COMPTEL

2007

Financial Statements

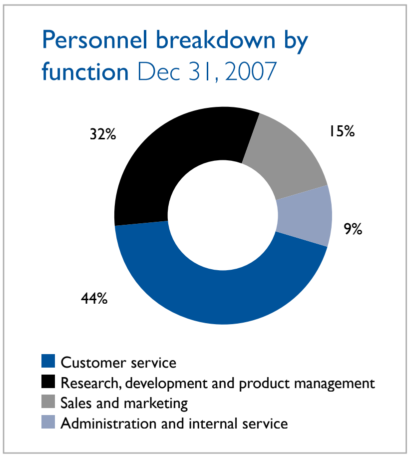
Contents

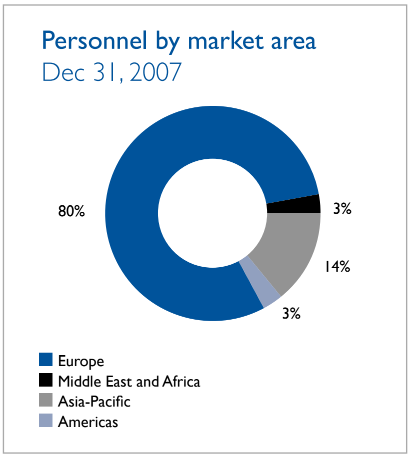
Personnel

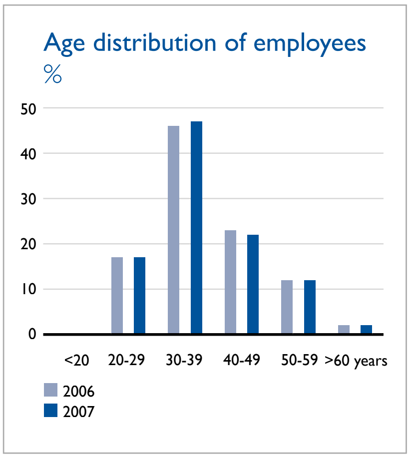
Comptel is an international expert organisation with personnel working in 20 offices in different parts of the world. During the year 2007, Comptel employed an average of 555 persons and at the year end the personnel numbered 554.

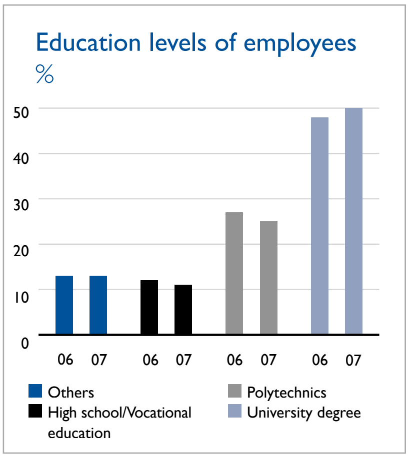
Employees working at year end

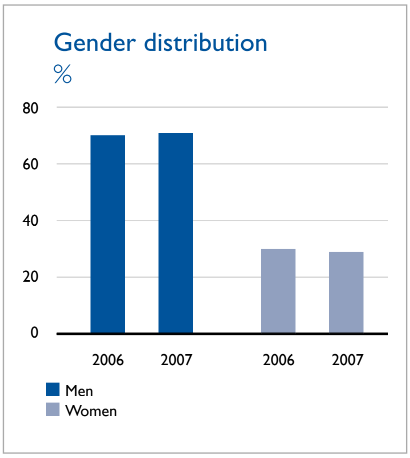
	2007	2006
Finland	60%	59%
Norway	18%	22%
Other countries	22%	19%
Average age of the employees	38 years	38 years
Average seniority of employees	6.7 years	7.2 years

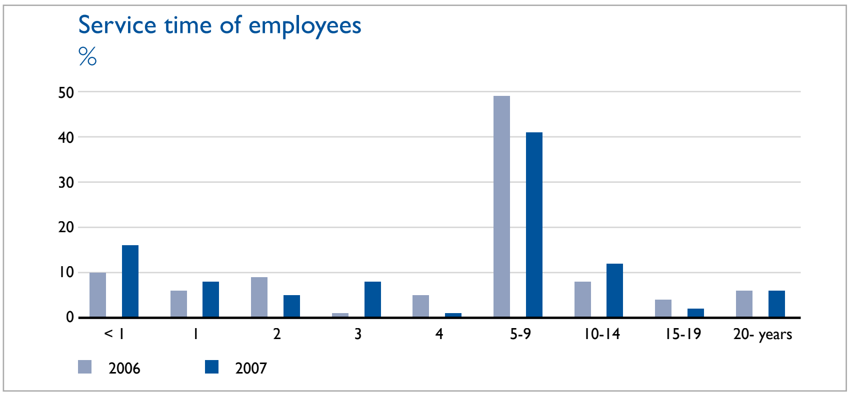












Corporate **Governance**

As a Finnish public listed company, Comptel's corporate governance as well as related disclosure practices are based on Finnish corporate, accounting and securities markets' laws and the rules of the OMX Nordic Exchange in Helsinki.

Comptel aims to improve the transparency of its operations by providing information on the corporate governance mainly in accordance with the Corporate Governance Recommendation issued by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers in 2003.

Administrative bodies

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

General Meeting

The highest decision-making power in Comptel Corporation is vested in the General Meeting. In the General Meeting, shareholders decide on the adoption of the financial statements; the use of the profit shown in the balance sheet; the discharge from liability of the members of the Board of Directors and the Managing Director; the number of Board members and the remuneration paid to the Board members and auditors. The General Meeting elects the members to the Board of Directors as well as the company's auditors, deputy auditors and public accounting firm whenever necessary. 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. The Annual General Meeting 2007 of Comptel Corporation was held in Helsinki on 19 March 2007.

Board of Directors

Duties and responsibilities

The duties and responsibilities of the Board of Directors are primarily defined by the Finnish Companies Act and the Articles of Association of the Comptel Corporation. The Board of Directors controls and supervises the operative management of the company.

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 the employment of the President and CEO.

During the year 2007 the Board of Directors has evaluated its performance in accordance with the Corporate Governance Recommendation.

As a general rule, the Board of Directors convenes once a month, and additionally whenever necessary. In 2007 the Board of Directors convened 13 times (2006: 16). The average attendance of the members was 99 per cent (92). The Compensation Committee of the Board, consisting of three members, convened three times (one). The Board's Audit Committee, consisting of three members, convened six times (three).

Members of the Board of Directors

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

Board of Directors in 2007

The Annual General Meeting held on 19 March 2007 appointed six members to Comptel Corporation's Board of Directors. Mr. Timo Kotilainen, Mr. Juhani Lassila, Mr. Matti Mustaniemi, Mr. Olli Riikkala and Mr. Hannu Vaajoensuu were re-appointed. Furthermore, Mr. Juhani Hintikka was appointed as a new member. In its organising meeting held after the Annual General Meeting, the Board of Directors re-elected Mr. Olli Riikkala as the chairman and Mr. Hannu Vaajoensuu as the vice chairman.

The term of office of the Board members elected by the Annual General Meeting will end at the Shareholders' Annual General Meeting on 19 March 2008.

Mr. Sami Ahonen, Head of Legal Affairs at the Comptel Corporation, served as the secretary for the Board of Directors in 2007.

Committees

There are two committees in the Board of Directors: the Audit Committee and the Compensation Committee. In its organising meeting held after the Annual General Meeting, the Board of Directors decided to re-elect Mr. Matti Mustaniemi as the chairman of the Audit Committee, and elected Mr. Juhani Hintikka and Mr. Juhani Lassila as the members of the committee. Mr. Olli Riikkala continued as the chairman of the Compensation Committee, and the other members of this committee were Mr. Timo Kotilainen and Mr. Hannu Vaajoensuu.

Independence of the Board members

All members of the Board of Directors are independent in accordance with the Corporate Governance Recommendation.

Compensation paid to Board members

The Annual General Meeting confirms the compensations to be paid to the members of the Board of Directors. According to a resolution of the Annual

General Meeting held on 19 March 2007, the members of the Board have been compensated as follows:

- Chairman 48,000 euros per year or 4,000 euros per month
- Vice chairman 30,000 euros per year or 2,500 euros per month
- Members 24,000 euros per year or 2,000 euros per month
- Attendance allowance 400 euros per meeting; and
- For committee meetings, 500 euros per meeting for the chairman and 400 euros per meeting for the members.

Out of the annual compensation paid to the Board members, 40 per cent of the total gross compensation amount was used to purchase Comptel's shares in public trading through the OMX Nordic Exchange in Helsinki. The shares were purchases on 31 March 2007.

President and CEO

The President and CEO is appointed by the Board of Directors. The Board of Directors decides on the terms and conditions of the CEO's employment, including the salary, other compensations and fringe benefits that are defined in the CEO's contract of employment. The CEO is responsible for ensuring that the objectives, strategy, plans, outlines and goals set by the Board of Directors are realised and achieved in the Comptel Group. The CEO prepares the issues to be decided by the Board of Directors and executes the decisions made.

Comptel Corporation's President and CEO in 2007 was Mr. Sami Erviö. The Deputy CEO was Mr. Harri Palviainen, Executive Vice President, Network Inventory Business.

The retirement age of President and CEO Erviö has been agreed at 62 years. The CEO's period of notice is six months if dismissed by the company and two months if the CEO resigns. In a case of termination of the employment relationship by the company, the compensation payable on the basis of termination comprises an amount equal to a salary of 15 months less the salary for the period of notice.

Group's Executive Board

The duty of the Comptel Group Executive Board is to assist the President and CEO. The CEO acts as the chairman of the Executive Board, and its members include the directors of the business units and the units supporting business operations. In 2007, the Executive Board convened 11 times (20).

In addition to the CEO, the following persons were members of the Comptel Group Executive Board in 2007: Mr. Markku Järvenpää, Senior Vice President, Customer Services, Technology; Mr. Harri Palviainen, Executive Vice President, Network Inventory Business, Deputy CEO; Mr. Kari Pasonen, Senior Vice President, Provisioning Business; Mr. Markku Penttinen, Senior Vice President, Mediation Business; Mr. Mikko Saavalainen, Senior Vice President, Sales (until 31 August); Mr. Veli Matti Salmenkylä, CFO; Ms. Arnhild Schia, Senior Vice President, Market Development; Ms. Leena Suviranta, Director, Human Resources (until 15 October); Mr. Simo Sääskilahti, Senior Vice President, Convergent Charging Business. Ms. Niina Pesonen has been the Senior Vice President of Human Resources and a member of the Executive Board as of 1 December 2007.

In January 2008, Comptel revised the assembly and responsibility areas of the Group's Executive Board as a part of the corporate restructuring process. The current Executive Board is presented on the next double page.

Furthermore, there was an Extended Executive Board as the decision-making and communicating forum of the Group in 2007. The Extended Executive Board consisted of the Group Executive Board and two representatives of the employees. In 2007, the Extended Executive Board convened 11 times (11). The representatives of the employees in the Extended Executive Board were Mr. Olli Perälä, Software Specialist, and Mr. Janne Timonen, Sales Manager. Deputy members for the representatives of the employees were Mr. Juha Jantunen, Software Architect (until 31 August) and Mr. Michel M'Rabet, Sales Manager.

Management of business operations

The management of business operations in Comptel is based on the operations of the profit and cost units. The subsidiaries and affiliated companies of Comptel Corporation operate within the respective business areas. The Executive Board is responsible for integrating the activities of the Group and its parts into an operating plan associated with the annual budget to implement the Group's strategy. During the year, the results of the operations relative to the budget and operating plan are reported monthly, and the causes of any deviations as well as the measures taken to correct them are properly documented.

Incentive systems

Comptel strives to develop its incentive systems so that they motivate the company's management and personnel to achieve the set business goals. The incentive systems include result-based bonus schemes and share option schemes as well as a share-based incentive program for the key personnel. Possible profits from the program depend on the development of the Group's net sales and operating profit.

Internal control and risk management

The Board of Directors of Comptel Corporation has confirmed the principles of internal control used in the Group. The objective with the internal control is to ensure that the business of the company is effective and profitable, the prepared financial information is reliable, and the company complies with all necessary provisions and policies. Control takes place in all units and at all levels of the organisation. The control actions include, for example, reporting, approval methods and compliance with the policies.

Risk management is an important part of Comptel's internal control. Risk management refers to a systematic process to identify, evaluate and control risks due to issues outside of the Group and risks arising from the Group's 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 the risk management. The Chief Financial Officer is in charge of risk management coordination in the Group. As a general rule, the business organisation is responsible for identification and management of any and all risks that have an impact on their operations. Risk evaluation and management are an important part of the Group's annual business planning and strategy process, the decision-making process connected with commercial offers, agreements and investments, and other operative activities.

The risk management monitoring system is based on monthly reports that are used to track the development of financial position, net sales, profitability, orders, deliveries, trade receivables, order backlog and order flow, which in turn enable monitoring the development of the results of the entire Group. The monthly internal reporting is carried out by business areas during the meetings of the Executive Board and in the audits of the Group's support functions.

In its normal business, Comptel is subjected mostly to strategic, financing and operative risks. The Comptel risk management system aims at minimising the detrimental impacts of risks in the Group's profit.

Comptel has valid and proper insurance coverage. The required insurance coverage amount is annually defined.

Comptel's business risks are described more in detail in Report of the Board of Directors and financial risks in note 24 of the financial statements.

Holding of shares and share options on 31 Dec 2007

	Number of shares	Options 2001	Options 2006	Options total
Member of the Board				
Hintikka Juhani	5,133	0	0	0
Kotilainen Timo	14,871	0	0	0
Lassila Juhani	10,714	0	0	0
Mustaniemi Matti	14,371	0	0	0
Riikkala Olli	38,743	0	0	0
Vaajoensuu Hannu	20,964	0	0	0
CEO				
Erviö Sami	50,000	200,000	140,000	340,000
Executive Board				
Järvenpää Markku	15,487	6,500	20,000	26,500
Palviainen Harri	19,581	39,300	20,000	59,300
Pasonen Kari	8,517	27,200	20,000	47,200
Penttinen Markku	23,987	59,400	20,000	79,400
Pesonen Niina	0	0	0	0
Salmenkylä Veli Matti	3,147	0	10,000	10,000
Schia Arnhild	19,581	90,000	20,000	110,000
Sääskilahti Simo	19,581	31,000	20,000	51,000

Auditing

The purpose of auditing is to ensure that the financial statements give correct and sufficient information about the Group's result and financial position during the financial period. In addition, the auditors report to the Board of Directors on the ongoing audit of the administration and functions.

For the financial year 2007, the fees paid for the auditors of Comptel Group totalled at 476,000 euros (591,000) of which the fees from auditing services were 93,000 euros (164,000). The fees paid to the auditing companies for non-audit services such as tax-advisory, IFRS consultancy and training services were 383,000 euros (427,000).

Insiders

Comptel complies with the insider guidelines of OMX Nordic Exchange in Helsinki. 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 the Finnish Central Securities Depository. Insiders comprise permanent insiders and project-specific insiders.

At the end of 2007 there were 16 insiders with the duty to declare (17) and 65 company-specific permanent insiders (53). The insiders with the duty to declare include the members of the Board of Directors, the President and CEO, the members of the Executive Board and the Principal Auditor.

Comptel's insiders are obliged to comply with the so-called closed window rule which starts three weeks prior to the announcement of an interim report and financial statements and ends two days after the announcement of such. Comptel has ceased to apply the 'open window' rule.

An updated list of insiders with the duty to declare and their share and option holdings in Comptel Corporation is available on the company's website at www.comptel.com.

Executive Board

Starting from January 2008

SAMI ERVIÖ

HARRI PALVIAINEN

ARNHILD SCHIA

SIMO SÄÄSKILAHTI

MARKKU JÄRVENPÄÄ

NIINA PESONEN

VELI MATTI SALMENKYLÄ

SAMI ERVIÖ

President and CEO

Born in 1962, M.Sc. (Engineering), MBA, President and CEO of Comptel since 2005. Has previously held several specialist and senior management positions in Instrumentarium 1987–2005 such as marketing, sales and R&D in Datex–Ohmeda division of Instrumentarium Corporation. Has worked as Business Development Director of Instrumentarium Corporation. His last positions were Managing Director of Instrumentarium's subsidiary Deio, which provides IT systems for healthcare, and General Electric's European Integration Director for Instrumentarium.

