 Jul - 30 Sep 2015
Intelligent Data	4,215	2,339	1,144	854
Service Orchestration	3,996	2,244	802	641
Other	-2,246	-1,718	-708	-684
Group operating profit/loss total	5,965	2,866	1,238	811

3. Income tax

Income tax expense according to the statement of comprehensive income for the period was EUR 1,934 thousand (EUR 1,231 thousand).

In 2006, the Board of Adjustment of the Tax Office for Major Corporations refused to accept the crediting of taxes withheld at source in taxation of 2004 and 2005.

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 question. This could mean that the double taxation will prevail.

According to the Board of Adjustment's decision currently in force, Comptel Corporation has expensed taxes withheld at source amounting to EUR 798 thousand in January - September (EUR 926 thousand).

4. Tangible assets

EUR 1,000	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015
Additions	1,311	395

5. Related party transactions

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

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

EUR 1,000	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015
Associate		
Interest income	6	6

EUR 1,000	30 Sep 2016	31 Dec 2015
Associate		
Non-current receivables	126	119

Remuneration to key management

Key management personnel compensation includes the employee benefits of the members of the Board of Directors and the Executive Board.

EUR 1,000	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015
Salaries and other short-term employee benefits	1,223	1,301
Share-based payments	286	456
Other compensation	35	-
Total	1,545	1,757

Guarantees and other commitments

EUR 1,000	30 Sep 2016	31 Dec 2015
Guarantees	-	29

6. Commitments

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

EUR 1,000	30 Sep 2016	31 Dec 2015
Less than one year	2,045	2,161
Between one and five years	5,077	1,218
More than five years	818	-
Total	7,941	3,379

The group had no material capital commitments for the purchase of tangible assets at 30 September 2016 and 30 September 2015.

7. Contingent liabilities

EUR 1,000	30 Sep 2016	31 Dec 2015
Bank guarantees	2,323	2,727
Corporate mortgages	200	200

EUR 1,000	30 Sep 2016	31 Dec 2015
Contingent liabilities on behalf of others		
Guarantees	-	29

8. Fair values of financial assets and liabilities

EUR 1,000	Book value 30.9.2016	Fair value 30.9.2016	Book value 30.9.2015	Fair value 30.9.2015	Book value 31.12.2015	Fair value 31.12.2015
Financial assets						
Financial assets at fair value through profit or loss						
Forward contracts (level 2)	215	215	137	137	-	-
Available-for-sale financial assets (level 3))	87	87	87	87	87	87
Non-current trade receivables	2,866	2,866	1,722	1,722	1,872	1,872
Current trade receivables	29,746	29,746	23,394	23,394	40,232	40,232
Other current receivables	2,521	2,521	1,560	1,560	7,133	7,133
Cash and cash equivalents	3,492	3,492	2,683	2,683	3,030	3,030
Financial liabilities						
Financial liabilities at fair value through profit or loss						
Forward contracts (level 2)	244	244	-	-	138	138
Trade payables and other liabilities	28,977	28,977	22,165	22,165	38,020	38,020
Non-current loans from financial institutions	-	-	44	44	33	33
Non-current finance lease liabilities	557	557	-	-	58	58
Other non-current liabilities	-	-	110	110	-	-
Current loans from financial institutions	8,985	8,994	5,044	5,048	5,044	5,056
Current bank overdraft facility	900	900	135	135	1,918	1,918
Current finance lease liabilities	95	95	77	77	112	112
Other current liabilities	-	-	31	31	-	-

9. Key figures

Financial summary	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015	1 Jan- 31 Dec 2015
Net sales, EUR 1,000	70,080	65,117	97,728
Net sales, change %	7.6	10.5	14.0
Operating profit/loss, EUR 1,000	5,965	2,866	8,474
Operating profit/loss, change %	108.1	-34.4	2.0
Operating profit/loss, as % of net sales	8.5	4.4	8.7
Profit/loss before taxes, EUR 1,000	5,629	1,691	7,612
Profit/loss before taxes, as % of net sales	8.0	2.6	7.8
Return on equity, %	-	-	12.8
Return on investment, %	-	-	18.3
Equity ratio, %	57.8	64.1	52.4
Gross investments in tangible and intangible assets, EUR 1,000[1)]	1,311	395	558
Gross investments in tangible and intangible assets, as % of net sales	1.9	0.6	0.6
Capitalizations according to IAS 38 to intangible assets, EUR 1,000	4,479	3,716	5,176
Research and development expenditure, EUR 1,000	15,969	12,815	20,299
Research and development expenditure, as % of net sales	22.8	19.7	20.8
Order backlog, EUR 1,000	57,175	53,526	66,344
Average number of employees during the period	776	716	723
Interest-bearing net liabilities, EUR 1,000	14,198	2,735	4,137
Gearing ratio, %	38.2	8.2	11.1

[1)] The figure does not include investments in development projects.

Per share data	1 Jan - 30 Sep 2016	1 Jan - 30 Sep 2015	1 Jan- 31 Dec 2015
Earnings per share (EPS), EUR	0.03	0.01	0.04
EPS diluted, EUR	0.03	0.00	0.04
Equity per share, EUR	0.34	0.31	0.34
Dividend per share, EUR	-	-	0.03
Dividend per earnings, %	-	-	72.7
Effective dividend yield, %	-	-	1.6
P/E ratio	-	-	43.4
Adjusted number of shares at the end of the period	109,067,440	107,603,775	108,395,409
of which the number of treasury shares	117,129	118,507	118,507
Outstanding shares	108,950,311	107,485,268	108,276,902
Adjusted average number of shares during the period	108,542,749	107,202,754	107,370,551
Average number of shares, dilution included	116,452,742	108,769,930	109,640,245

10. Definition of key figures

Operating margin %	=	Operating profit/loss / Net sales	x100
Profit margin (before income taxes) %	=	Profit/loss before taxes / Net sales	x100
Return on equity % (ROE)	=	Profit/loss / Total equity (average during year)	x100
Return on investment % (ROI)	=	Profit/loss before taxes + financial expenses / Total equity + interest bearing liabilities (average during the year)	x100
Equity ratio %	=	Total equity / Statement of financial position total – advances received	x100
Gross investments in tangible and intangible assets, as % of net sales	=	Gross investments in tangible and intangible assets / Net sales	x100
Research and development expenditure, as % of net sales	=	Research and development expenditure / Net sales	x100
Gearing ratio %	=	Interest-bearing liabilities – cash and cash equivalents / Total equity	x100
Earnings per share (EPS)	=	Profit/loss for the financial year attributable to equity shareholders / Average number of outstanding shares for the financial year	
Equity per share	=	Equity attributable to the equity holders of the parent company / Adjusted number of shares at the end of period	
Dividend per share	=	Dividend / Adjusted number of shares at the end of period	
Dividend per earnings %	=	Dividend per share / Earnings per share (EPS)	x100
Effective dividend yield %	=	Dividend per share / Share closing price at end of period	x100
P/E ratio	=	Share closing price at end of period / Earnings per share (EPS)	