HARRI PALVIAINEN

Executive Vice President, North and East Europe, Middle East and Africa, Customer Specific Solutions; Deputy CEO

Born in 1968, M.Sc. (Computer Science). Joined Comptel in 2001, member of the Executive Board since 2002. Has previously worked as Head of Network Inventory Business, as Head of Customer Services and as Head of Department, R&D. Before joining Comptel worked as Chief Technology Officer at Satama Interactive 2000–2001, as Head of the development unit at Elisa Communications' research centre 1998–2000 as well as in product development and consultation at Merita Bank, Teleste Oyj and Nokia Group.

ARNHILD SCHIA

Senior Vice President, South and West Europe, Asia-Pacific and Americas

Born in 1963, holds a Master Degree in Computer Science and 3-years diploma of Business Management. Joined Comptel in 2005, member of the Executive Board since 2005. Has previously worked as Head of Market Development. Before joining Comptel she worked as President and CEO of EDB Telecom AS, President and CEO of Incatel AS, Executive VP of Telesciences Inc. (NJ, USA) and IT Director of Telenor Research and Development. Has over 15 years experience in the telecommunication and software industry.

SIMO SÄÄSKILAHTI

Senior Vice President, Products and Solutions

Born in 1971, M.Sc. (Engineering Physics) and M.Sc. (Economics). Joined Comptel in 2001, member of the Executive Board since 2003. Has previously worked as Head of Convergent Charging Business, as CFO and as Corporate Planning Manager. Before joining Comptel he worked as Management Consultant at McKinsey & Company.

MARKKU JÄRVENPÄÄ

Senior Vice President, Global Operations Support

Born in 1958, M.Sc. (Engineering). Joined Comptel in 2000, member of the Executive Board since 2005. Has previously worked as Head of Customer Services and Tecnology, as Head of Comptel and EDB Telecom integration, as head of Provisioning Business and as IT Manager. Before joining Comptel worked as IT Manager in Oy Suomen Michelin Ab 1997–2000 and also 1991–1995, as Project Manager in international IT project 1995–1997 in Michelin SA, Switzerland and as Systems Specialist and Manager in Tietotehdas Group 1983–1991.

NIINA PESONEN

Senior Vice President, Human Resources

Born in 1965, M.Sc. (Social and Behavioral). Joined Comptel in 2007, member of the Executive Board since 2007. Has previously held several HR management and development positions in Nokia 1992–2007. Her last positions were Business HR Director for the Delivery Operations of Nokia Networks and HR Head for North East Region in Nokia Siemens Networks.

VELI MATTI SALMENKYLÄ

CFO, Administration

Born in 1960, M.Sc. (Engineering). Joined Comptel in 2006, member of the Executive Board since 2006. Before joining Comptel he worked as Managing Director at Pretax City Oy 2004–2006. He has also worked at HEX Group as Executive Vice President (Securities Services Business Unit) 2001–2003, as CFO 2000–2001 and also as Vice President (Administration, Finance, Personnel and Derivatives Clearing).

Board of Directors

HANNU VAAJOENSUU
Vice Chairman of the Board since 2005
M.Sc. (Econ), born in 1961

Professional experience
BasWare Corporation
CEO, 1999–2004
Partner, Executive Director, 1991–1999
Consulting Director, 1990–1991
Consultant, 1987–1990

Execuplan Oy
Software Specialist, 1985–1987

Board memberships
BasWare Corporation, Full-time Chairman 2005–
BasWare foreign subsidiaries, Member 1990–
Efecte Corp., Member 2005–
Festum eServices Oy, Chairman 2007–

JUHANI LASSILA
Member of the Board since 2006
M.Sc. (Econ), born in 1962

Professional experience
Agros Oy
Managing Director, 2005–

GE Healthcare
Finance integration leader for Instrumentarium Corporation and GEMS/IT, 2003–2004

Instrumentarium Corporation
Director of Group Finance and Group Treasury, 1999–2004
Group Treasurer, 1996–1999

Postipankki Oy
Financial analyst, 1988–1996
Instrumentarium Corporation
Investment Analyst, 1987-1988

Board memberships
Evald and Hilda Nissi Foundation,
Chairman 2003–
Lassila & Tikanoja plc,
Vice Chairman 2007–, Member 1998–
Suominen Corporation, Member 2005–

MATTI MUSTANIEMI
Member of the Board since 2005
M.Sc. (Econ), born in 1952

Professional experience
Tempo CSF Oy, Partner, 2006–

Wihuri Group
President & CEO, 2004–2005
Executive Vice President and Deputy CEO, 1999–2003
Vice President, Finance & CFO, 1994–1999

Wilson Sporting Goods Co (Amer Group)
Vice President, Financial Management & Systems and Treasurer, 1991–1994
Vice President, Finance, 1990–1991

Aspo Group
Director of Finance, 1986–1990

MPS Enterprises Ltd
Director of Finance, 1984–1986

Sanoma Corporation
Manager of Accounting and Systems, 1982–1984
Internal Controller, 1979–1982

Board memberships
Tempo Group Oy, Member 2007–
Tempo CSF Oy, Chairman 2006–
Petromaa Oy, Chairman 2006–
SRV Group, Member 2005–
Isamot Capital Oy, Deputy Member 2005–
Astrum Invest Oy, Member, Managing Director 2004–

OLLI RIIKKALA

Chairman of the Board since 2005
M.Sc. (Eng), MBA, born in 1951

Professional experience

GE Healthcare
Senior Advisor, 2004–2006
Senior Executive, 2003–2006
CEO GEMS/IT Europe, Middle East and Africa, 2003–2004

Instrumentarium Corporation
Member of the Board of Directors, 1987–2003
President and CEO, 1997–2003
Executive VP, 1995–1997
Executive Director, Health Care Group, 1990–1997
Various managerial positions in 1979–1990

Board memberships

Helvar Oy Ab, Chairman 2007–
Fastems Oy Ab, Chairman 2007–
Oriola-KD Corporation, Chairman 2006–
PaloDEx Group, Chairman 2005–
PaloDEx Holding, Chairman 2005–
TietoEnator Corporation, Member 2004–
Instrumentarium Scientific Foundation, Member 2004–
Helvar Merca Oy Ab, Chairman 2004–
Member 1999–
Biomedicum Foundation, Member 2000–
HYKS-Instituutti Oy, Member 2000–
Appointed into the Finnish Academy of Technology in 2002

JUHANI HINTIKKA

Member of the Board since 2007
M.Sc. (Eng), born in 1966

Professional experience

Nokia Siemens Networks
Head of Network Solutions, Customer and Market Operations, 2007–

Nokia Networks
Vice President, Care Business Line, Services Business Unit, 2005–2007
Director, Care Services, Delivery Operations, 2004–2005
Director, Mobile Entry Solutions, Customer and Market Operations, 2003–2004
General Manager, Broadband Wireless Access, IP Mobility Networks, 2000–2003
Business Development Manager, Radio Access Systems, 1999–2000

KCI Konecranes Oyj
General Manager, KCI Chain Hoists, 1996–1999
Other positions in 1993–1996

TIMO KOTILAINEN

Member of the Board since 2005
M.Sc. (Eng), born in 1959

Professional experience

Nixu Oy
Managing Director, 2006–

Nokia Networks
Vice President, Head of the EMEA Customer Business Team, 2002–2003
Director, Head of the Nordic Customer Business Team, 2001–2002
Director, Mobile Internet Applications, Head of the Marketing and Sales, 2000–2001
Sales Director and General Manager, South Europe, 1998–2000
Sales Director and General Manager, North Europe, 1996–1998
Account Manager, Finland, 1993–1996

Hewlett-Packard Oy
Account Manager, 1991–1993

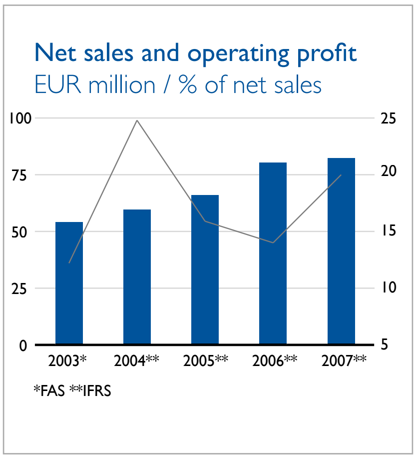
Solid Information Technology
Sales Manager, 1990–1991

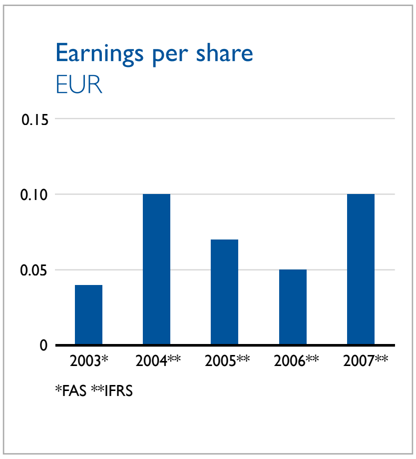
Proha Oyj
Consultant, 1987–1990

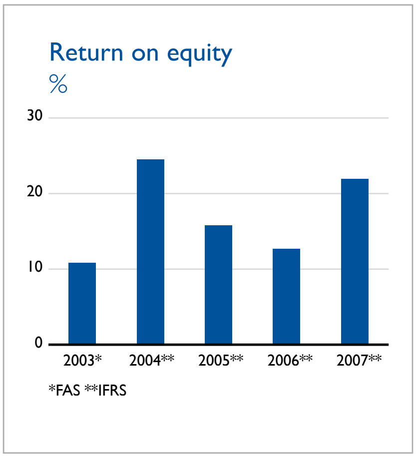
Board memberships

Finngulf Yachts Oy, Deputy Member, 2006–

Report of the Board of Directors for 2007







Market trends

Comptel operates globally in the telecom OSS (Operations Support Systems) markets.

Consolidation between actors in the operator market has continued. At the same time, operators have been seeking to reduce their operating expenses and the size of their IT organisations. Traditional network operators are faced with competition from an increasing number of new types of players, such as virtual operators, who solely focus on services. Traditional operators are also offering their subscribers more customised service packages.

The operations support systems market developed favourably in 2007. Consolidation between software suppliers has continued, which is leading to competitors offering even broader product ranges to the market. There is a growing demand among telecommunications operators for operations-enhancing software that promotes the innovation of new subscription services and accelerates their time to market.

In 2007, Comptel extended its solution offering with major new products and strengthened its sales channel and delivery capability. The company is positioning its supply away from point solutions products towards dynamic end-to-end solutions.

Net sales and profitability

The net sales of Comptel Group were EUR 82.4 million in 2007 (2006: 80.4; 2005: 66.1). Net sales grew by 2.4 per cent (21.8) compared to the previous year. The growth of net sales was smaller than expected due to the constant weakening of the US dollar and the unexpectedly long sales cycle for the Inventory and Convergent Charging solutions. The growth in 2006 was mainly due to the acquisition of EDB Telecom.

The Group's operating profit grew by 47.1 per cent to EUR 16.5 million (2006: 11.2; 2005: 10.5), representing 20.0 per cent (2006: 14.0; 2005: 15.9) of the net sales. No one-off items were recorded in 2007. EUR 1.2 million of bad debts from trade debtors were recorded during the last quarter of the year mainly due to a customer operating in a war zone. Net financial items were EUR 0.24 million negative (0.03). The Group's profit before taxes was EUR 16.4 million (11.2), representing 19.9 per cent (13.9) of the net sales. Group net profit was EUR 10.9 million (5.8).

Earnings per share for the financial period were EUR 0.10 (2006: 0.05; 2005: 0.07). The result was reduced by the impact of double withholding taxation, which amounted to some EUR 1.1 million. Due to this, the tax rate for the year was 33.8 per cent. The application submitted by Comptel to prevent double withholding taxation is still pending in the Ministry of Finance. The company believes that it can change the treatment of its withholding taxes.

Return on equity was 21.9 percent (2006: 12.7; 2005: 15.8).

The Group's order backlog rose significantly, mainly as a result of a stronger stock of maintenance agreements and was EUR 35.1 million at the end of the period under review (2006: 29.5; 2005: 24.5).

Key figures, per share data and the definition of key figures are presented in more detail in notes to the financial statements.

Business areas

Comptel's principal business segments are the four geographical market areas: Europe; the Middle East and Africa; Asia-Pacific; and the Americas. The operating profit of the segments includes the cost of sales and customer services. Group R&D and general costs are not allocated to the segments.

In 2007 Comptel sold a total of 28 (29) new core licenses of which 11 were Comptel Mediation and Charging

Solutions, 10 Comptel Provisioning and Activation Solutions, two Comptel Inventory Solutions, two Comptel TETRA Solutions, two Comptel Interconnection Billing Solutions and one Comptel Data Retention Solution. Comptel Interconnect Billing and Comptel Data Retention are new solutions launched in the course of the financial year.

Europe was clearly the most significant market area. Net sales in the area totalled EUR 48.5 million (47.6). The Group's operating profit for European business was EUR 28.3 million (23.0), which is 58.3 per cent of the European net sales (48.2). In 2007 Comptel sold 14 core licenses to its European customers. Some of the most significant European customers in 2007 were Elisa and Telenor, operators belonging to the Cosmote, O2, T-Mobile and Vodafone groups, and KPN and Vimpelcom.

The net sales of the Middle East and Africa fell by 18.7 per cent compared to the previous year. Net sales from the area were EUR 9.8 million (12.0). The Group's operating profit from operations in the area totalled EUR 5.7 million (7.2), which is 58.4 per cent of the segment's net sales (59.9). In 2007 Comptel sold 10 core licenses to its customers in the Middle East and Africa, most of them during the last quarter. Some of the biggest operators in the Middle East are Comptel's customers. In 2007, among the most significant customers in the Middle East and Africa were operators belonging to the Orascom, Q-Tel and Zain groups, Saudi Telecom and Telenor Pakistan.

The net sales of Asia-Pacific area grew by 34.2 per cent compared to previous year as a result of major license upgrades. Net sales from the area were EUR 16.9 million (12.6). The Group's operating profit from the Asia-Pacific business was EUR 9.5 million (6.4), which is 56.5 per cent of the segment's net sales (50.6). Comptel sold three core licenses to Asia-Pacific customers in 2007. The most significant customers in Asia-Pacific were Bharti Airtel and Idea in India, AIS and DTAC in Thailand, Indosat in Indonesia, FET in Taiwan, and Vodafone in Australia and India.

The net sales from the Americas decreased by 11.2 per cent compared to the previous year. Net sales from the area were EUR 7.2 million (8.2). The Group's operating profit from the American business was EUR 3.9 million (4.5), which is 54.1 per cent of the segment's net sales (54.9). Comptel sold one core license to its American customers in 2007. The most significant customers in the Americas were operators belonging to the América Móvil and Telefónica groups, and Axtel in Mexico and T-Mobile in the United States.

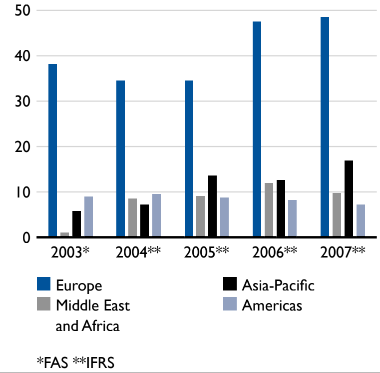
Comptel's net sales are comprised of selling software licenses and license upgrades, and secondly of the services and maintenance supporting its solutions. In 2007 license sales amounted to EUR 27.8 million (25.8) and service and maintenance sales to EUR 54.6 million (54.6).

Comptel sells and delivers its products and solutions both directly through its own sales organisation as well as through its partners. The most significant partners are system integrators such as Accenture, IBM, LogicaCMG and network equipment vendors like Alcatel-Lucent, Huawei and Nokia Siemens Networks. In addition to its global partners, Comptel cooperates with a number of local partners that are significant in their own market areas, such as T-Systems in Germany. In 2007 the net sales through partners and resellers were EUR 21.8 million (17.6) and from direct sales EUR 60.6 million (62.8).

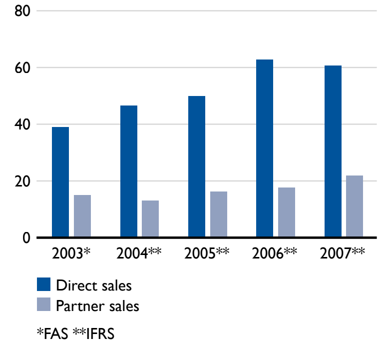
Investments

Gross investments in tangible and intangible assets increased to EUR 1.9 million (1.5). Gross investments mainly comprised of investments in devices and software, and investments in the new premises in Finland. The rise in R&D

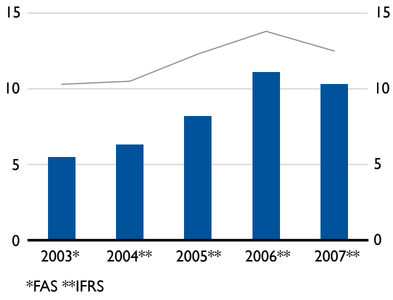
Geographical net sales breakdown EUR million

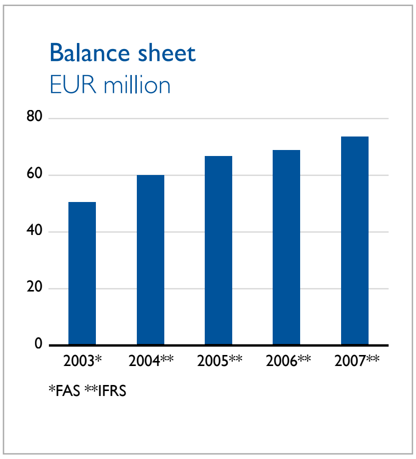


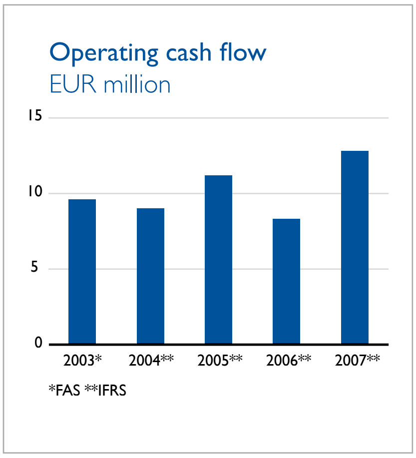
Net sales breakdown by sales channel EUR million

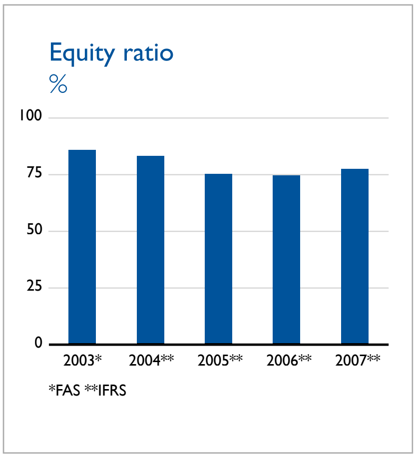


Development of R&D expenditure EUR million / % net sales









expenditure and R&D investments was mainly targeted towards the development of new dynamic end-to-end solutions. The investments were funded through cash flow from operations.

Research and development

Comptel's direct R&D expenditures and investments were EUR 10.3 million (11.1). This corresponds to 12.5 per cent of the Group's net sales (13.8). Capitalization of R&D expenditure, according to IAS 38, amounted to EUR 2.9 million (1.7).

Comptel continued the development of all of its main products to further improve competitiveness and to offer new features and functionality, in particular for IP-based services like VoIP (Voice over Internet Protocol). In the development of the mediation and charging solution Comptel focused on developing its rating product, which is part of building a convergent and real-time charging solution. The product suite was developed to better address the needs of new types of operators and to offer more comprehensive solutions.

In 2007, Comptel extended its product offering by launching three new major solutions. Comptel Service Catalog Solution enables operators to better manage complex service packages and their life-spans. Comptel Interconnect Billing is a solution to settle charges between operators. The increase of IP services and more real-time settling of charges introduce a growing demand for the solution. The Comptel Data Retention Solution, in turn, allows the long-term storing of telecommunications identification data globally in accordance with authorities' regulations.

Comptel filed two (two) new patent applications in 2007, as well as extended fourteen previously filed patent applications. During the year Comptel was granted two patents, which were connected with preventing and monitoring the use of free-of-charge telecommunications in packet-switched networks and real-time mediation of usage data. The company has applied for patents to protect all of its main products and solutions, and had 58 (50) pending patent applications at the end of 2007.

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

Financial position

The balance sheet total on 31 December 2007 was EUR 73.6 million (68.8), of which liquid assets amounted to EUR 14.7 million (12.9). The change in liquid assets between January–December was EUR 1.8 million (3.3). The operating cash flow was EUR 12.8 million (EUR 8.3 million), the paid dividends were EUR 5.4 million euros (4.3) and the net investments were EUR 4.9 million (0.7) in January–December.

Trade receivables at the end of the period were EUR 27.1 million (28.2). Accrued income was EUR 8.6 million (4.9). Deferred income related to partial debiting was EUR 2.7 million (1.5).

Equity ratio was 77.6 per cent (2006: 74.6; 2005: 75.2) and the gearing ratio was 28.2 negative (27.7 negative). The Group had no interest-bearing debt at the date of the financial statements.

In January 2007 Comptel Corporation signed a lease on business premises with AC Salmisaari Oy. With the lease, Comptel integrated its operations in Finland from three premises into a single new building, which is situated in Ruoholahti, Helsinki. The Group's rental and leasing liabilities on 31 December 2007 were EUR 19.6 million.

Company structure

At the end of 2007 the Comptel Group comprised of the parent company Comptel Corporation and the fully owned subsidiaries Comptel Passage Oy, Comptel Communications Oy, Comptel Communications Inc., Comptel Communications Sdn

Bhd, Comptel Communications Brasil Ltda, Comptel Communications AS and Comptel Ltd. The Group also included the subsidiary Probatus Oy (share of ownership 60.4 per cent) and an Irish associated company Tango Telecom Ltd. (share of ownership 20.0 per cent).

Comptel has registered branch offices in Australia, China, Germany, India, Italy, Russia, and in the United Arab Emirates.

Personnel

At the beginning of the year Comptel had 540 employees, and at the end of the year 554. The number of employees rose by 2.6 per cent in 2007. The Group employed an average of 555 persons in 2007 (2006: 561; 2005: 462).

Of the Group personnel, 80.0 per cent (82.1) were located in Europe, 2.7 per cent (1.8) in the Middle East and Africa, 3.6 per cent (3.7) in America and 13.7 per cent (12.4) in the Asia-Pacific area at the end of 2007.

Of the Group personnel, 44.6 per cent (42.2) worked in customer services, 31.8 per cent (33.6) in research, product development and product management, 15.0 per cent (12.6) in sales and marketing and 8.7 per cent (11.5) in administration and internal support services at the end of 2007.

At the end of 2007 the Group had 543 (535) regular workers and 11 (12) non-permanent employees.

Of the employees, 513 (519) were full-time and 41 (28) part-time.

Average personnel turnover in 2007 was 12.3 per cent (14.8 per cent). The average years of service was 6.7 (7.2). The average age of the employees at the end of the year was 38 years (38). At the end of the year 71 per cent (70) of the employees were men and 29 per cent (30) women.

Salaries and commissions totalled EUR 27.6 million in 2007 (2006: 29.7; 2005: 22.1).

Salaries and compensations paid to the management are described in note 20 Share-based payments of the financial statements.

An average of EUR 1,188 per person was spent on training (973). The number of training days per person was 5.9 (5.2). Of the personnel, 50 per cent had a university degree, 25 per cent had a polytechnic diploma, 12 per cent a vocational college diploma and 13 per cent other education.

In 2007 the amount of sick leave from active working hours was 2.4 per cent (2.0). Comptel's equality plan was dealt with by the labour protection committee in 2005, and it is observed throughout the whole Group.

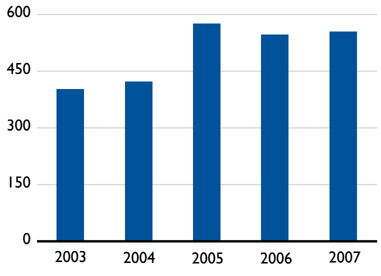
The personnel representatives on Comptel Group's Extended Executive Board were Mr. Olli Perälä, Software Specialist, and Mr. Janne Timonen, Sales Manager. The deputies to the employee representatives were Mr. Juha Jantunen, Software Architect (until 31 August 2007) and Mr. Michel M'Rabet, Sales Manager.

Corporate governance

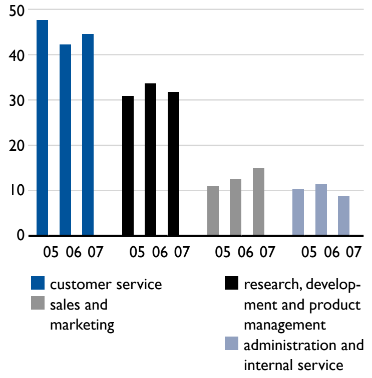
In 2007 the Comptel Group Executive Board comprised the following persons: Mr. Sami Erviö, CEO and President; Mr. Markku Järvenpää, Senior Vice President, Customer Services; Mr. Harri Palviainen, Executive Vice President, Network Inventory Division; Mr. Kari Pasonen, Senior Vice President, Provisioning Division; Mr. Markku Penttinen, Senior Vice President, Event Mediation Business; Mr. Mikko Saavalainen, Senior Vice President, Sales (until 31 August 2007); Ms. Arnhild Schia, Executive Vice President, Market Development; Ms. Leena Suviranta, Senior Vice President, Human Resources and Administration (until 15 October 2007); Mr. Veli Matti Salmenkylä, CFO; Mr. Simo Sääskilahti, Senior Vice President, Charging Business. Ms. Niina Pesonen (M.Sc.Educ.) started as Senior Vice President, Human Resources, and member of the Executive Board on 1 December 2007.

The Annual General Meeting held

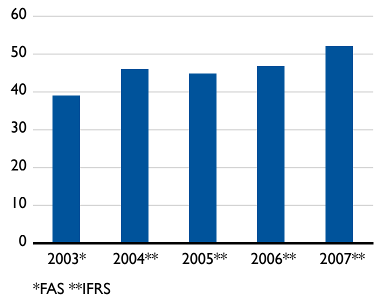
Number of employees at year end



Personnel breakdown by functions %



Shareholders' equity EUR million



on 19 March 2007 re-appointed Mr. Olli Riikkala (M.Sc., MBA), Mr. Hannu Vaajoensuu (Chairman, BasWare Oyj), Mr. Timo Kotilainen (Managing Director, Nixu Oy), Mr. Juhani Lassila (Managing Director, Agros Oy) and Mr. Matti Mustaniemi (Partner, Tempo CSF Oy). Mr. Juhani Hintikka (Senior Vice President, Nokia Networks) was appointed a new member of the Board. In its meeting held after the Annual General Meeting, the Board of Directors elected Mr. Olli Riikkala as Chairman and Mr. Hannu Vaajoensuu as Vice Chairman.

In its meeting held after the Annual General Meeting, the Board of Directors elected Mr. Matti Mustaniemi to continue as Chairman of the audit committee, whose members are Mr. Juhani Hintikka and Mr. Juhani Lassila. Mr. Olli Riikkala continues as Chairman of the compensation committee, whose members are Mr. Timo Kotilainen and Mr. Hannu Vaajoensuu.

Auditors

Comptel's authorised public accountant was KPMG Oy Ab.

Comptel's share and shareholders' equity

Comptel has one share type. Each share constitutes one (1) vote at the Annual General Meeting. The company's capital stock on 31 December 2007 was EUR 2,141,096.20 and the total number of votes was 107,054,810.

The total exchange of Comptel's shares in 2007 was 57.5 million shares (49.8), which is 53.8 per cent (46.5) of the total number of shares. The closing price was 1.42 euros (1.80). Comptel's market value at the end of the year was EUR 151.7 million (192.7).

Comptel's shareholders by sector and size, the largest holders and the figures on shares traded and share quotations are presented in the section Shares and shareholders in the financial statements.

Of the B options of the share option scheme 2006, which were issued in 2007, 1,230,000 option rights were held by the Comptel Group's key personnel. The share subscription price for option 2006B is EUR 1.99 per share, which corresponds to the trade volume weighted average quotation of the Comptel Corporation share on the OMX Nordic Exchange Helsinki during 1 April–30 April 2007.

Members of the Board of Directors, the President and CEO, and the Deputy CEO owned a total of 0.2 per cent of the company's shares and votes and 5.7 per cent of the company's share options at the end of the period under review. A total of 399,300 shares can be subscribed with the above options.

A total of 6,963,400 Comptel Corporation shares can be subscribed with the company's outstanding options.

The Board of Directors of Comptel Corporation has been authorised, until 30 June 2008, to purchase a maximum of 10,700,000 of the company's own shares. Under this authorisation the company purchased a total of 410,000 of its own shares and disposed of 189,241 of the shares to persons included in the share-based incentive programme of 2006.

The company held 240,341 of its own shares at the end of the period under review, which is 0.2 per cent of the total number of its shares. The total counter-book value of the shares held by the company was EUR 4,807.

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 resource 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 Comptel's business strategy.

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

Comptel operates globally in the telecom OSS (Operations Support System) markets. The company develops dynamic end-to-end solutions for leading actors in the field. This requires Comptel to understand correctly the trends taking place in its business environment and the needs of its customers and resellers. Failure to identify market conditions, address customers' needs and develop its products in a timely way may significantly undermine the growth and profitability of Comptel's business.

Comptel's growth expectations are based on continued growth on the OSS markets. The company's net sales and, thereby, profitability may be gravely damaged if the market does not grow according to the company's expectations.

A significant part of Comptel's business comprises customer specific solutions for Elisa and Telenor. Their share of the Group's net sales is not predicted to grow. In the long term this business is expected to diminish.

Labour costs have increased and are increasing considerably in Finland. The trend may have a major adverse effect on Comptel's business, especially profitability, if the company cannot globally control the costs connected with its products and operation.

Competition in the OSS market is keen. The sector is undergoing consolidation between actors, which is reflected in the duration and pricing of agreements. If Comptel does not manage to maintain or improve its price level and address the changes taking place in its competition environment, the market trend may greatly impair the company's business and operating result.

The Middle East, Africa and Asia are increasingly important market areas for

Comptel. The company is operating in several countries where the political and social situation is unstable. Deterioration of the situation in these areas may hinder Comptel's business and undermine its profitability. The value of a single delivery project can well be several million euros. Thus a single delivery project or customer may involve a significant risk.

Comptel's global success is based on skilled personnel and a responsive customer-oriented organisation. This requires the adoption of the new organisation in practice, constant recruitment of skilled employees, keeping them in service and developing their skills further.

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 Norwegian krone may affect the company's net sales, expenses and net profit.

The application submitted by Comptel to prevent double withholding taxation is still pending in the Ministry of Finance. The company believes that it can change the treatment of its withholding taxes. However, double withholding taxation may have an impact on the company's earnings per share.

The company's internal control and risk management are described in Corporate Governance section of the annual report. Financial risks are described more in detail in note 24 of the financial statements.

Subsequent events

Comptel reorganised its operation in January 2008 by combining its sales and customer services units into regional businesses and by consolidating its four separate product units. The business is supported by the Group's global operations, administration and the human resources unit. The target of the new organisation is to improve business management by increasing decision-making close to customers and by enhancing the sales of end-to-end solutions.

Comptel Group's Executive Board comprises the following persons as of 8 January 2008: Mr. Sami Erviö, President and CEO, Mr. Harri Palviainen, Executive Vice President, and Ms. Arnhild Schia, Senior Vice President, to whom the four geographical areas report, Mr. Simo Sääskilahti, Senior Vice President, Products and Solutions, Mr. Markku Järvenpää, Senior Vice President, Global Operations Support, Mr. Veli Matti Salmenkylä, CFO, Administration, and Ms. Niina Pesonen, Senior Vice President, Human Resources.

Outlook for 2008

The global OSS market and Comptel's business prospects are expected to develop favourably. However, the USD rate remaining below the level recorded in the previous year or its weakening from the current level will slow down the growth of net sales in euro terms. A significant part of Comptel's business will continue to comprise customer specific solutions for Elisa and Telenor. Their share of the Group's net sales is not predicted to grow. The order backlog is on the good level, mainly as a result of a strong stock of maintenance agreements. During the current year Comptel will further invest in developing end-to-end solutions and strengthening its sales organisation.

It is estimated that Comptel's net sales will increase moderately in 2008. Comptel's operating profit is expected to remain slightly below the company's long-term target of 20 per cent of net sales.

An increasing portion of Comptel's business will come from services for existing customers, which, for its part, lessens the fluctuation from one quarter to another. Single business contracts or delivery projects may continue to have a significant influence on a quarter's result.

Board of Directors' proposal for the disposal of profits

The Group parent company's distributable equity on 31 December 2007 was EUR 37,474,272.96 (36,863,305.04).

The Board of Directors proposes to the General Meeting that a dividend of EUR 0.06 (0.05) per share be paid, totalling EUR 6,408,868.14 (5,352,740.50).

Helsinki, 12 February 2008

Olli Riikkala

Juhani Hintikka *Timo Kotilainen* *Juhani Lassila*

Matti Mustaniemi *Hannu Vaajoensuu*

Sami Erviö
President and CEO

Consolidated
Income Statement

EUR 1,000	Notes	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Net sales	2	**82,399**	**80,439**
Other operating income	4	57	109
Materials and services	5	-7,973	-7,929
Employee benefits	6	-33,989	-36,391
Depreciation, amortisation and impairment charges	7	-4,340	-4,549
Other operating expenses	8	-19,635	-20,448
		-65,938	-69,316
Operating profit		**16,518**	**11,232**
Financial income	10	933	786
Financial expenses	10	-1,169	-758
Share of result of associated companies		113	-54
Profit before income taxes		**16,396**	**11,206**
Income taxes	11	-5,542	-5,408
Profit for the period		**10,854**	**5,798**
Attributable to:			
Equity holders of the parent company		10,848	5,765
Minority interests		6	33
Earnings per share:	12		
Basic earnings per share, EUR		0.10	0.05
Diluted earnings per share, EUR		0.10	0.05

Consolidated **Balance Sheet**

EUR 1,000	Notes	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets			
Other intangible assets	14	8,312	7,875
Goodwill	14	10,832	10,832
Tangible assets	13	2,400	2,292
Investments in associates	15	513	400
Available-for-sale financial assets		87	87
Deferred tax assets	16	782	714
		22,926	22,201
Current assets			
Inventories		0	18
Trade and other receivables	17	35,927	33,692
Current tax assets		70	0
Cash and cash equivalents	18	14,708	12,934
		50,705	46,643
TOTAL ASSETS		**73,631**	**68,844**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	19	2,141	2,141
Fund of invested non-restricted equity	19	7,368	7,368
Translation difference	19	-817	-674
Retained earnings		43,338	37,782
		52,030	46,617
Minority interest		116	145
Total equity		**52,147**	**46,761**
Non-current liabilities			
Deferred tax liabilities	16	2,660	1,604
Provisions	21,22	776	188
Other liabilities		0	169
		3,437	1,961
Current liabilities			
Trade and other current liabilities	23	17,912	18,831
Current tax liabilities		136	1,291
		18,048	20,121
Total liabilities		**21,485**	**22,083**
TOTAL EQUITY AND LIABILITIES		**73,631**	**68,844**

Consolidated
Statement of Cash Flows

EUR 1,000	Notes	1 Jan–31 Dec 2007	1 Jan–31 Dec 2006
Cash flows from operating activities			
Profit for the period		10,854	5,798
Adjustments:			
Non-cash transactions or items that are not part of cash flows from operating activities	25	5,131	5,414
Interest and other financial expenses		26	582
Interest income		-357	-590
Income taxes		5,542	5,408
Change in working capital:			
Change in trade and other receivables		-2,508	-4,090
Change in inventories		18	-18
Change in trade and other current liabilities		-2,115	-507
Change in provisions		588	-1,383
Interest paid		-26	-582
Interest received		301	583
Income taxes paid		-4,638	-2,280
Net cash from operating activities		**12,816**	**8,335**
Cash flows from investing activities			
Acquisition of business operations (asset transaction) , net of cash		0	2,294
Investments in tangible assets		-1,441	-1,041
Investments in intangible assets		-523	-464
Investments in development projects		-2,921	-1,727
Proceeds from disposal of tangible assets		0	237
Net cash used in investing activities		**-4,885**	**-700**
Cash flows from financing activities			
Dividends paid		-5,365	-4,333
Acquisition of Corporation's own shares		-792	0
Net cash used in financing activities		**-6,156**	**-4,333**
Change in cash and cash equivalents		**1,774**	**3,302**
Cash and cash equivalents at the beginning of period	18	12,934	9,632
Cash and cash equivalents at the end of period	18	14,708	12,934
		1,774	**3,302**

Consolidated Statement of **Changes in Equity**

EUR 1,000	Share capital	Share premium	Other reserves	Translation differences	Fair value reserve	Treas-ury shares	Retained earnings	Total	Minority interest	Equity total
	Equity attributable to equity holders of the parent company									
Equity 31 Dec 2005	**2,141**	**7,368**	**0**	**-621**	**-120**	**0**	**35,937**	**44,705**	**164**	**44,869**
Cash flow hedges: Gains and losses taken to equity					83			83		83
Translation difference				-53				-53		-53
Profit for the period							5,766	5,766	33	5,798
Total recognised income and expenses during the year	**0**	**0**	**0**	**-53**	**83**	**0**	**5,766**	**5,796**	**33**	**5,829**
Transfers between the reserves		-7,368	7,368					0		
Dividends							-4,282	-4,282	-52	-4,334
Share-based compensation							397	397		397
Equity 31 Dec 2006	**2,141**	**0**	**7,368**	**-674**	**-37**	**0**	**37,818**	**46,616**	**145**	**46,761**
Cash flow hedges: Gains and losses taken to equity					115			115		115
Translation difference				-143				-143		-143
Profit for the period							10,848	10,848	6	10,854
Total recognised income and expenses during the year	**0**	**0**	**0**	**-143**	**115**	**0**	**10,848**	**10,820**	**6**	**10,826**
Dividends							-5,332	-5,332	-34	-5,367
Acquisition of Corporation's own shares						-792		-792		-792
Transfer of treasury shares						365	-365	0		0
Share-based compensation							717	717		717
Equity 31 Dec 2007	**2,141**	**0**	**7,368**	**-817**	**78**	**-427**	**43,686**	**52,031**	**116**	**52,147**

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 organized under the laws of Finland. Founded in 1986 Comptel Corporation is one of the leading convergent mediation, charging, provisioning and network inventory software solution providers. Comptel Corporation is listed on OMX Nordic Exchange 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.

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 2007 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 with 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 recognized at fair value at the grant date. 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 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 2007 the Group adopted the following new and amended standards and interpretations:

IFRS 7 *Financial Instruments: Disclosures*. IFRS 7 requires more disclosures on the significance of financial instruments to the entity's financial position and result. The standard requires qualitative and quantitative disclosures on exposure to risk arising from financial instruments. IFRS 7 has expanded the notes to the consolidated annual financial statements.

IAS 1 *Presentation of Financial Statements – Capital Disclosures* (amendment). The amended standard requires disclosures on the level of the entity's capital and its management during the financial year. This has expanded the notes to the consolidated financial statements.

IFRIC 10 *Interim Financial Reporting and Impairment*. IFRIC 10 requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost must not be reversed at a subsequent balance sheet date. The interpretation had no impact on the consolidated financial 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 subsidiaries acquired have been consolidated from the date of acquisition, when control commenced and the subsidiaries disposed of are included in the consolidated financial statements until the control ceases.

All inter-company income and expenses, receivables, liabilities and unrealized profits arising from inter-company transactions, as well as distribution of profits within the Group are eliminated as part of the consolidation process. Unrealized losses are eliminated only to the extent that there is no evidence of impairment.

The allocation of the profit for the period attributable to equity holders of the parent company and minority interest is presented on the face of the income statement. The minority interests are identified separately from the Group's equity therein.

Associates

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

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 euro, 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 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 recognized on the income statement.

Financial statements of foreign subsidiaries

Income statements and cash flows of foreign subsidiaries are translated into euro at the weighted average exchange rate during the financial period. Their balance sheets are translated at the closing rate at the balance sheet date. The translation differences arising from the translation of the profit for the period by using the average and closing rates are recognized 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 recognized in equity. If a subsidiary is disposed of, related cumulative translation differences deferred in equity are recognized on the income statement 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 euro 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

Items of tangible assets are stated at historical cost less cumulative depreciation and any impairment losses. Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets. Depreciation is charged to the income statement 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 financial period in which they are incurred except for large renovation expenditure relating to leased premises that are capitalized 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 balance sheet 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.

Intangible assets

Goodwill

After 1 January 2004 goodwill represents the Group's share of difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired measured at the acquisition date. 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 amortized 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 recognized as an expense in the period in which it is incurred. Development costs that arise from design of new or improved products are capitalized as intangible assets in the balance sheet when the product is technically and commercially feasible and it will generate future economic benefits. Amortization of such an asset is commenced when it is available for use. Unfinished assets are tested annually for impairment.

Comptel capitalizes development costs and costs related to internal system projects meeting the requirements under IAS 38. Capitalized development costs are amortized on a straight-line basis over three years and the costs related to internal system projects over four years, respectively.

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 the income statement.

Other intangible assets

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

The capitalized patent costs are generally amortized over ten years and licenses over four years, respectively.

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

Identifiable intangible assets acquired on a business combination are measured at fair value. Such intangible assets relate to client relationships and technologies received in an asset deal and they are amortized 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 risks and rewards of ownership to the lessee. 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 treated as operating leases. Payments made thereunder are charged to the income statement as rental expenses on a straight-line basis over the lease term.

Impairment

Tangible and intangible assets

Comptel assesses at each balance sheet 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 the income statement. 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 recognized as an expense in the income statement in the year to which they relate. Other plans are classified as defined benefit plans.

In a defined benefit plan the liability to be recognized on the balance sheet is the net amount of the net present value of the pension obligation and the plan assets measured at fair value at the balance sheet date, adjusted with both unrecognized actuarial gains and losses as well as with unrecognized past service cost. The calculation for pension obligations is carried out by qualified actuaries. The amount of the obligation is based on the projected unit credit method. Pension expenses are recognized on the income statement over the expected working lives of the employees participating in the plan.

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 the income statement 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 a share-based incentive program. The share-based incentive program provides 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 program is paid as a combination of company shares and cash after the vesting period has expired. The cost of the share-based incentive program is recognised as employee benefit expense in the financial period whose profit determines the vesting of the share-based incentive.

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 recognized 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 warranty provision is recognized when a product that embodies a warranty is sold. The amount of the warranty provision is based on experience-based information about the materialization of warranty costs.

A restructuring provision is recognized when Comptel has prepared a detailed plan for restructuring and commenced the implementation of the plan or 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 recognized for the expenditure arising from the Group's continuing operations.

A provision for onerous contracts is recognized when the expected 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 income statement 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. Deferred tax relating to items charged or credited directly to equity is itself charged or credited directly to equity.

Deferred tax assets and liabilities are provided using the balance sheet 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 balance sheet date is used as the tax rate. In Comptel the main temporary differences arise from the depreciation on tangible assets not deducted in taxation, the fair value measurement of derivatives, capitalization of development costs and the reversal of goodwill amortization on Group level.

Deferred tax liabilities are recognized at their full amounts on the balance sheet, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Revenue recognition and net sales

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognized when the service has been performed. License revenue that includes no work performance is recognized 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 is charged for the increased number of subscribers. This license upgrade revenue is recognized upon invoicing. Maintenance revenue is recognized on a straight-line basis over the maintenance term.

Long-term projects

Revenue and expenses from a long-term project are recognized 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. When it is probable that total project costs will exceed total project revenue, the expected loss is recognized 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 recognized to cover costs under warranty periods following the completion of the projects. The total estimated margin of onerous projects is recognized 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.

Trade receivables

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

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. Unrealized and realized gains and losses arisen from fair value measurement are recognized in the income statement in the period in which they occur.

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 and hedge accounting

Derivatives are initially recognized in the balance sheet at cost, equivalent to their fair value and are subsequently measured to fair value. Gains and losses arising from the fair value measurement are accounted for in accordance with the purpose of the derivative in the financial statements. Those derivatives that are used for hedging purposes and are effective hedges are presented consistently with the hedged item in the income statement. When Comptel enters into a derivative contract, it is accounted for either as a fair value hedge of assets, liabilities or a firm commitment or, in respect of currency risk as a cash flow hedge, a hedge of a highly probable forecast transaction or as a derivative that does not meet the conditions of hedge accounting under IAS 39.

At the inception of a hedge relationship, 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 balance sheet 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 recognized on the income statement together with the fair value changes of the hedged asset or liability attributable to the hedged risk.

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 recognized directly in equity in the hedging reserve. The gains or losses recognized directly in equity are reclassified into profit or loss in the same period during which the hedged item affects profit or loss. Those gains and losses resulting from the instruments hedging the expected sales denominated in foreign currency are adjusted against sales revenues. If the hedged forecast transaction subsequently results in the recognition of a non-financial asset, the associated gains and losses are removed from equity and are included in the cost of the asset. 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 recognized directly in equity until the forecast transaction occurs. However, if the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognized directly in equity is recognized immediately in the income statement.

Dividends

The dividend proposed by the board of directors is not recognized 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 requires 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 balance sheet date. Possible changes in estimates and assumptions are recognized 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 balance sheet 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 capitalized 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 14. Intangible assets.

Revenue recognition

As described above under the heading Revenue recognition principles revenue and expenses from long-term projects are recognized 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 the income statement is changed if the estimate of the outcome of a project changes, 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 charged to the income statement immediately when it is identified and can be estimated reliably. Additional information about the long-term contracts is presented in note 3. Revenue recognition using percentage of completion method.

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:

- Amendment to IAS 1 *Presentation of Financial Statements* (effective on annual periods beginning on 1 January 2009). The amendments mainly deal with the presentation of the income statement and statement of changes in equity. The amended standard is not yet endorsed by the EU.

- IFRS 8 *Operating Segments.* The core principle in the standard is that identifying the segments is based on management reporting. Comptel will adopt the standard in 2009. Comptel is currently evaluating the effects of the standard on reportable segments. At present it is not possible to determine how the new standard will affect the segment reporting.

Other standards, their amendments and interpretations already published and which have a later effective date are not relevant to Comptel.

2. Segment reporting

Comptel operates globally in all geographical market areas. Geographical market areas differ from each other in terms of price level, competitive position and Comptel's own resource investments. Comptel reports only according to geographical segments. The segment division is based on the geographical location of customers. Geographical segments are Europe, Americas, Middle East and Africa and Asia-Pacific. Segment information reported on these four segments covers net sales, operating profit, depreciation and amortisation, assets and liabilities as well as capital expenditure. Segment expenses include sales and customer service expenses. Unallocated expenses relate to product management, research and development as well as to administration units. Segment assets and liabilities include current trade receivables, prepayments and accrued income, current liabilities and tangible assets directly attributable to the segments. Unallocated assets consist of cash and cash equivalents, tax assets, prepayments and accruals and goodwill. Unallocated liabilities comprise tax liabilities, accrued expenses, provisions and other current liabilities.

2007, EUR 1,000 Geographical segments	Europe	Americas	Middle East and Africa	Asia-Pacific	Group
Net sales	48,481	7,250	9,791	16,878	82,399
Segment share of operating profit	28,286	3,922	5,713	9,529	47,451
Unallocated expenses					-30,933
Operating profit					16,518
Profit for the period					**10,854**
Segment assets	33,692	5,467	5,497	7,716	52,372
Goodwill					10,832
Investment in associates					513
Unallocated assets					9,914
Total assets					**73,631**
Segment liabilities	6,847	926	1,515	1,175	10,463
Unallocated liabilities					11,022
Total liabilities					**21,485**
Capital expenditure	659	74	67	254	1,054
Unallocated capital expenditure					854
Total capital expenditure					**1,908**
Segment depreciation and amortisation	1,201	68	55	228	1,552
Unallocated depreciation and amortisation					2,788
Total depreciation and amortisation					**4,340**

2006, EUR 1,000 Geographical segments	Europe	Americas	Middle East and Africa	Asia-Pacific	Group
Net sales	47,645	8,165	12,049	12,580	80,439
Segment share of operating profit	22,956	4,481	7,216	6,362	41,016
Unallocated expenses					-29,784
Operating profit					11,232
Profit for the period					**5,798**
Segment assets	19,099	4,316	8,694	5,482	37,591
Goodwill					10,832
Investment in associates					400
Unallocated assets					20,021
Total assets					**68,844**
Segment liabilities	10,469	666	1,100	601	12,836
Unallocated liabilities					9,391
Total liabilities					**22,228**
Capital expenditure	1,307	127	78	370	1,882
Unallocated capital expenditure					1,366
Change to the acquisition of business operations (asset transaction)					-1,771
Total capital expenditure					**1,477**
Segment depreciation and amortisation	1,167	69	57	222	1,515
Unallocated depreciation and amortisation					3,034
Total depreciation and amortisation					**4,549**

3. Revenue recognition using percentage of completion method

EUR 1,000	2007	2006
Net sales recognized as revenue according to percentage of completion	16,256	20,916
Amount recognized as revenue during the financial year and previous years for long-term projects in progress	13,729	16,157
Backlog of orders of long-term projects according to percentage of completion	9,395	9,152
Prepayments and accrued income recognized on the basis of percentage of completion	3,300	3,460
Deferred income and accruals recognized on the basis of percentage of completion	2,735	1,541

4. Other operating income

EUR 1,000	2007	2006
Gains on disposal of tangible and intangible assets	11	0
Other income items	47	109
Total	**57**	109

5. Materials and services

EUR 1,000	2007	2006
Purchases during the period	2,741	2,395
External services	5,232	5,533
Total	**7,973**	7,929

6. Employee benefits

EUR 1,000	2007	2006
Wages and salaries	26,768	29,166
Pension expenses - defined contribution plans	3,615	4,133
Pension expenses - defined benefit plans	-11	-4
Share options granted	515	283
Expenses related to share-based incentive program	301	299
Other social security costs	2,800	2,515
Total	**33,989**	36,391

The average number of employees in the Group during the financial year	2007	2006
Europe	449	468
Americas	20	20
Middle East and Africa	13	8
Asia-Pacific	73	65
Total	**555**	561

Information on the remuneration of the Group management is presented in note 28. Related party transactions.
Information on the options granted and on the management's share in the share-based incentive plan is presented in note 20. Share-based payments.

7. Depreciation, amortisation and impairment charges

EUR 1,000	2007	2006
Depreciation and amortisation by asset type:		
Intangible assets		
Patents and trademarks	32	13
Capitalised development costs	999	1,517
Other intangible assets	1,839	1,892
Total	**2,870**	3,421
Tangible assets		
Machinery and equipment	1,333	1,121
Total	**1,333**	1,121
Impairment charges by asset type:		
Patents and trademarks	119	7
Other intangible assets	18	0
Total	**137**	7
Total depreciation, amortisation and impairment charges	**4,340**	4,549

8. Other operating expenses

EUR 1,000	2007	2006
Lease payments	4,030	3,985
Sales and marketing expenses	5,967	5,195
Expenses relating to restructuring of acquired business operations	0	2,735
Other operating expenses	9,638	8,533
Total	**19,635**	20,448

9. Research and development costs

The research and development costs recognized as expenses in the income statement amounted to 7,412 thousand euro in 2007 (9,352 thousand euro in 2006). These figures only include direct research and development expenses excluding related overheads.

The capitalized development expenditure totalled 2,921 thousand euro (1,727 thousand euro in 2006). The amortization of the capitalized development costs amounted to 1,031 thousand euro (1,529 thousand euro in 2006). A write-down of 119 thousand euro was made on the capitalised development costs in 2007.

10. Financial income and expenses

EUR 1,000	2007	2006
Interest income from cash and cash equivalents	357	209
Interest income from other receivables	0	1
Foreign exchange gains from other receivables and other liabilities	576	576
Interest expenses from other liabilities	-10	-12
Foreign exchange losses from other receivables and other liabilities	-1,142	-740
Other financial expenses	-17	-6
Total	**-236**	28

OTHER INCOME STATEMENT ITEMS INCLUDE FOREIGN EXCHANGE DIFFERENCES AS FOLLOWS:

EUR 1,000	2007	2006
Net sales	1,005	-191
Materials and services	98	0

Net sales include foreign exchange gains arisen from hedging of sales amounting to 137 thousand euro in 2007 (789 thousand euro in 2006).

The foreign exchange gain related to purchases in 2006, 119 thousand euro, was presented under Other financial income. The foreign exchange loss related to purchases, 2 thousand euro, was presented under Other financial expenses. In the table above these amounts are included in foreign exchange gains and losses.

In 2007 the foreign exchange differences arisen from purchases are included in the line item Materials and services.

11. Income taxes

EUR 1,000	2007	2006
Current tax expense	3,517	2,577
Adjustments for previous years' taxes	-22	6
Deferred taxes	948	737
Withholding taxes	1,098	2,088
Total	**5,542**	5,408

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 recognized and paid these taxes withheld at source for 2004 in 2005. According to the Board of Adjustment's decision currently in force, in 2006 Comptel Corporation expensed taxes withheld at source amounting to 1.1 million euro for the year 2005 and 1.0 million euro for the year 2006, totalling 2.1 million euro. In 2007 Comptel Corporation expenses taxes withheld at source 1.1 million euro.

Comptel Corporation has received licence 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.

Comptel Corporation continues its activities to attain an adjustment to the above mentioned decision to avoid double taxation.

Reconciliation between the income tax expense recognized in the Income statement and the taxes calculated using the Group's domestic corporate tax rate 26%:

EUR 1,000	2007	2006
Profit before taxes	16,396	11,206
Income tax calculated using the domestic corporation tax rate	4,263	2,914
Effect of tax rates in foreign jurisdictions	83	67
Tax exempt income	-14	-77
Non-deductible expenses	150	126
Options and share-based payments	171	103
Share of profit / loss of associates	-29	-14
Utilization of previously unrecognized tax losses	-11	0
Withholding taxes	1,098	2,088
Depreciation reversed in taxation	-148	0
Taxes for previous years	-22	6
Change in unrecognized deferred tax assets	0	195
Income taxes in the consolidated income statement	**5,542**	5,408

12. Earnings per share

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

	2007	2006
Profit for the year attributable to equity holders of the parent (EUR 1,000)	10,848	5,766
Number of outstanding shares during the financial year, weighted average	106,848,199	107,054,810
Basic earnings per share (euro)	0.10	0.05

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 2007, the options did not have a dilutive effect in Comptel.

	2007	2006
Profit for the year attributable to equity holders of the parent (EUR 1,000)	10,848	5,766
Number of outstanding shares during the financial year, weighted average	106,848,199	107,054,810
Diluted earnings per share (euro)	0.10	0.05

13. Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2007	6,056
Additions	1,460
Disposals	-36
Exchange difference	2
Cost at 31 Dec 2007	7,482
Accumulated depreciation at 1 Jan 2007	-3,764
Depreciation	-1,333
Disposals	17
Exchange difference	-1
Accumulated depreciation at 31 Dec 2007	-5,082
Book value at 1 Jan 2007	2,292
Book value at 31 Dec 2007	**2,400**
Cost at 1 Jan 2006	5,066
Additions	1,041
Disposals	-52
Cost at 31 Dec 2006	6,056
Accumulated depreciation at 1 Jan 2006	-2,643
Depreciation	-1,121
Accumulated depreciation at 31 Dec 2006	-3,764
Book value at 1 Jan 2006	2,423
Book value at 31 Dec 2006	**2,292**

14. Intangible assets

EUR 1,000	Goodwill	Patents and trademarks	Development costs	Other intangible assets	Total
Cost at 1 Jan 2007	10,832	525	8,490	7,981	27,828
Additions		187	2,735	516	3,437
Disposals				-27	-27
Exchange difference				3	3
Cost at 31 Dec 2007	10,832	711	11,225	8,473	31,242
Accumulated amortisation at 1 Jan 2007	0	-35	-5,581	-3,506	-9,121
Amortisation		-32	-999	-1,839	-2,870
Impairment loss		-119		9	-110
Exchange difference				3	3
Accumulated amortisation at 31 Dec 2007	0	-185	-6,580	-5,333	-12,097
Book value at 1 Jan 2007	10,832	490	2,910	4,475	18,707
Book value at 31 Dec 2007	**10,832**	**526**	**4,645**	**3,140**	**19,144**
Cost at 1 Jan 2006	12,543	412	6,876	7,510	27,341
Additions	60	113	1,614	464	2,250
Disposals	-1,771				-1,771
Exchange difference				7	7
Cost at 31 Dec 2006	10,832	525	8,490	7,981	27,828
Accumulated amortisation at 1 Jan 2006	0	-15	-4,064	-1,614	-5,693
Amortisation		-13	-1,517	-1,884	-3,414
Impairment loss		-7			-7
Exchange difference				-7	-7
Accumulated amortisation at 31 Dec 2006	0	-35	-5,581	-3,506	-9,121
Book value at 1 Jan 2006	12,543	397	2,812	5,896	21,648
Book value at 31 Dec 2006	10,832	490	2,910	4,475	18,707

Allocation of goodwill

The goodwill arisen in the asset transaction with EDB Partner relates to know-how of the employees, market expertise and technology development potential. The expected future cash flows may be generated from all market areas, therefore goodwill can not be specifically allocated to any of the geographical segments alone. The goodwill arisen in the asset transaction carried out in 2005 was decreased in 2006 due to the decrease of the purchase consideration.

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 of 13% is lower than in the previous year.

The cash flows after the five-year period have been forecast by estimating the future growth rate of net sales to be 2%. 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 realization of an impairment loss would require the actual operating profit (EBIT) level to be 90% lower than the management's estimate at the balance sheet date, or that the discount rate was over 35%.

15. Investments in associates

EUR 1,000	2007	2006
Carrying amount at 1 Jan	400	454
Share of results	113	-54
Carrying amount at 31 Dec	**513**	**400**

The carrying amount of goodwill included in the carrying amount of the investment in the associate amounted to 400 thousand euro at 31 December 2007 (31 December 2006: 400 thousand euro).

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

	Assets	Liabilities	Net sales	Profit/loss	Ownership%
2007					
Tango Telecom Ltd.	2,759	765	5,207	1,131	20
2006					
Tango Telecom Ltd.	1,915	1,052	3,198	243	20

16. Deferred tax assets and liabilities

Movements in temporary differences during 2007:

EUR 1,000	31 Dec 2006	Recognized in the income statement	Recognized in equity	31 Dec 2007
Deferred tax assets				
Provisions	121	-43		78
Reversal of depreciation and amortisation in taxation	525	-39		486
Forward contracts hedging backlog of orders	13		-13	0
Impairment loss on trade receivables	0	301		301
Other tax deductible temporary differences	56	-138		-82
Total	**714**	**81**	**-13**	**783**
Deferred tax liabilities				
Capitalisation of intangible assets	885	461		1,346
Impact of goodwill amortisation in taxation	704	563		1,267
Cumulative depreciation difference	15	0		15
Forward contracts hedging backlog of orders	0		27	27
Other taxable temporary differences	0	5		5
Total	**1,604**	**1,029**	**27**	**2,660**

Movements in temporary differences during 2006:

EUR 1,000	31 Dec 2005	Recognized in the income statement	Recognized in equity	31 Dec 2006
Deferred tax assets				
Provisions	19	102		121
Reversal of depreciation and amortisation in taxation	612	-87		525
Forward contracts hedging backlog of orders	42		-29	13
Other tax deductible temporary differences	9	47		56
Provision for expected loss on long-term projects	127	-127		0
Total	809	-66	-29	714
Deferred tax liabilities				
Capitalisation of intangible assets	777	108		885
Impact of goodwill amortisation in taxation	141	563		704
Cumulative depreciation difference	15			15
Total	933	671		1,604

17. Trade receivables and other current receivables

EUR 1,000	2007	2006
Trade receivables	27,081	28,193
Receivables from associates	179	150
Prepayments	108	465
Accruals from long-term projects	3,300	3,460
Other prepayments and accrued income	5,259	1,424
Total	**35,927**	33,692

Comptel has recognised credit losses on trade receivables totalling 1,176 thousand euro in 2007 (2006: 117 thousand euro). The credit losses mainly relate to a client operating in a war zone. 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.

Ageing analysis of trade receivables and the amounts recognised as credit losses

EUR 1,000	Gross 2007	Credit loss	Net 2007
Not past due	14,979		14,979
1–30 days past due	2,873		2,873
31–90 days past due	2,590		2,590
91–180 days past due	1,746		1,746
181–360 days past due	3,423		3,423
Over 360 days past due	2,646	-1,177	1,469
Total	**28,258**	**-1,177**	**27,081**

EUR 1,000	Gross 2006	Credit loss	Net 2006
Not past due	16,535		16,535
1–30 days past due	4,140		4,140
31–90 days past due	2,385		2,385
91–180 days past due	2,443		2,443
181–360 days past due	1,457		1,457
Over 360 days past due	1,761	-527	1,234
Total	28,720	-527	28,193

18. Cash and cash equivalents

EUR 1,000	2007	2006
Cash at bank and in hand	11,983	8,324
Liquid investments	2,725	4,610
Total	**14,708**	12,934

Investments in mutual funds are measured at fair value through income statement on a monthly basis.

19. Capital and reserves

THE RECONCILIATION OF MOVEMENT IN THE NUMBER OF SHARES:

EUR 1,000	Number of shares	Share capital	Share premium	Fund of invested non-restricted equity	Treasury shares	Total
At 1 Jan 2006	107,054,810	2,141	7,368	0	0	9,509
Transfer between reserves			-7,368	7,368		0
At 31 Dec 2006	107,054,810	2,141	0	7,368	0	9,509
Acquisition of Corporation's own shares	-410,000				-792	-792
Transfer of treasury shares	189,241				365	365
Return of treasury shares	-19,582					0
At 31 Dec 2007	**106,814,469**	**2,141**	**0**	**7,368**	**-427**	**9,082**

The maximum number of Comptel Corporation shares is 500 million at 31 December 2007 (31 December 2006: 500 million). The counter-book value of a share is 0.02 euro per share and the maximum share capital amounts to 8,400,000.00 euro (31 December 2006: 8,400,000.00 euro). All shares issued have been fully paid.

The descriptions of the reserves under equity are as follows:

Fund of invested non-restricted equity

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

Translation reserve

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

Fair value reseve

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 cost of treasury shares held by the Group.

During the period of 21 February 2007–6 March 2007 Comptel Corporation acquired 410,000 own shares through OMX Nordic Exchange Helsinki. The cost of the shares totalled 792 thousand euro. Comptel Corporation transferred 189,241 treasury shares gratuitously to the persons in the share-based incentive plan for the year 2006. At the end of financial year the company had 240,341 treasury shares.

Dividends

After 31 December 2007 the Board of Directors has proposed a dividend to be paid 0.06 euro per share.

20. Share-based payments

Share options

The Group has had two share option schemes during the financial year. The options in question have been granted to the key personnel as well as to the subsidiaries fully owned by Comptel Corporation. The subscription period of the other option scheme will expire on 31 December 2008. The subsciption period of the other option scheme approved in 2006 will begin on 1 November 2008 and expire on 30 November 2012.

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

	2007		2006	
	Weighted average exercise price, €/share	Number of options	Weighted average exercise price, €/share	Number of options
Outstanding at the beginning of the year	**3.99**	**3,346,500**	5.36	2,577,300
Granted during the year	**1.99**	**1,320,000**	1.88	1,450,000
Forfeited during the year	**1.90**	**-220,000**	2.11	-152,600
Exercised during the year	**0.00**	**0**	0.00	0
Expired during the year	**0.00**	**0**	5.01	-528,200
Outstanding at the end of the year	**3.50**	**4,446,500**	3.99	3,346,500
Exercisable at the end of the year	**5.26**	**2,106,500**	5.26	2,106,500

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

Year of expiration	2007		2006	
	Average exercise price, €/share	Number of shares	Average exercise price, €/share	Number of shares
2008	**5.26**	**2,106,500**	5.26	2,106,500
2010	**1.84**	**1,110,000**	1.84	1,240,000
2011	**1.99**	**1,230,000**	0.00	0

The fair value of the share options granted during the financial year was 0.73 euro (0.61 euro in 2006), determined using the Black-Scholes option pricing model. The inputs used in the Black-Scholes formula were as follows:

	2007	2006
Weighted average share price (euro)	**2.1**	1.9
Exercise price (euro)	**2.0**	1.8
Expected volatility	**30%**	30%
Expected option life	**4.6**	4.6
Risk-free interest rate	**4.75%**	3.19%

The expected volatility has been determined using the historical volatility of the Comptel's share price during the 12 months' period prior to the grant date.

In 2007 the expense recognised in respect of the option schemes amounted to 515 thousand euro (2006: 283 thousand euro).

Share-based incentive plan

The key personnel of the Group has had a share-based incentive program since 2006. The program provides the target group a possibility to receive shares of the parent company as a compensation for meeting the performance criteria set covering three periods of one calendar year in length. The calendar years 2006, 2007 and 2008 are the vesting periods. The compensation based on the share-based incentive program is paid as a combination of company shares and cash after the vesting period has expired. A participant has to possess the shares paid as compensation at least for two years after the end of the vesting period. The maximum number of shares that may be allocated through the incentive plan is 960,000 shares and cash 1.5 times the value of the shares measured at the grant date may be paid.

The amount of the compensation to be paid out based on the share-based incentive program is bound the growth of net sales and operating profit ratio of the Comptel Group. The compensation is not paid to key personnel, whose employment in a Group company has ended prior to the expiration of the vesting period. However, in these cases the Board of Directors may in decide on a key person's right to the compensation vested by the end of the employment.

The expense incurred from the program is recognized as employee benefit expense in the financial period whose profit determines the vesting of the share-based incentive. In 2007, 301 thousand euro was expensed (2006: 299 thousand euro), of which 99 thousand euro is the portion to be paid in cash (2006: 185 thousand euro). The maximum amount to be paid out based on the share-based incentive program in 2007 is 427 thousand euro (2006: 332 thousand euro), of which 220 thousand euro (2006: 206 thousand euro) is the portion to be paid in cash.

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

21. 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. In addition, Comptel has a voluntary additional pension plan to certain employees in Finland and this arrangement has been accounted for as a defined benefit plan. During the financial year 2007 part of the pension insurances have been modified and they are now defined contribution plans. The effects of the modifications are presented on the line Curtailment.

The resulting defined benefit pension obligation is included in the line item Provisions in the balance sheet.

LIABILITY FOR DEFINED BENEFIT OBLIGATIONS IN BALANCE SHEET:

EUR 1,000	2007	2006
Present value of obligations	102	586
Fair value of plan assets	-93	-336
Net liability	9	250
Unrecognized actuarial gains (+) and losses (-)	-170	-255
Curtailment	145	0
Obligation in the balance sheet	**-16**	**-6**

DEFINED BENEFIT EXPENSE RECOGNISED IN THE INCOME STATEMENT:

EUR 1,000	2007	2006
Current service cost	83	77
Interest expense	29	24
Curtailment	-120	0
Expected return on plan assets	-17	-10
Actuarial gains (-) and losses (+)	14	17
Total	**-11**	108

Movements in the present value of the obligation:

EUR 1,000	2007	2006
Obligation at the beginning of the period	586	527
Current service cost	83	77
Interest expense	29	24
Actuarial gains (-) and losses (+)	-6	-42
Curtailment	-590	0
Obligation at the end of the period	**102**	**586**

Movements in the fair value of plan assets:

EUR 1,000	2007	2006
Fair value of plan assets at the beginning of the period	336	220
Expected return on plan assets	17	10
Actuarial gains (+) and losses (-)	65	-6
Contributions into the plan paid by the employer	0	112
Curtailment	-325	0
Fair value of plan assets at the end of the period	**93**	**336**

Principal actuarial assumptions at 31 December:

	2007	2006
Discount rate	5.10%	4.40%
Expected return on plan assets	3.15%	4.40%
Future salary increases	4.00%	3.0% and 4.0%

EUR 1,000	2007	2006
Actual return on plan assets	83	4

EUR 1,000	2007	2006
Present value of the obligation	102	586
Fair value of plan assets	93	336
Surplus (+) / Deficit (-)	**9**	**250**
Experience adjustments arising on plan assets	65	-6
Experience adjustments arising on plan liabilities	-40	20

22. Provisions

MOVEMENTS IN PROVISIONS DURING 2007:

EUR 1,000	Restructuring provisions	Provision for warranty	Lease provision	Other provisions	Total
Balance at 1 Jan 2007	165	0	0	23	188
Provisions made during the year		464	300		764
Provisions used during the year	-165			-11	-176
Balance at 31 Dec 2007	**0**	**464**	**300**	**12**	**776**

MOVEMENTS IN PROVISIONS DURING 2006:

EUR 1,000	Restructuring provisions	Onerous contracts	Other provisions	Total
Balance at 1 Jan 2006	1,081	845	27	1,953
Provisions used during the year	-916	-845	-4	-1,765
Balance at 31 Dec 2006	**165**	**0**	**23**	**188**

Restructuring provision

The provisions relate to the restructuring carried out in 2005. The provision that existed at the end of 2006 was used during the financial year 2007.

Provision for warranty

A provision for warranties is recognised when the underlying product including a warranty is sold. The provision is based on historical warranty data.

Lease provision

In the financial year 2007 a lease provision amounting to 300 thousand euro was recognised in respect of unoccupied leased facilities.

Other provisions

Other provisions include a provision for pension liabilities recognized in accordance with IAS 19 resulting from a voluntary additional pension arrangement.

23. Trade and other current liabilities

EUR 1,000	2007	2006
Trade payables	1,479	1,397
Trade payables and other current liabilities to associates	416	798
Accrued expenses and deferred income	13,246	14,406
Other liabilities	2,771	2,230
Total	**17,912**	18,831

The accrued expenses and deferred income mainly comprise accruals related to employee benefits.

24. Financial risk management

Comptel is exposed to financial risks in its ordinary business operations. The objective of Comptel's risk management is to minimize the adverse effects arising from fluctuations of financial markets on the Group earnings. The main financial risks for the Group are currency risk and credit risk. 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.The CFO identifies and evaluates risks and acquires the instruments needed for the hedging for risks in close co-operation with operative 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 risk management.

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). Other significant currencies are UK Pound Sterling (GBP) and Norwegian Krona (NOK).

Comptel hedges non-euro denominated commercial sales contracts, receivables and cash reserves and applies hedge accounting. The hedged currencies are US dollar (USD) and UK pound sterling (GBP), of which USD is the more important. The sales denominated in NOK is considered to be operationally hedged, so it is not hedged by using derivatives. The currency position is monitored on a 12 month periods.

The hedging instruments are forward contracts entered into with banks. The hedged risk relates to currency risk of firm commitments denominated in foreign currencies (hedge of future cash flows) that finally always affects the result (defined risk). The hedging forward contract is always 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 and consequently the hedge is effective. The potential ineffectiveness may result from a possible over-hedging or underhedging.

The invoicing of sales orders follows the progress of projects, which causes timely uncertainty. Moreover, the realized 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. The ineffective portion of a hedge is recognized in the income statement.

Interest rate risk

Comptel has no interest-bearing liabilities. Short-term investments in financial markets expose Comptel's liquid reserves to interest rate risk but its effect is not significant. Comptel's revenues and operating cash flows are mainly independent of the fluctuations of market rates.

Credit risk

Credit risk management principles are defined in Comptel's documented procedures (Risk Management Principles, Currency hedging in Comptel Corporation and General principles of investment activities). 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 middle-sized 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.

The amount of credit losses recognised in the income statement in the financial year 2007 was 1.2 million euro (0.1 million euro in 2006). The credit losses have mainly arisen from a client operating in a war zone area. However, the Group has negotiated with the client on the continuance of the project and on the new terms of payments regarding such trade receivables that otherwise would be impaired. These trade receivables total 0.3 million euro (0.3 million euro in 2006). The maximum amount of Comptel's credit risk equals the carrying amount of financial assets at the end of the financial year. The ageing analysis of trade receivables is presented in note 17. Trade receivables and other current receivables.

Liquidity risk

The main source of financing for Comptel is operating cash flow. The cash position is monitored on a weekly basis. Part of the Group's cash resources is invested in mutual fund following the principles approved by the Board of Directors. At 31 December 2007 the Group's cash and cash equivalents totalled 14.7 million euro (12.9 million euro at 31 December 2006). The Group had no interest-bearing loans at 31 December 2007 nor 31 December 2006.

Capital structure management

Comptel aims to continue its profitable growth by investing in development activities and strengthening its presence in global market. In addition the Group has also actively considered the possibility to enter into focused business combinations. Resulting from this the amount of cash and cash equivalents has been kept on a higher level.

Gearing in 2007 and 2006 was as follows:

EUR 1,000	2007	2006
Interest-bearing liabilities	0	0
Cash and cash equivalents	-14,708	-12,934
Interest-bearing net liabilities	-14,708	-12,934
Equity	52,147	46,617
Gearing	**-28.2%**	**-27.7%**

Exposure to currency risk

EUR 1,000	2007			2006		
	USD	NOK	GBP	USD	NOK	GBP
Trade receivables	12,439	1,585	1,753	7,904	245	581
Cash and cash equivalents	45	75	292	1,260	84	1,911
Trade payables	-144	-2	-162	-16	0	0
Net balance sheet exposure	**12,339**	**1,659**	**1,883**	**9,148**	**329**	**2,492**
Order backlog (12 months)	6,784	2,499	284	4,257	3,156	2,199
Hedging						
Forward contracts (12 months)	-13,586	0	-682	-13,667	0	-3,723
Total net exposure	**5,537**	**4,157**	**1,485**	**-262**	**3,485**	**968**

The average hedged foreign exchange rate for the following 12 months was 1.42 USD at 31 December 2007 (1.29 USD at 31 December 2006). As the Dollar has weakend the impact of the change in the hedging level on net sales during the year 2007 amounted approximately 1.4 million euro.

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 as follows:

EUR 1,000 2007	Equity	Income statement
USD	-92/92	184/-184
NOK	123/-123	123/-123
GBP	89/-89	89/-89

2006	Equity	Income statement
USD	-334/334	-25/25
NOK	24/-24	24/-24
GBP	-91/91	129/-129

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. trade receivables, cash and cash equivalents, trade payables and derivatives
- the position excludes future foreign currency cash flows

The “Equity” column includes both items recognised directly in equity and those affecting equity through the income statement.

Fair values of financial assets and liabilities

For trade and other receivables as well as for trade payables and other 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:

2007

EUR 1,000	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
Cash flow hedges			
Recognized in equity	106		3,054
Fair value hedges			
Recognized in the income statement	405		11,214

Currency forward contracts recorded in equity will be recognized in the income statement during 2008.

2006

EUR 1,000	Positive fair value (carrying amount)	Negative fair value (carrying amount)	Nominal value of underlying instrument
Cash flow hedges			
Recognized in equity		50	7,155
Fair value hedges			
Recognized in the income statement	268		10,236

25. 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	2007	2006
Depreciation, amortisation and impairment charges	4,340	4,549
Exchange differences	566	281
Share of profit / loss of associates	-113	54
Exchange differences	-143	-53
Share-based payments	631	583
Other adjustments	-150	0
Total	**5,131**	5,414

26. Operating leases

MINIMUM LEASE PAYMENTS ON NON-CANCELLABLE OFFICE FACILITIES LEASES AND OTHER OPERATING LEASES ARE PAYABLE AS FOLLOWS:

EUR 1,000	2007	2006
Less than one year	3,411	3,518
Between one and five years	11,560	7,561
More than five years	4,595	1,253
Total	**19,567**	12,332

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 income statement for the year 2007 includes lease expenses for the office premises amounting to 3,465 thousand euro (2006: 3,490 thousand euro).

27. Commitments and contingencies

EUR 1,000	2007	2006
Bank guarantees	1,132	775

28. Related party transactions

THE COMPTEL GROUP COMPANIES ARE AS FOLLOWS:

Company	Domicile	Group holding (%)	Group voting (%)
Comptel Oyj	Finland		
Business Tools Oy	Finland	60.42	60.42
Comptel Communications AS	Norway	100.00	100.00
Comptel Communications Brasil Ltda	Brazil	100.00	100.00
Comptel Communications Inc.	USA	100.00	100.00
Comptel Communications Oy	Finland	100.00	100.00
Comptel Communications Sdn Bhd	Malaysia	100.00	100.00
Comptel Passage Oy	Finland	100.00	100.00
Comptel Ltd	UK	100.00	100.00
Probatus Oy	Finland	60.42	60.42

The Comptel Group has a related party relationship with its associates, the Board of Directors, CEO, deputy CEO and the members of the Executive Board.

TRANSACTIONS, WHICH HAVE BEEN ENTERED INTO WITH RELATED PARTIES, ARE AS FOLLOWS:

EUR 1,000	2007	2006
Purchases of goods and services		
Associates	2,515	2,126

Liabilities to and receivables from associates have been specified in the notes to these balance sheet items (notes 17. and 23.).

Key management compensation

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

EUR 1,000	2007	2006
Salaries and other short-term employee benefits	1,605	1,364
Share-based payments	552	407

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

EUR 1,000	2007	2006
CEO	454	447
Board of Directors at 31 Dec 2007		
Hintikka Juhani	30	0
Kotilainen Timo	30	31
Lassila Juhani	31	31
Mustaniemi Matti	31	32
Riikkala Olli	54	53
Vaajoensuu Hannu	41	37
Former members of the Board of Directors		
Toivola Ilkka	2	29
Total	**673**	**660**

The retirement age of the CEO of the parent company is 62 years.

Management of the company was granted 160,000 share options in 2007 (2006: 240,000). At 31 December 2007 management had 723,400 share options, of which 453,400 were exercisable (2006: 625,400 share options, of which 475,400 exercisable).

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

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

29. Subsequent events

Comptel reorganised its operation in January 2008 by combining its sales and customer services units into regional businesses and by consolidating its four separate product units. The business is supported by the Group's global operations, administration and the human resources unit. The target of the new organisation is to improve business management by increasing decision-making close to customers and by enhancing the sales of end-to-end solutions.

Comptel Group's Executive Board comprises the following persons as of 8 January 2008: Mr. Sami Erviö, President and CEO, Mr. Harri Palviainen, Executive Vice President, and Ms. Arnhild Schia, Senior Vice President, to whom the four geographical areas report, Mr. Simo Sääskilahti, Senior Vice President, Products and Solutions, Mr. Markku Järvenpää, Senior Vice President, Global Operations Support, Mr. Veli Matti Salmenkylä, CFO, Administration, and Ms. Niina Pesonen, Senior Vice President, Human Resources.

Key **Figures**

Financial summary	FAS 2003	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007
Net sales, EUR 1,000	54,042	59,699	66,065	80,439	**82,399**
Net sales, change %	9.5	10.5	10.7	21.8	**2.4**
Operating profit, EUR 1,000	6,604	14,817	10,516	11,232	**16,518**
Operating profit, change %	199.1	124.4	-29.0	6.8	**47.1**
Operating profit, as % of net sales	12.2	24.8	15.9	14.0	**20.0**
Profit before taxes [1], EUR 1,000	6,139	15,283	10,815	11,206	**16,396**
Profit before taxes [1], as % of net sales	11.4	25.6	16.4	13.9	**19.9**
Return on equity, %	10.8	24.5	15.8	12.7	**21.9**
Return on investment, %	17.0	37.4	24.0	25.3	**32.9**
Equity ratio, % [2]	85.9	83.2	75.2	74.6	**77.6**
Gross investments in tangible and intangible assets, EUR 1,000 [3]	631	2,731	19,968	1,477	**1,908**
Gross investments in tangible and intangible assets, as % of net sales [3]	1.2	4.6	30.2	1.8	**2.3**
Research and development expenditure, EUR 1,000	5,542	6,271	8,154	11,079	**10,333**
Research and development expenditure, as % of net sales	10.3	10.5	12.3	13.8	**12.5**
Order backlog, EUR 1,000	23,184	19,953	24,482	29,483	**35,051**
Average number of employees during the financial period	466	412	462	561	**555**
Interest-bearing net liabilities, EUR 1,000 [4]	-27,514	-28,420	-9,632	-12,934	**-14,708**
Gearing ratio, % [4]	-70.1	-61.6	-21.5	-27.7	**-28.2**

1) Profit before extraordinary items and taxes (FAS)

2) When calculating the equity ratio for 2007, those deferred income items recognised on the basis of the percentage of completion method as well as deferred income arising from sales accruals have been accounted for as advances received. The comparative information has been restated.

3) Includes the acquisition of the EDB Telecom business in 2005. The aggregate gross capital expenditure excluding this acquisition amounted to 1,852 thousand euro, which was 2.8% of the net sales.

4) When calculating the gearing ratio, the cash pool presented in the current receivables was also included in cash and cash equivalents until 2004.

Per share data	FAS 2003	IFRS 2004	IFRS 2005	IFRS 2006	IFRS 2007
EPS, EUR	0.04	0.10	0.07	0.05	**0.10**
Diluted EPS, EUR	0.04	0.10	0.07	0.05	**0.10**
Equity per share, EUR	0.37	0.43	0.42	0.44	**0.49**
Dividend per share, EUR [5]	0.05	0.08	0.04	0.05	**0.06**
Dividend per earnings, % [5]	132.9	80.2	61.5	92.8	**59.1**
Effective dividend yield, % [5]	2.5	4.3	2.4	2.8	**4.2**
P/E ratio	53.7	18.6	25.2	33.4	**14.0**
Highest share price			2.32	2.01	**2.29**
Lowest share price			1.47	1.44	**1.36**
Market value at year end, EUR million			175.5	192.7	**151.7**
Adjusted number of shares at the end of period	107,054,805	107,054,810	107,054,810	107,054,810	**107,054,810**
of which the number of treasury shares					**240,341**
Adjusted average number of shares during the period	107,054,805	107,054,807	107,054,810	107,054,810	**106,848,199**
Average number of shares, dilution included	107,054,805	107,054,807	107,054,810	107,054,810	**106,848,199**

5) The Board's proposal

Definitions of **Key Figures**

$$\text{Return on equity \% (ROE)} = \frac{\text{Profit for the year}}{\text{Shareholders' equity (average during the year)}} \times 100$$

$$\text{Return on investment \% (ROI)} = \frac{\text{Profit before taxes + financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average during the year)}} \times 100$$

$$\text{Equity ratio \%} = \frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Net profit for the financial year attributable to equity shareholders}}{\text{Adjusted average number of shares for the financial year}}$$

$$\text{Dividend per share} = \frac{\text{Dividend}}{\text{Adjusted average number of shares for the financial year}}$$

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

$$\text{Effective divident yield \%} = \frac{\text{Dividend per share}}{\text{Share closing price at balance sheet date}} \times 100$$

$$\text{P/E-ratio} = \frac{\text{Share closing price at balance sheet date}}{\text{Earnings per share (EPS)}}$$

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

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

Parent Company
Income Statement, FAS

EUR 1,000	Notes	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Net sales	2	**80,565**	78,535
Other operating income	3	14	0
Materials and services	4	-6,217	-6,492
Personnel expenses	5	-21,750	-21,138
Depreciation and amortisation	6	-4,993	-4,854
Other operating expenses	7	-36,668	-38,280
		-69,628	-70,764
Operating profit		**10,951**	7,771
Financial income	8	895	607
Financial expenses	9	-906	-377
Profit before extraordinary items		**10,940**	8,002
Profit before appropriations and taxes		**10,940**	8,002
Income taxes	10	-4,205	-4,235
Profit for the period		**6,735**	3,766

Parent Company
Balance Sheet, FAS

EUR 1,000	Notes	31 Dec 2007	31 Dec 2006
ASSETS			
Non-current assets	11		
Goodwill		5,961	8,157
Other intangible assets		3,034	4,311
Tangible assets		1,709	1,608
Investments		1,230	1,230
		11,933	15,306
Current assets			
Non-current receivables	12	2,945	1,500
Current receivables	13	34,026	35,986
Marketable securities		2,725	4,610
Cash and cash equivalents		10,313	6,712
		47,063	47,309
TOTAL ASSETS		**61,942**	**64,114**
EQUITY AND LIABILITIES			
Capital and reserves	14		
Share capital		2,141	2,141
Fund of invested non-restricted equity		7,368	7,368
Retained earnings		23,371	25,729
Profit for the period		6,735	3,766
		39,615	39,004
Accumulated appropriations	15	59	59
Provisions	16	765	166
Liabilities			
Non-current liabilities	17	0	169
Current liabilities	18	21,502	24,716
TOTAL EQUITY AND LIABILITIES		**61,942**	**64,114**

Parent Company
Statement of Cash Flows, FAS

EUR 1,000	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Cash flows from operating activities		
Profit before extraordinary items	10,940	8,002
Adjustments:		
Depreciation and amortisation	4,993	4,854
Financial income and expenses	-445	-305
Change in working capital:		
Change in trade and other receivables	473	-6,005
Change in trade and other current liabilities	-3,213	1,657
Change in provisions	599	-398
Interest paid	-8	-4
Interest received	345	224
Taxes paid	-4,275	-2,198
Net cash from operating activities	**9,408**	5,826
Cash flows from investing activities		
Investments in tangible and intangible assets	-1,621	-1,122
Investments in other financial assets	0	-157
Change in purchase price (investments)	0	2,120
Dividends received from investments	52	78
Net cash used in investing activities	**-1,568**	919
Cash flows from financing activities		
Dividends paid	-5,332	-4,282
Acquisition of Corporation's own shares	-792	0
Net cash used in financing activities	**-6,124**	-4,282
Change in cash and cash equivalents	**1,715**	2,463
Cash and cash equivalents at the beginning of period	11,322	8,859
Cash and cash equivalents at the end of period	13,037	11,322
Change	**1,715**	2,463

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 organized under the laws of Finland. Founded in 1986 Comptel Corporation is one of the leading convergent mediation, charging, provisioning and network inventory software solution providers. Comptel Corporation is listed on OMX Nordic Exchange 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 euros has been rounded to the nearest thousand and consequently the sum of the individual figures can deviate from the total figure.

Comparability with the previous year
The figures for the financial year are comparable to the figures for the previous year.

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 recognized 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 amortization 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 capitalized under other long-term expenditure.

Depreciation and amortization is charged to the income statement on a straight-line basis over the estimated useful life of an asset. The depreciation/amortization 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 amortization period for goodwill is five years.

Tangible assets, intangible assets and other long-term expenditure classified as held for sale are not depreciated or amortized after the classification as held for sale. 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 recognized 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 recognized 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 recognized 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 current tax and the change in the deferred tax assets and liabilities.

Current tax is calculated on the taxable profit for the period using the enacted tax rate and is adjusted with the tax for previous years, if any.

Deferred tax assets and liabilities are provided using the balance sheet 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 balance sheet date is used as the tax rate.

Deferred tax liabilities are recognized at their full amounts on the balance sheet, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Revenue recognition and net sales

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognized when the service has been performed. License revenue that includes no work performance is recognized 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 recognized upon invoicing. Maintenance revenue is recognized on a straight-line basis over the maintenance term.

Long-term projects

Revenue and expenses from a long-term project are recognized 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 recognized as an expense immediately.

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

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

Trade receivables

Trade receivables are recognized 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 the domestic currency of the parent company.

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 recognized so that the interest rate difference, if material, is allocated over the term of the contract and the accrued portion is recognized in interest income or expenses. Exchange rate gains and losses are recognized 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 recognized 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 recognized 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 recognized in the income statement.

2. Net sales

EUR 1,000	2007	2006
By geographical area		
Europe	48,732	47,906
Americas	6,272	7,122
Middle East and Africa	9,853	12,115
Asia Pasific	15,708	11,392
Total	**80,565**	78,535

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	2007	2006
Net sales recognized as revenue according to percentage of completion	16,256	20,916
Amount recognized as revenue during the financial year and previous years for long-term projects in progress	13,729	16,157
Backlog of orders of long-term projects according to percentage of completion	9,395	9,152
Prepayments and accrued income recognized on the basis of percentage of completion	3,300	3,460
Deferred income and accruals recognized on the basis of percentage of completion	2,735	1,541

3. Other operating income

EUR 1,000	2007	2006
Gains on disposal of tangible and intangible assets	11	0
Other	3	0
Total	**14**	0

4. Materials and services

EUR 1,000	2007	2006
Purchases during the period	2,708	2,396
External services	3,508	4,096
Total	**6,217**	6,492

5. Personnel expenses

EUR 1,000	2007	2006
Wages and salaries	17,145	16,803
Pension expenses	3,154	2,880
Other social security costs	1,451	1,455
Total	**21,750**	21,138

Management salaries and other compensation

EUR 1,000	2007	2006
Members and deputy members of the Board of Directors	219	213

Information on the remuneration of the Group management is presented in more detail in note 28. Related party transactions to the consolidated financial statements.

	2007	2006
Average number of personnel	331	320

Pension commitments in respect of members of the Boards of Directors and CEO

The agreed retirement age for the parent company CEO is 62 years.

6. Depreciation and amortisation

EUR 1,000	2007	2006
Intangible rights	1,754	1,792
Other long-term expenditure	39	5
Machinery and equipment	1,004	830
Goodwill	2,196	2,226
Total	**4,993**	4,854

7. Other operating expenses

EUR 1,000	2007	2006
Operating lease payments	2,494	2,463
Sales and marketing expenses	3,426	4,093
Other operating expenses	30,748	31,724
Total	**36,668**	38,280

8. Financial income

EUR 1,000	2007	2006
Interest income		
From Group companies	48	24
From others	353	207
Dividend income		
From Group companies	52	78
Other financial income		
From others	0	127
Exchange gains		
From others	442	171
Total	**895**	607

9. Financial expenses

EUR 1,000	2007	2006
Interest expenses		
To others	0	1
Other financial expenses		
To others	8	4
Exchange losses		
To others	898	372
Total	**906**	377

10. Income taxes

EUR 1,000	2007	2006
Current tax expense	4,227	3,125
Taxes from previous years	-23	1,110
Total	**4,205**	4,235

11. Non-current assets

Intangible assets

EUR 1,000	Intangible rights	Goodwill	Other long-term expenditure	Total
Cost at 1 Jan 2007	7,387	11,132	235	18,754
Additions	306		210	516
Disposals			-27	-27
Cost at 31 Dec 2007	7,693	11,132	417	19,242
Accumulated amortisation at 1 Jan 2007	3,097	2,975	213	6,286
Amortisation	1,754	2,196	21	3,971
Amortisation related to disposed items			-9	-9
Accumulated amortisation at 31 Dec 2007	4,851	5,172	225	10,248
Book value at 31 Dec 2007	**2,841**	**5,961**	**193**	**8,995**

EUR 1,000	Intangible rights	Goodwill	Other long-term expenditure	Total
Cost at 1 Jan 2006	7,025	11,072	235	18,332
Additions	361	60		421
Cost at 31 Dec 2006	7,387	11,132	235	18,754
Accumulated amortisation at 1 Jan 2006	1,305	749	208	2,262
Amortisation	1,792	2,226	5	4,024
Accumulated amortisation at 31 Dec 2006	3,097	2,975	213	6,286
Book value at 31 Dec 2006	**4,289**	**8,157**	**21**	**12,468**

Tangible assets

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2007	3,137
Additions	1,124
Disposals	-28
Cost at 31 Dec 2007	4,233
Accumulated depreciation at 1 Jan 2007	1,529
Depreciation	1,004
Depreciation related to disposed items	-9
Accumulated depreciation at 31 Dec 2007	2,524
Book value at 31 Dec 2007	**1,709**

EUR 1,000	Machinery and equipment
Cost at 1 Jan 2006	2,437
Additions	701
Cost at 31 Dec 2006	3,137
Accumulated depreciation at 1 Jan 2006	700
Depreciation	830
Accumulated depreciation at 31 Dec 2006	1,530
Book value at 31 Dec 2006	**1,607**

Investments

EUR 1,000	Shares in Group companies	Shares in associated companies	Total
Cost at 1 Jan 2007	830	400	1,230
Cost at 31 Dec 2007	830	400	1,230
Book value at 31 Dec 2007	**830**	**400**	**1,230**

EUR 1,000	Shares in Group companies	Shares in associated companies	Total
Cost at 1 Jan 2006	673	400	1,073
Additions	157	0	157
Cost at 31 Dec 2006	830	400	1,230
Book value at 31 Dec 2006	**830**	**400**	**1,230**

12. Non-current receivables

EUR 1,000	31 Dec 2007	31 Dec 2006
Receivables from Group companies		
Loan receivables	2,945	1,500
Total	**2,945**	1,500
Non-current receivables total	**2,945**	1,500

A capital loan of 1.5 million euro has been granted to the subsidiary Comptel Communications Oy in accordance with the Companies Act chapter 12, constituting a non-current loan receivable.

13. Current receivables

EUR 1,000	31 Dec 2007	31 Dec 2006
Receivables from Group companies		
Loan receivables	0	3,325
Trade receivables	802	1,207
Other receivables	782	90
Total	**1,584**	4,622
Receivables from others		
Loan receivables	150	150
Prepayments	16	8
Trade receivables	24,616	26,335
Other receivables	2,668	1,344
Prepayments and accrued income	4,992	3,526
Total	**32,442**	31,364
Current receivables total	**34,026**	35,986
Specification of prepayments and accrued income		
Accrued income capitalised according to degree of completion	3,300	3,460
Other prepayments	1,692	66
Total	**4,992**	3,526

14. Equity

EUR 1,000	2007	2006
Share capital at 1 Jan	2,141	2,141
Share capital at 31 Dec	**2,141**	**2,141**
Share premium at 1 Jan	0	7,368
Transfer between reserves	0	-7,368
Share premium at 31 Dec	**0**	**0**
Fund of invested non-restricted equity at 1 Jan	7,368	0
Transfer between reserves	0	7,368
Fund of invested non-restricted equity at 31 Dec	**7,368**	**7,368**
Retained earnings at 1 Jan	29,495	30,011
Dividends paid	-5,332	-4,282
Acquisition of Corporation's own shares	-792	0
Retained earnings at 31 Dec	**23,371**	**25,729**
Profit for the financial year	**6,735**	**3,766**
Equity, total	**39,615**	**39,004**

Breakdown of distributable funds

EUR 1,000	31 Dec 2007	31 Dec 2006
Fund of invested non-restricted equity	7,368	7,368
Retained earnings	23,371	25,729
Profit for the financial year	6,735	3,766
Total	**37,474**	**36,863**

15. Accumulated appropriations

EUR 1,000	2007	2006
Accumulated depreciation difference at 1 Jan	59	59
Accumulated depreciation difference at 31 Dec	**59**	**59**

16. Provisions

EUR 1,000	2007	2006
Provisions at 1 Jan	166	564
Provisions made during the financial year	765	0
Provisions used during the financial year	-166	-398
Provisions at 31 Dec	**765**	**166**

The provision for 2006 related to personnel expenses and was used in the financial year 2007. The provisions for 2007 relate to the lease payments for unoccupied office facilities and warranties.

17. Non-current liabilities

EUR 1,000	31 Dec 2007	31 Dec 2006
Liabilities to others		
Other liabilities	0	169
Total	**0**	169

18. Current liabilities

EUR 1,000	31 Dec 2007	31 Dec 2006
Liabilities to Group companies		
Trade payables	1,624	1,590
Other liabilities	6,869	70
Accruals and deferred income	0	8,857
Total	**8,492**	10,517
Liabilities to others		
Trade payables	1,394	1,750
Other liabilities	630	987
Accrued expenses and deferred income	10,986	11,461
Total	**13,010**	14,198
Current liabilities total	**21,502**	24,716

Specification of accrued expenses and deferred income

EUR 1,000	31 Dec 2007	31 Dec 2006
Personnel expenses	4,060	3,850
Items recognized on the basis of percentage of completion method	2,735	1,541
Income taxes	0	971
Other accrued expenses and deferred income items	4,191	13,957
Total	**10,986**	20,319

Other accrued expenses and deferred income include items related to revenue recognition amounting to 6,394 thousand euro (2006: 6,480 thousand euro).

19. Collaterals, commitments and other contingent liabilities

EUR 1,000	31 Dec 2007	31 Dec 2006
Lease commitments		
Amounts payable during the next financial year	313	355
Amounts payable later	333	306
Total	**646**	661

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

Rental commitments		
Amounts payable during the next financial year	2,114	2,336
Amounts payable later	15,503	7,786
Total	**17,617**	10,122
Guarantees		
Bank guarantees due within one year	368	65
Derivative instruments		
Forward exchange contracts		
Market value	511	218
Value of underlying instrument	14,268	17,390

Forward exchange contracts are used for hedging purposes.

Proposal for the distribution of parent company profit

According to the parent company balance sheet at 31 December 2007 the parent company's equity was 39,615,369.16 euro of which the distributable funds were 37,474,272.96 euro. The parent company's net profit for the financial year 2007 was 6,735,027.92 euro.

The Board of Directors proposes to the Annual General Meeting the distributable funds be used as follows:

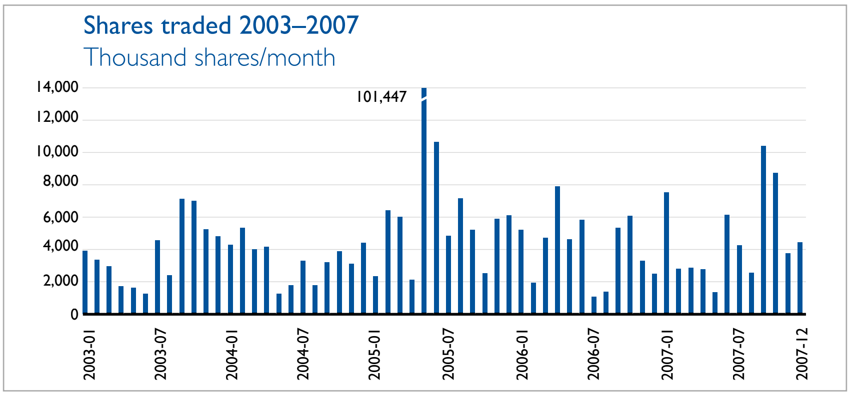
- dividend of 0.06 euro per share which makes in total 6,408,868.14 euro
- to be left in equity 31,065,404.82 euro

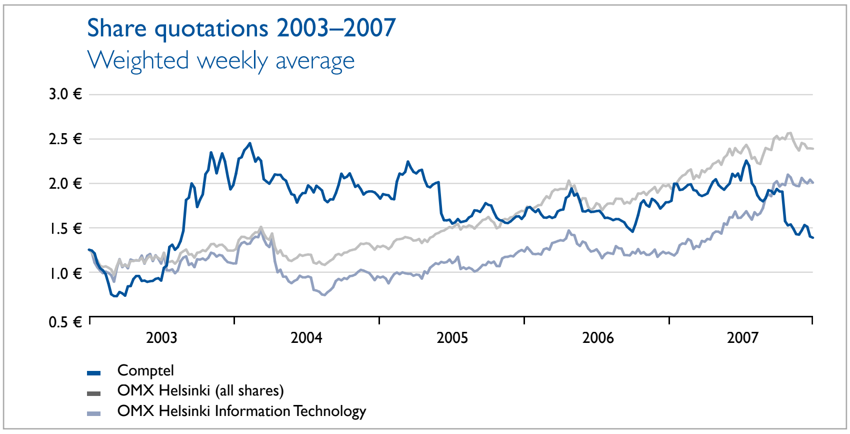
Shares and **Shareholders**

The share of Comptel Corporation is listed in the OMX Nordic Exchange in Helsinki under the code CTL1V and it is quoted on the Nordic Mid Cap List of OMX.

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 year ended. The company's share capital on 31 December 2007 amounted to 2,141,096.20 euro, and the total number of shares was 107,054,810.





Authorisations to the Board of Directors

Authorisation to decide on share issues

The Annual General Meeting on 19 March 2007 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 of the special rights.

New shares may be issued and the company's treasury shares held by the company may be conveyed to the company's shareholders in proportion to their present shareholdings in the company; or waiving the pre-emptive rights of the shareholders, through a directed share issue if the company has a weighty financial reason to do so, such as using the shares to develop the company's capital structure, as financing or in implementing acquisitions or other arrangements or in implementing the company's share-based incentive program.

The Board of Directors was authorised to grant option rights and other special rights referred to in Chapter 10, Section 1 of the Companies Act, which carry the right to receive, against payment, new shares of the company or the company's treasury shares held by the company in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price.

The subscription price of the new shares and the consideration payable for the company's own shares shall be recognised under the invested non-restricted equity fund.

The authorisation to share issues is valid until 30 June 2008.

Authorisation to repurchase company's own shares

The Annual General Meeting granted the Board of Directors an authorisation to repurchase a maximum of 10,700,000 of the company's own shares for developing the company's capital structure, to be used in financing or implementing acquisitions or other arrangements, for implementing the company's share-based incentive programs or to be conveyed by other means or to be cancelled.

Based on this authorisation during the period of 21 February 2007–6 March 2007 Comptel Corporation repurchased in total 410,000 own shares at an average price of 1.93 euros through public trading on the OMX Nordic Exchange in Helsinki. The total cost of the shares amounted to 791,425 euro. On 2 April 2007 Comptel Corporation transferred 189,241 treasury shares to the persons involved in the 2006 share-based incentive program. At the end of the financial year the company held 240,341 treasury shares.

The authorisation to repurchase the own shares is valid until 30 June 2008.

Share option schemes

Comptel has currently two share option schemes.

Share option scheme 2001

At the meeting on 27 March 2001, the Annual General Meeting decided to issue share options to the personnel of Comptel Group, and to Comptel Corporation's wholly owned subsidiary. It was decided to disapply the pre-emption rights of existing shareholders, since the share options are intended as part of an incentive scheme for the personnel. The number of share options amounts to 4,000,000. Of the share options issued, 1,000,000 are endorsed with the letter A, 1,000,000 with the letter B, 1,000,000 with the letter C and 1,000,000 with the letter D. The share options may be exercised to subscribe to a maximum of 4,000,000 Comptel Corporation shares in total. The issue price of shares purchased by virtue of the share options endorsed with the letter A and D is the trade volume weighted average price of the shares traded on the Helsinki Exchanges between 1 February and 31 March 2001 plus 15 per cent (10.11 euro), and for holders of share options endorsed with the letter B and C, the trade volume weighted average price of the shares traded on the Helsinki Exchanges between 1 May and 31 May 2002 plus 15 per cent. The subscription period by way of share options commences in stages as follows: 15 June 2003 (option A), 15 June 2004 (option B), 15 June 2005 (option C), and 15 June 2006 (option D), and shall expire on 31 December 2008 in respect of all share options.

Comptel applied for listing of the 2001 B share options on the Helsinki Exchanges so that the listing commenced on 15 June 2004. The total number of 1,000,000 B options entitle to subscribe a maximum of 1,000,000 Comptel shares. The share capital after subscription of shares may increase by a maximum of 20,000 euro. The subscription period of the B options commenced on 15 June 2004 and expires on 31 December 2008.

Comptel applied for listing of the 2001 C share options on the Helsinki Exchanges so that the listing commenced on 15 June 2004. The total number of 1,000,000 C options entitle to subscribe a maximum of 1,000,000 Comptel shares. The share capital after subscription of shares may increase by a maximum of 20,000 euro. The subscription period of the C options commenced on 15 June 2004 and expires on 31 December 2008.

The Board of Directors of Comptel Corporation decided on 24 April 2006 to cancel 1,236,600 2001 A and D options that were held by its fully owned subsidiary Comptel Communications Oy. Following the cancellation of the options, the share capital of Comptel Corporation after subscriptions with the 2001 share options may increase by a maximum of 2,764,000 new shares or by a total of 55,268 euro.

Merger of 2001 B and 2001 C share options

Helsinki Stock Exchange merged Comptel Corporation's 2001 C options together with 2001 B options as of 19 August 2005. The options are traded under the code CTL1VEW201, ISIN code FI0009612964 and orderbook id 26011. The number of share options valid in trading is 2,000,000. New merged 2001 B/C options will expire on 31 December 2008. Each 2001 B/C option entitles to subscribe one (1) Comptel Corporation's share at a price of 2.51 euro. The total exchange in the financial year was 514,500 shares and the closing price was 0.05 euro.

Share option scheme 2006

The Annual General Meeting decided on 13 March 2006 to issue share options to the key personnel of Comptel Group, as well as to a wholly owned subsidiary of Comptel Corporation. It was decided to disapply the pre-emptive rights of existing shareholders, since the share options are intended as part of an incentive and commitment program for the key personnel.

The total number of share options issued is 4,200,000. Of the share options, 1,400,000 are marked with the symbol A, 1,400,000 are marked with the symbol B and 1,400,000 are marked with the symbol C. The share options may be exercised to subscribe to a maximum of 4,200,000 Comptel Corporation shares in total. The current share subscription price for option 2006A is the trade volume weighted average quotation of the Comptel Corporation share on the OMX Nordic Exchange in Helsinki during 1 April–30 April 2006 deducted by the dividend paid (1.79 euro), for option 2006B the trade volume weighted average quotation of the Comptel Corporation share on the OMX Nordic Exchange in Helsinki during 1 April–30 April 2007 (1.99 euro) and for option 2006C the trade volume weighted average quotation of the Comptel Corporation share on the OMX Nordic Exchange in Helsinki during 1 April–30 April 2008.

The share subscription period is for option 2006A, 1 November 2008–30 November 2010, for option 2006B, 1 November 2009–30 November 2011 and for option 2006C, 1 November 2010–30 November 2012.

As a result of the subscriptions, the share capital of Comptel Corporation may be increased by a maximum of 4,200,000 new shares or by a total of 84,000 euro. At the end of the financial year, 4,200,000 share options were distributed and these can be exercised to subscribe 4,200,000 shares of Comptel Corporation. A number of 1,860,000 of these share options were granted to Comptel's subsidiary Comptel Communications.

Share-based incentive program

In 2006, Comptel started a new incentive program for Comptel Group key personnel. The reward is based on the growth of the Comptel Group's net sales and on the development of operating profit. The reward for 2006 was paid in 2007 by transferring gratuitously 189,241 company shares and in cash, amounting to 527,978 euro. Beneficiaries are prohibited from transferring the shares within two years from the end of the vesting period. The Board of Directors of Comptel Corporation will annually determine those key personnel involved in the target group of the program and their maximum rewards. In 2006, there were 15 key persons in the program and 13 key persons at the end of 2007.

Management interests

Members of the Board of Directors and the President and CEO hold:

- A total of 0.434 per cent of the company's outstanding shares and share options
- 0.145 per cent of the votes and share capital
- The share options can provide them with 0.298 per cent of the votes and share capital

Share trading data

	1 Jan–31 Dec 2005	1 Jan–31 Dec 2006	1 Jan–31 Dec 2007
Closing price, EUR	1.64	1.80	1.42
Highest price, EUR	2.32	2.01	2.29
Lowest price, EUR	1.47	1.44	1.36
Weighted average trading price, EUR	1.74	1.70	1.85
Shares traded, 1,000 shares	160,673	49,819	57,547
Shares traded, EUR million	277.8	85.0	106.0
Market value at year end, EUR million	175.5	192.7	151.7

Shareholding by owner group on 31 Dec 2007

	Shares	% of total shares
Companies	21,478,998	20.1
Financial and insurance companies	44,404,921	41.5
Public sector	11,109,594	10.4
Non-profit making entities	4,184,272	3.9
Private households	18,296,092	17.1
Foreign holding and nominee registered	7,580,933	7.1
Total number of shares	**107,054,810**	**100**

Shareholding by number of shares on 31 Dec 2007

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total shares
1–100	2,238	11.1	141,316	0.1
101–500	12,610	62.6	2,337,198	2.2
501–1,000	1,965	9.8	1,627,990	1.5
1,001–5,000	2,567	12.7	6,130,362	5.7
5,001–10,000	389	1.9	2,951,860	2.8
10,001–50,000	290	1.4	5,957,018	5.6
50,001–100,000	28	0.1	2,122,116	2.0
100,001–500,000	27	0.1	8,139,884	7.6
500,001–	29	0.1	77,647,066	72.5
Total	**20,143**	**100**	**107,054,810**	**100**

Largest shareholders on 31 Dec 2007

		Shares	% of shares and votes
1.	**Sampo Life Insurance Company Limited**	**19,569,925**	**18.28**
2.	**Elisa Corporation**	**14,304,000**	**13.36**
3.	**OP-funds**	**7,919,914**	**7.40**
	OP-Finland Small Firms Fund	4,101,802	3.83
	OP-Delta Fund	1,910,000	1.78
	OP-Nordic Small Firm Fund	1,300,000	1.21
	OP-Focus Special Equity Fund	608,112	0.57
4.	**Kaleva Mutual Insurance Company Group**	**7,816,875**	**7.30**
	Kaleva Mutual Insurance Company	6,991,875	6.53
	Finanssi-Sampo Ltd	825,000	0.77
5.	**Varma Mutual Pension Insurance Company**	**5,144,825**	**4.81**
6.	**ABN AMRO funds**	**4,870,730**	**4.55**
	ABN Amro Finland Investment Fund	2,918,623	2.73
	ABN AMRO Optimal Fund	987,665	0.92
	ABN AMRO Small Cap Finland Fund	964,442	0.90
7.	**FIM**	**1,971,446**	**1.84**
	FIM Fenno Investment Fund	902,196	0.84
	FIM Visio Investment Fund	425,738	0.40
	FIM Securities Ltd	330,000	0.31
	FIM Tekno Investment Fund	313,512	0.29
8.	**Aktia funds**	**1,700,000**	**1.59**
	Investment Fund Aktia Capital	950,000	0.89
	Aktia Secura Fund	500,000	0.47
	Fund Aktia Solida	250,000	0.23
9.	**The State Pension Fund**	**1,500,000**	**1.40**
10.	**Evli funds**	**1,200,000**	**1.12**
	Mutual Fund Evli Select	762,700	0.71
	Mutual Fund Evli Nordic TMT	437,300	0.41
11.	**The Finnish National Fund for Research and Development Sitra**	**1,041,069**	**0.97**
12.	**Etera Mutual Pension Insurance Company**	**900,000**	**0.84**
13.	**eQ funds**	**876,873**	**0.82**
	Sr Fides New Media	485,892	0.45
	Mutual Fund Fides Finland Focus	390,981	0.37
14.	**Tapiola Mutual Pension Insurance Company**	**840,000**	**0.78**
15.	**Forssan Seudun Puhelin Oy**	**715,100**	**0.67**
16.	**Ilmarinen Mutual Pension Insurance Company**	**681,906**	**0.64**
17.	**SEB funds**	**652,053**	**0.61**
18.	**Nordea**	**646,757**	**0.60**
	Nordea Nordic Small Cap Fund	440,757	0.41
	Nordea Bank Finland Plc	206,000	0.19
19.	**Åbo Akademi University Foundation**	**600,000**	**0.56**
20.	**Veikko Laine Oy**	**576,275**	**0.54**

On Behalf of the Board

Helsinki, 12 February 2008

Olli Riikkala

Juhani Hintikka *Timo Kotilainen* *Juhani Lassila*

Matti Mustaniemi *Hannu Vaajoensuu*

Sami Erviö
President and CEO

Auditors' Report

To the shareholders of Comptel Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Comptel Corporation for the period January 1, 2007 – December 31, 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Limited Liability Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, February 12, 2008
KPMG OY AB

Pekka Pajamo
Authorized Public Accountant

Shareholder **Information**

Annual general meeting

The Annual General Meeting of Comptel shareholders will be held at the Finlandia Hall, terrace hall, Mannerheimintie 13 e, 00100 Helsinki starting at 10 am on Wednesday, 19 March 2008.

Shareholders intending to attend the Meeting shall notify the company thereof by 4 pm Finnish time on 10 March 2008, either writing to Comptel Corporation, P.O. Box 1000, FI-00181 Helsinki, Finland or by telephone at +358 9 700 11793, between 9 am and 4 pm Finnish time from Monday to Friday or by telefax at +358 9 70011 224 or by email to yhtiokokous@comptel.com.

Shareholders registered on 7 March 2008 in the Company's Shareholder Register maintained by the Finnish Central Securities Depository Ltd. (APK) shall have the right to attend the Annual General Meeting. Any proxies shall be sent to the above address together with the notification.

Dividend and financial statements

The Board of Directors has decided to propose to the Annual General Meeting that a dividend of 0.06 euro per share be paid for year 2007. The dividend decided by the Annual General Meeting will be paid to shareholders registered on 26 March 2008 in the Company's Shareholder Register maintained by the Finnish Central Securities Depository. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 2 April 2008.

Copies of the company's financial statements and the Board of Director's proposals are available for inspection by shareholders from 12 March 2008 at Company's head office reception at Salmisaarenaukio 1, 00180 Helsinki. Copies of the documents will, on request, be sent to shareholders, tel. +358 9 70011 793.

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.

Annual Summary

Stock exchange releases of Comptel Corporation in 2007

The Sick Leave of Chairman Riikkala Continued Until the End of January 2007	2 January
Comptel Centralizes Its Finnish Operations to a New Real Estate in Helsinki	23 January
Comptel Corporation's Financial Statements for 2006	14 February
Notice of Annual General Meeting	14 February
Repurchase of Comptel Corporation's Own Shares	14 February
Share Repurchases Completed	7 March
Comptel's Annual Report 2006 Published	9 March
Resolutions Passed by Comptel Corporation's Annual General Meeting	19 March
Comptel's Transfer of Company's Own Shares 2 April 2007	2 April
Interim Report of Comptel Corporation January 1 – March 31, 2007	26 April
Interim Report of Comptel Corporation January 1 – June 31, 2007	24 July
Change in Comptel Corporation's Executive Board	16 August
Notice Regarding Change in Ownership	21 September
Notice Regarding Change in Ownership	25 September
Comptel's Profitability Clearly Improved from the Previous Year in July-September, Net Sales of 2007 May Remain Lower Than Expected	25 October
Interim Report of Comptel Corporation January 1 – September 30, 2007	25 October
Comptel's Financial Reporting and Annual General Meeting in 2008	1 November

Comptel Corporation's stock exchange releases are available on Comptel's web site www.comptel.com.

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